INTEGRATED ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE

2014

SCOPE AND BOUNDARY

ABOUT THIS REPORT

The Adapt IT integrated annual report for the year ended 30 June 2014 covers information from all the operating divisions and where additional information is available, this is clearly indicated. For a comprehensive overview it is recommended that this review is read in conjunction with the information available on the Adapt IT website (www.adaptit.co.za).

Adapt IT continues to progress on the journey outlined by the King Report on Corporate Governance for South Africa 2009 (King III), while ensuring increased integration of reported financial, social, governance and environmental information. The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act of South Africa (the Companies Act, No 71 of 2008, as amended) and the Johannesburg Stock Exchange (JSE) Listings Requirements. Adapt IT uses the discussion paper drafted by the Integrated Reporting Committee of South Africa as a platform for this integrated report, as well as the Global Reporting Initiative (GRI) framework and guidelines for sustainability reporting.

ASSURANCE

The integrated annual report has been compiled in accordance with the integrated reporting principles contained in the Code of Corporate Practices and Conduct set out in the King III Report. This report covers all our divisions across the various geographies in which we operate and has been structured to provide stakeholders with relevant financial and non-financial information to enable them to obtain a balanced view of our business.

The annual financial statements have been audited by Deloitte & Touche.

External verification has been sought for the Broad-Based Black Economic Empowerment (B-BBEE) accreditation level at the end of the 2014 financial year. Verification is being carried out by an organisation accredited by the South African National Accreditation System (SANAS).

DIRECTORS' RESPONSIBILITY

The Adapt IT Board of Directors acknowledges its responsibility to ensure that the integrity of the integrated report is uncompromised. The Board has applied all appropriate resources to fulfil the requirements of the integrated report and confirms that the report addresses all material issues and presents the integrated performance of Adapt IT fairly and without prejudice.

At Adapt IT we are committed to an integrated approach creating accretive value for our stakeholders and our environment for a sustainable future.

CONTENTS

STRATEGIC FOCUS

ABOUT ADAPT IT

Adapt IT is an innovative, specialised information technology (IT) services and solutions provider, delivering a variety of specialised turnkey IT solutions and services to the Manufacturing, Education, Financial Services and Energy sectors in over 21 countries worldwide.

Adapt IT has formed strategic partnerships with the world's leading technology and business software providers in order to provide customers with robust, reliable and enduring solutions. The differentiated IT product and services offerings set Adapt IT apart in the marketplace and enable its customers to have uniquely tailored solutions powering the day-to-day efficiencies within their businesses.

Adapt IT is committed to fair and sustainable business practices and strict adherence to legislative requirements and other applicable regulatory frameworks. Adapt IT views empowerment as a strategic imperative and a vital component to the continued sustainability of the Company's operations in South Africa, as well as a pragmatic economic growth strategy. By retaining our level 3 B-BBEE status, Adapt IT is ranked the 28th most empowered company on the Johannesburg Stock Exchange (JSE) and ranked sixth within the Information and Communications Technology (ICT) sector.

STRATEGIC FOCUS

Adapt IT continues to deliver profitable turnover growth and return on investment through the implementation of its sustainable growth strategy, enabling it to deliver growth and returns above the ICT sector average.

The strategy focuses primarily on pursuing organic growth through IT Service and Product, Customer and sector diversification. It complements this growth by acquiring strategic, synergistic and earnings-enhancing software businesses.

Another key component of the Adapt IT growth strategy is specific focus on growth in the Public Sector as well as into Africa.

Adapt IT operates through four (4) divisions located in Johannesburg, Pretoria, Durban and Cape Town.

The strategy remains underpinned by the values which encourage and drive a high performance culture, strong corporate governance, a client centric approach, focus on agility, diversity and innovation and aligns with the vision to accelerate Adapt IT's success.

STRATEGIC FRAMEWORK

Vision

To be a **leading innovative** IT services and specialised solutions provider

How

By striving **passionately** to

- Provide innovative technology solutions
- Delivering positive results to stakeholders
- Ensuring good corporate governance

Long-term Corporate Strategy

Four **strategic drivers**

- Revenue growth
- Operating margin
- Process and resource efficiency
- Stakeholder expectations

STRATEGIC GOALS

- **Build a culture of excellence**
  A key to the Company's success is that it demands and rewards excellence in leadership, teamwork and delivery of results. This includes defining and embedding a high-performance leadership model, against which we can assess, develop and remunerate our employees
- **Deliver high performance in all business units**
  To ensure that we provide value to shareholders and customers, we need to drive high performance in our businesses by driving operational efficiency and delivering profitable growth
- **Develop a unified customer proposition and experience**
  We are passionate about developing the best value proposition for our customers, by building on our history of innovation and resolute customer focus
- **Share skills and experience across Adapt IT**
  We will utilise our capabilities across the regions to drive turnover and cost improvements and enhance value propositions
- **Simplify operating structure to unlock value**
  To unlock the full value of the Company for shareholders we will continue to optimise our operating structure

OUR VALUES

Underpin our strategy and align with the vision to accelerate Adapt IT's success

- **Integrity**
  Professionalism and accountability in all our business interactions
- **Passion**
  Resilience in the quest to service our customers
- **Transparency**
  Communicating honestly with our stakeholders
- **Mutual respect**
  Treating our stakeholders as we would like to be treated
- **Solution focus**
  Understanding of our customers' environments and technology
- **People focus**
  Recognition of the individuals that make up Adapt IT and their unique contributions
- **Good corporate citizenship**
  Putting sustainability at the core of our business ethos

OUR BUSINESS

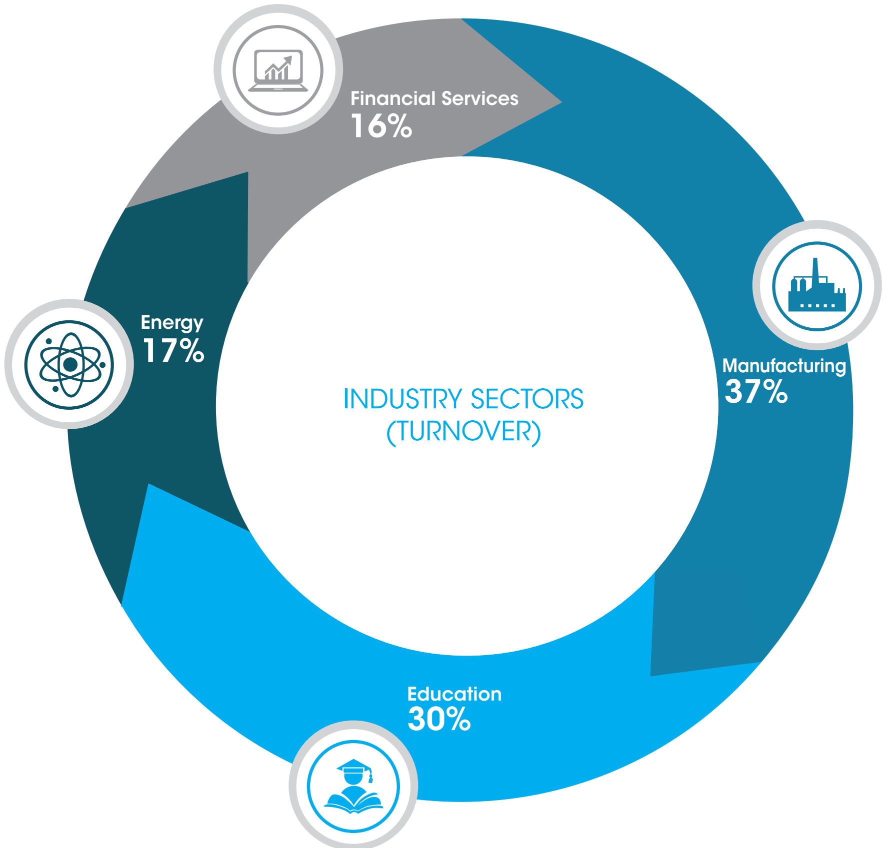
DELIVERY PLATFORMS

On premise
Services and Solutions

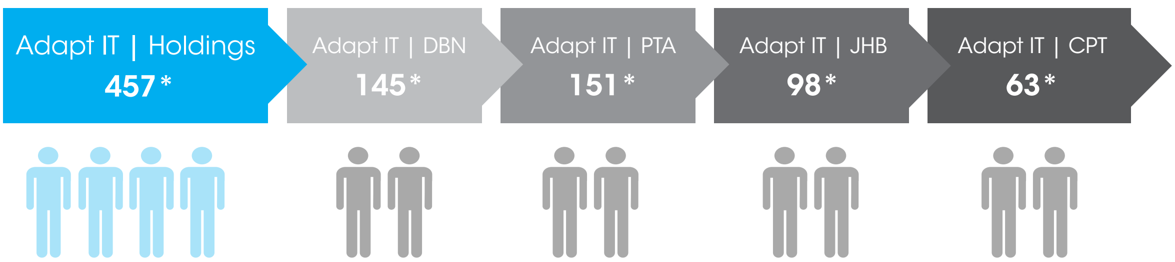
Web-based Solutions
On premise and Hosted

Cloud Solutions
Software as a Service,
Platform as a Service

Mobile Solutions



DIVISIONS



* *Includes contractors*

TECHNOLOGY PARTNERSHIPS

Microsoft

Adapt IT is a Microsoft Certified Gold and Cloud Partner, with specific competencies in Application Development, Mid-market Solution provisioning and BI. This enables us to offer our clients a comprehensive range of highly accredited independent technical support for Microsoft and multi-vendor products. Our Microsoft experts have proven expertise through certifications and successful customer implementations and are fully able to deliver solutions to meet our customers' technology challenges.

Oracle

Adapt IT is an Oracle Gold Partner and Independent Software Vendor (ISV) which equips us with the latest technology to exceed customer needs while remaining on the leading edge of innovation. Our alliance with Oracle combines our deep industry knowledge, useful tools, powerful research expertise and innovative thinking to ignite growth for our customers.

IBM

Adapt IT's IBM partnership enables us to develop next generation applications for big data and analytics while cognitive computing provides unprecedented insights into opportunities, threats and efficiencies for an organisation. We harness data and provide customers with a unified view of their business information from disparate data sources.

SAP®

Adapt IT is a SAP® Certified Hosting and BPO Partner, offering complete cloud-based solutions, including SAP certified fast-start templates to reduce implementation timelines. Additionally, we are able to design and implement solutions for HCM, Oil & Gas and Supply Chain industries as well as support services to a number of multinational companies across multiple industries.

SPECIALISED SERVICES AND SOLUTIONS

Adapt IT provides high-performance solutions that add real business value.

Software Services

- Application Development
- Business and Technical Advisory
- Business Intelligence (BI)
- Cloud Computing
- Development and Integration
- ERP Support
- Human Capital Management (HCM)
- Recruitment
- Training and Development

Solutions

Adapt IT Timetabling	– CELCAT solutions
CaneLab	– Weighbridge and Cane Testing Solution
Fuel-FACS	– Terminal Automation Software
HCM Spectrum	– SAP® HCM and Payroll on the Cloud
InfoSlips	– System-generated information and notifications
ITS Integrator	– Higher Education ERP
ITS Mobile	– Real time information via mobile devices
IBM® Cognos®	– Business Intelligence, analytics and performance management
IBM® Mid-market Solutions	– Business Analytics Solutions for Mid-size Business
Microsoft BI	– Enterprise Business Intelligence and Analytics
Motio™	– Optimising the quality, scalability and security of IBM Cognos
Oil-in-One	– SAP Downstream Oil Template
OpSUITE	– Plant Operations and Safety
SAP IS Oil & Gas	– Oil & Gas industry value chain solution
Strivesoft ICAS®	– Campus administration system
TouchStar UK	– Fuel distribution system
Tranquillity	– Process Manufacturing ERP
Ventyx™ Ellipse	– Enterprise asset management (EAM) solution

GEOGRAPHIC TURNOVER

75%
South Africa

12%
Other African countries

6%
North America

3%
Asia

3%
Australasia

1%
Europe

NON-FINANCIAL HIGHLIGHTS

Social Responsibility
2 400 learners
Adapt IT opened its second Knowledge Centre, empowering future IT leaders

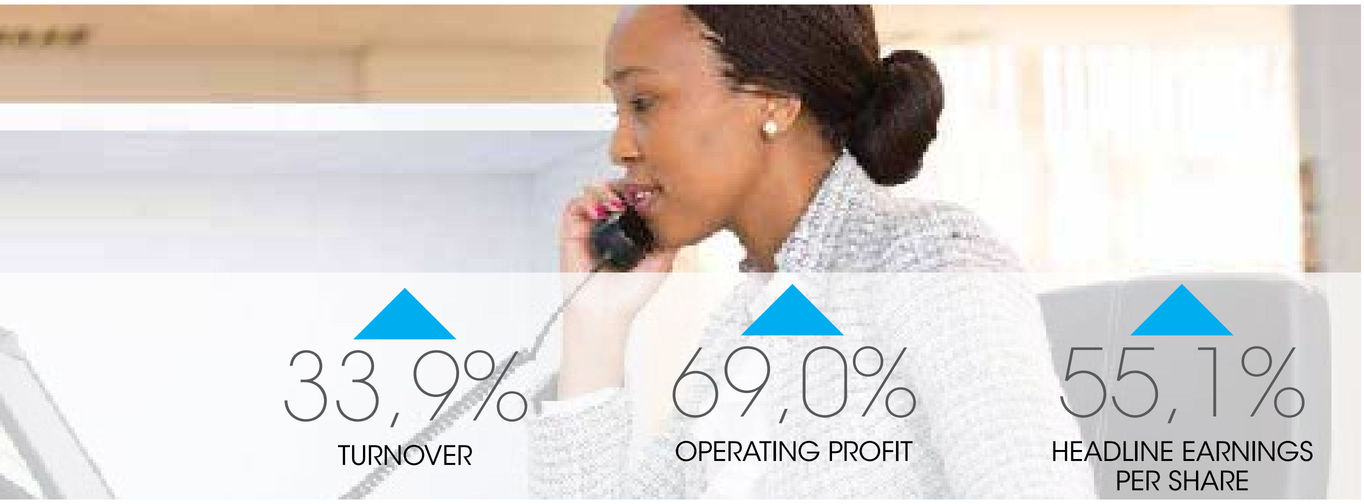
Energy Division
Adapt IT enters the Energy Sector with the acquisition of Aquilon on 1 October 2013

Skills Development
60%
Adapt IT interns and learners employed

STRATEGIC ACHIEVEMENTS

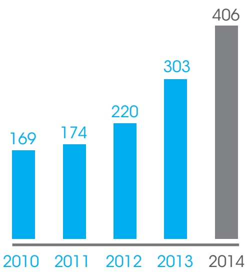
- Adapt IT was awarded Oracle's Middleware Partner Excellence Award for 2014 at Oracle South Africa's Partner Day
- Adapt IT Energy obtained SAP Business All-in-One Partner Solution certificate for Oil & Gas
- Increasing the Education sector market penetration in the African and FET market
- Improved business development capacity into Africa
- Increasing penetration in the Financial Services sector
- Improved Shared Services offerings
- Strategic entry into the Oil & Gas sector
- Increased Adapt IT Brand penetration

FINANCIAL HIGHLIGHTS

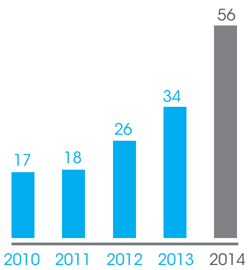


GROUP HIGHLIGHTS		2014	2013	% Change
Basic earnings per share	(cents)	34,45	22,25	54,8
Headline earnings per share	(cents)	34,55	22,27	55,1
Dividends paid per share	(cents)	5,56	4,84	14,9
Earnings before interest, tax, depreciation and amortisation (EBITDA) margin	(%)	13,74	11,35	21,1
Operating profit margin	(%)	12,23	9,69	26,2
Return on net assets	(%)	15,98	14,80	8,0
Net asset value	(R'000)	185 101	92 234	100,7
Current ratio	(ratio)	1,04	1,11	(6,3)
Turnover	(R'000)	406 301	303 402	33,9
EBITDA	(R'000)	55 834	34 445	62,1
Operating profit	(R'000)	49 688	29 400	69,0
Profit for the year	(R'000)	38 123	24 091	58,2

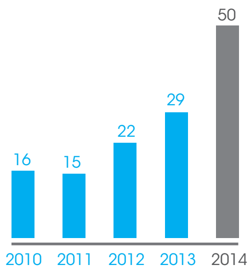
TURNOVER
(Rm)



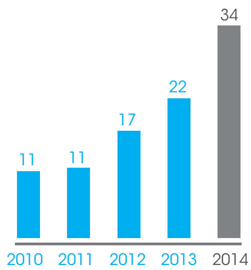
EBITDA
(Rm)



OPERATING PROFIT
(Rm)



BASIC EARNINGS PER SHARE
(cents)



STAKEHOLDER ENGAGEMENT

INTRODUCTION

Adapt IT's operations and activities have an impact on stakeholders ranging from communities to investors. Adapt IT is therefore committed to building and maintaining open and sustainable relationships with a range of stakeholder groups, particularly in relation to long-term strategic direction and focus on sustainable practices. Therefore, Adapt IT's stakeholder engagement can be summarised as follows:

	STAKEHOLDER AND WHY WE ENGAGE	NATURE OF ENGAGEMENT	MATERIAL ISSUES	ACTIONS AND AREAS OF FOCUS
Shareholders and investment community	Provides financial capital to finance further growth	• Interim and annual reports • Results announcements • Regular investor presentations • Corporate website • Annual general meeting	• Sustainable revenue and profit growth • Dividends • Return on investment	• Shareholder value creation • Share liquidity • Share price performance • Increasing dividends • Sustainability, social investment and corporate governance
Employees	Develop high performance culture	• Monthly communication sessions • Quarterly newsletters • CEO roadshows • Interim and full-year performance reviews • Interim and full-year results presentations	• Provision of gainful employment • Fair labour practices • Career development • Competitive remuneration and benefits packages	• Equitable remuneration and recognition • Continuous personal development • Employment security, participation and empowerment • Workforce transformation
Customers	Sustain revenue generation and growth	• Account management meetings and visits • Service management reports • Solution and service updates and launches • Contract negotiations • Corporate website and brochures • Media press releases • Tradeshows, exhibitions, conferences	• High quality service and solutions • Competitive pricing	• Consistent quality of service and delivery • Integrated service offering

	STAKEHOLDER AND WHY WE ENGAGE	NATURE OF ENGAGEMENT	MATERIAL ISSUES	ACTIONS AND AREAS OF FOCUS
Government and Regulatory authorities	Licences to operate and provide a clear and supportive regulatory environment	• Written correspondence • Engagement forums • Engagement meetings	• Compliance with industry regulations • Contribution to shaping industry policy	• Job creation and retention • Fair and sustainable business practices • Providing regular and transparent information • Proactive consulting as required • Full contribution to the fiscus through taxation and levies
Communities	Contributing to betterment of communities around our business	• Corporate social investment initiatives • Media releases	• Good corporate citizenship • Sustainable business practices	• Employment opportunities • Sponsorships and donations • Support for key community developments • Development of School Technology centres • Responsive contribution to community interests and needs • Focused CSI strategy
Suppliers and Partners	Good value, reliable and superior quality technology that supports our products	• Relationship management meetings and visits • Technology conferences • Technology certifications • Performance audits and reports • Supplier days • Contract negotiations	• Continued growth and meaningful relationships	• Efficient payment cycles • Long-term relationships

IN CONCLUSION

Adapt IT is committed to building and maintaining open and sustainable relationships with all stakeholders, and will continue to implement systems to facilitate this dialogue and ensure that Adapt IT is responsive to the views and interests of its stakeholders.

DIRECTORATE

01

02

03

04

05

06

01

CRAIG CHAMBERS 42

CFA, PDM, BCom
Independent non-executive Chairman
Appointed to the Board 3 May 2011

Craig is certified as a Chartered Financial Analyst, having obtained a BCom degree majoring in accounting from the University of the Witwatersrand and a postgraduate Business Administration Certificate (PDM) from Wits Business School. Craig has been an asset manager for 17 years, with five years at Standard Corporate and Merchant Bank (SCMB) Asset Management as a Unit Trust Manager. Craig is a certified director via the Institute of Directors (IoDSA) and is currently the Managing Director of Old Mutual Global Index Trackers, a fund management business managing assets in excess of R60 billion internationally and in South Africa. In October 2012, Craig was appointed as the Independent non-executive Chairman of Adapt IT Holdings Limited.

Chairman of the Nominations Committee
Member of the Remuneration Committee

02

BONGIWE NTULI 36

CA (SA)
Independent non-executive director
Appointed to the Board 27 May 2008

Bongiwe is a Chartered Accountant with international commercial experience and has attended various management programmes in the United Kingdom and Canada. Bongiwe has previously held various finance, treasury and risk management positions within Anglo American at their head office and in their subsidiaries in South Africa, Europe, Canada and the United Kingdom. Bongiwe joined Grindrod on her return to South Africa in 2008 as the Chief Financial Officer of Grindrod Freight Services. In November 2012, Bongiwe was appointed by Grindrod as a member of the group executive committee in the position of Executive: Corporate Services. Additionally, in May 2014, Bongiwe was appointed to the Board of Atlatsa Resources Corporation as a non-executive director.

Chairperson of the Audit and Risk Committee
Member of the Nominations Committee
Member of the Remuneration Committee

03

THEMBISA DINGAAN 41

BProc, LLB, LLM, H Dip Tax
Independent non-executive director
Appointed to the Board 3 May 2011

Thembisa is a qualified attorney, admitted to the New York State Bar in 1998. Having obtained her BProc and LLB from the University of Natal, an LLM degree from Harvard University and a Higher Diploma in taxation from the University of the Witwatersrand. She is currently a member of the Board of Directors of the Development Bank of South Africa (DBSA) where she has the responsibility of sitting as a member of various Board committees and is chairperson of the Board Credit and Investment Committee. Thembisa holds directorships on the boards of Mustek Limited, Absa Bank and Imperial Holdings Limited. She is a former member of the Trade and Industry Standing Advisory Committee on Company Law.

Chairperson of the Remuneration Committee
Member of the Audit and Risk Committee
Member of the Nominations Committee

04

OLIVER FORTUIN 48

MBA
Independent non-executive director
Appointed to the Board
8 February 2013

Oliver has more than 24 years' experience in the technology industry, having held various leadership positions in the ICT sector. Having been with the IBM Corporation for over 17 years, Oliver has held various executive positions including General Manager of the IBM PC business for Africa as well as General Manager of IBM South Africa and Sub-Saharan Africa. Oliver was a Hewlett Packard South Africa Director for HP Services, and headed HP's Technology Services Group (TSG) and also served as Managing Director of Hewlett Packard South Africa. Oliver is the former Managing Director of i1 Solutions (a privately owned technology company) and has been Director and Lead Independent Non-Executive Director for the Ellies Holdings Group since April 2011. In May 2014, Oliver was appointed as the Managing Director of British Telecommunications Sub-Saharan Africa.

Chairman of the Social and Ethics Committee
Member of the Audit and Risk Committee

05

SIBUSISO (SBU) SHABALALA 41

BCom
Chief Executive Officer
Appointed to the Board
5 December 2007

Sbu has a Bachelor's degree in Commerce and a postgraduate diploma in Financial Information Systems. With more than 19 years of IT experience, Sbu joined the Group where he gained project management experience in the implementation of Oracle applications throughout the Illovo Group, with operations in various African countries. He founded Adapt IT (Pty) Ltd nine years ago as a black-owned SME in the IT sector. As Managing Director, Sbu grew Adapt IT (Pty) Ltd into a successful ICT business. Through a merger with InfoWave Holdings in 2007, Sbu effected the listing of Adapt IT on the JSE and has been Chief Executive Officer and Director of Adapt IT Holdings Limited since January 2008.

06

TIFFANY DUNSDON 43

CA (SA)
Financial Director
Appointed to the Board 18 April 2002

Tiffany is a qualified Chartered Accountant and served her traineeship with Deloitte. She joined British Airways in the United Kingdom where she was involved with several major business re-engineering and IT outsourcing projects. On her return to South Africa, Tiffany was contracted by Computer Sciences Corporation on the due diligence of outsourcing Old Mutual's IT infrastructure services. Tiffany joined Infowave Holdings in 2000 in a consulting capacity and was appointed as Financial Director in April 2002 and Chief Executive Officer in December 2003. Tiffany became the Commercial Director of Adapt IT Holdings Limited after the merger of Infowave Holdings and Adapt IT (Pty) Ltd and was primarily responsible for acquisitive growth. Tiffany is currently Financial Director of Adapt IT Holdings Limited since being appointed in April 2013.

CHAIRMAN'S REPORT

"The Board is committed to seeing Adapt IT's plan of growing into a major player within the ICT industry in South Africa and beyond, coming to fruition."

Craig Chambers
Chairman, Board

The year under review has proved to be a very exciting one for Adapt IT. The management team has continued to implement the Company's sustainable growth strategy by ensuring solid organic growth and acquiring a well-suited, high-growth complimentary business, with the notable addition of a significant Energy segment. This resulted in another strong performance, enhancing both shareholder returns and sustainability. The Board is committed to seeing Adapt IT's plan of growing into a major player within the ICT industry in South Africa and beyond, coming to fruition.

PERFORMANCE OVERVIEW

Adapt IT has again maintained its consistent growth record in the year under review and enhanced earnings significantly. Basic earnings per share grew 55% (2013: 27%), well above the average for the ICT sector and the share price gained 229% (2013: 93%) year on year, attracting an increasing institutional following. It is pleasing to see the results of the focused pursuit of the Adapt IT strategy consistently increasing shareholder value. This is good news for all stakeholders as continued profit expansion ensures more skilled employment opportunities, stronger dividend flows, a more significant budget for our social responsibility projects and better long-term sustainability.

Despite the challenging economic environment in every market Adapt IT serves, the Company has continued to grow turnover in the last five financial years. This performance has proven the ability of the Adapt IT leadership to build a stable, high performing business. We attract like-minded high performance entrepreneurial software businesses which can leverage off our Broad-based Black Economic Empowerment (B-BBEE) credentials, listed platform and strong track record of unlocking synergistic growth.

We continue to expand into foreign markets, which now represent 25% (2013: 23%) of Adapt IT turnover, with a specific focus on the rest of Africa. We now provide software and services to 14 African countries. This organic growth into countries outside South Africa is a key factor in diversifying risk and growing our dollar-based revenues.

During the year we acquired the Aquilon group of companies (Aquilon), now forming the new Adapt IT Energy division, strategically providing entry into the Oil & Gas sector; extending SAP solution competence; introducing supply chain management solutions and offering the Group excellent future growth potential.

We have acted decisively in the past year to add this extremely strategic sector to our portfolio and strengthen our competitive positions in our other key sectors. Adapt IT is now better structured, more diversified and solidly positioned to unlock the growth in business value that we have identified as part of our long-term strategy of pursuing steady organic growth combined with strategic acquisitions.

GOVERNANCE AND SUSTAINABILITY

Adapt IT complies fully with the letter and spirit of good corporate governance. The Board and individual directors of Adapt IT strive to ensure that the Company is managed in an efficient, accountable, responsible and moral manner and to this end, endorse its compliance with King III.

The summary report of compliance with the King III Code is on pages 28 and 29 and corporate governance matters are covered in depth on pages 22 to 27 of this report.

Adapt IT remains committed to the pillars of sustainability - encompassing economic, employment, social, and environmental practices. Adapt IT believes that commitment to all our stakeholders is fulfilled by intentionally strengthening our reputation as a trusted company in touch with the evolving needs and aspirations of our society. As a consequence – time, effort and money are invested in responding to the needs of all current and prospective stakeholders. This integrated annual report reflects the progress made this year towards integrated sustainability reporting. We have paid particular attention to aligning with the new B-BBEE Codes.

DIRECTORATE

There have been no changes to the directorate in the year under review. The Board is committed to seeing the Adapt IT strategy deliver sustainable results for stakeholders. Given the growth of Adapt IT, there have been additional executive management appointments in the latter part of the year which will increase capacity and execution capability at group level.

DIVIDENDS

The Board declared ordinary dividend number 12 of 8,23 cents per share payable in September as further detailed on page 55. This represents a four times dividend cover. The Company has a policy of declaring a dividend at the end of the financial year and not at the interim reporting date.

ANNUAL GENERAL MEETING

Our Annual General Meeting will be held on 7 November 2014. Notice of the meeting appears on page 105.

OUTLOOK

In the face of challenging market conditions, we will continue to pursue our strategy of enhancing our competitive position across all sectors in which we operate in order to deliver real growth – through organic expansion and value accretive acquisitions. We have the right people, skills and technologies to take advantage of opportunities in our identified competencies, expanding into new markets and servicing existing customers in the best possible way.

Our outlook for the year ahead is positive and our longer-term outlook is certainly optimistic as we continue to build upon the strong foundation we have established to create a sizeable, leading ICT business.

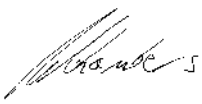
APPRECIATION

Adapt IT is in the hands of a high quality Board of Directors. I wish to thank my fellow Board members for their support and expert contributions during the period under review. The skills and diversity of the Board are well matched to Adapt IT's current requirements and are appropriately reflected in the allocation of responsibilities to members of the various sub-committees.

I wish to thank the Chief Executive Officer, Sbu Shabalala, and his executive team for a job well done. The Board and I are extremely confident in their ability to execute Adapt IT's approved strategy and to continue to ensure the success of the Company in years to come.

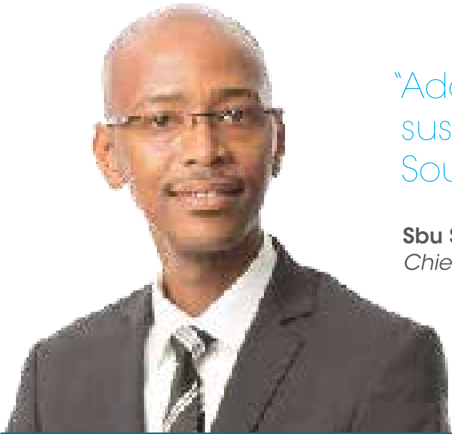
I would like to thank the management team and employees for their role in Adapt IT's excellent set of results and look forward to this performance being consistently maintained.

Finally, my sincere thanks go to our customers, shareholders, partners and service providers for their ongoing support of Adapt IT.



Craig Chambers
Independent non-executive Chairman

CHIEF EXECUTIVE OFFICER'S REPORT



"Adapt IT's strategy is to grow profitably and sustainably at a higher rate than the South African ICT Market."

Sbu Shabalala
Chief Executive Officer

INTRODUCTION

Adapt IT delivered another strong financial performance in the 2014 financial year, under challenging market conditions, through the implementation of the sustainable growth and diversification strategy adopted by the Board of Directors.

Adapt IT's strategy aims to deliver profitable growth at a higher than average rate of return than the South African ICT market.

Strategic achievements in the review period included:

- Enhancing operational efficiencies through amalgamating seven operational companies;
- Improving the Manufacturing division's operational efficiency in response to a depressed Manufacturing environment;
- Increasing the Education sector market penetration into the African market;
- Introducing Oil & Gas Consulting and SAP services through the Aquilon acquisition;
- Maintaining a level 3 B-BBEE rating in the main operating company; and
- Improving customer service.

GROUP FINANCIAL PERFORMANCE

Turnover for the year increased 34% to R406,3 million with annuity turnover representing a healthy 55% of total turnover.

Operating profit grew 69% to R49,7 million increasing operating margin from 10% to 12%. Basic headline earnings per share grew 55%, substantially above the average of the ICT sector.

REVIEW OF OPERATING DIVISIONS

Adapt IT operates as specialised business divisions led strategically by a core team of executives under a single Adapt IT brand. These divisions are run as regional and sector-focused IT solutions businesses for enhanced operational and financial performance, segmented in the following manner:

THE EDUCATION SEGMENT

The Education division provides a turnkey Enterprise Resource Planning (ERP), ITS Integrator, and services to the Higher Education sector worldwide.

The division delivering an improved operating profit of R15,1 million for the year from R14,7 million.

THE MANUFACTURING SEGMENT

The Manufacturing division provides Tranquillity ERP; Oracle JD Edwards ERP; Safety Health Environment and Quality (SHE-Q) solutions; and SAP® HCM Cloud Services.

The division increased customer penetration mainly in existing accounts, new business was slower than expected as this sector continues to be under pressure. Operating profit was marginally down from R13,1 million to R12,5 million. Once off projects in the prior year contributed to this movement.

THE FINANCIAL SERVICES SEGMENT

The Financial Services division provides Business Intelligence (BI) solutions and services to the Financial Services sector in South Africa.

The market conditions within the Financial Services sector showed some recovery from the challenges of the previous period. Operating profit doubled to R6,4 million from R3,1 million.

THE ENERGY SEGMENT

The Energy division provides consulting and software solutions and services to the Oil & Gas, Electricity and other Energy sectors globally. It was established through the acquisition of Aquilon in October 2013 and organic growth subsequently. It has created a meaningful presence for the Group in the Western Cape.

The Energy division contributed R18,8 million to operating profit in the nine months since acquisition.

POSITIONED FOR FURTHER GROWTH

Adapt IT is progressing the initiative of attracting new customers, led by operational management who are implementing an organic growth strategy that aims to achieve the following key objectives:

- To consolidate the sector focus in Education, Manufacturing, Financial Services and Energy;
- To introduce a Public Sector focus;
- To extend our presence in the rest of the African markets; and
- To leverage our technology vendor partnerships and extend our IT service offering.

Further, Adapt IT continues to seek earnings enhancing acquisitions, led by the executive Board members, who are implementing an acquisitive growth strategy that aims to achieve the following objectives:

- To acquire profitable businesses with "blue chip" customers to improve market presence;
- To remove barriers to entry into new markets and geographies;
- To acquire intellectual property and accelerate our technology penetration; and
- To complete our offering of IT products and services provided to our customers.

Adapt IT continues to enjoy the benefits of a strong financial position, a recurring revenue model and low capital expenditure, all of which position Adapt IT for long-term success. We are continuously committing ourselves to enhancing stakeholder value through growing the business and profit sustainably.

FUTURE PROSPECTS

Adapt IT expects to continue to grow solution and services revenue sustainably, whilst prudently exploring diversification opportunities into identified growth sectors through an acquisitive growth strategy.

We believe that Adapt IT is well placed to continue improving its performance.

ADAPT IT STRATEGIC POSITIONING

Adapt IT operates four business divisions, Johannesburg, Durban, Pretoria and Cape Town managed strategically by a core team of executives under a single Adapt IT brand. These divisions are run as regional and sector-focused businesses to facilitate enhanced operational and financial performance.

Adapt IT has adopted a shared services model in order to meet internal customer satisfaction expectations, to reduce administration costs through simplification and standardisation of best practices and to align the organisation on common objectives. We believe that this will facilitate mergers and acquisitions integration, rationalise the Company's operating model, whilst securing the ROI in the deployment of technology and thereby positioning Adapt IT for further success.

The Shared Services team supports each division's growth strategy to align with the corporate strategy, in addition to the administration tasks and allocation of capital and financing resources, to facilitate co-operative selling and drive market, geographic and sector intelligence.

KEY ELEMENTS OF THE GROUP'S STRATEGY

The Adapt IT strategy remains to grow revenue and profit at a much higher rate than the South African ICT market.

The Adapt IT Board has the appropriate organisational profile and skill set to deliver on the growth strategy, supported by each of the operating divisions: Education, Manufacturing, Financial Services and Energy, which have operational executives responsible for the organic growth and technology strategies.

IMPROVED SECTOR FOCUS DRIVING ORGANIC GROWTH

Adapt IT focuses on improving the ability of the existing businesses to increase revenue and to develop new capabilities in key markets: Education, Manufacturing, Financial Services and Energy, in order to secure more customers, diversify products and services and to move up the services value chain.

Each of the businesses in Adapt IT has shown the capability to innovate and grow organically in the past and it is necessary to nurture this capability and provide the ideal environment for these businesses to continue to prosper. Adapt IT therefore views each of the existing businesses as "growth engines" and encourages this with the proven entrepreneurship that exists within Adapt IT.

STRUCTURED TECHNOLOGY DIVERSIFICATION

We seek to leverage our partnerships with major multinational Information Technology (IT) vendors, namely: IBM, Microsoft, Oracle and SAP®, in order to

CHIEF EXECUTIVE OFFICER'S REPORT continued

improve our outsourcing capabilities and to offer customers better performance; lower costs; faster services; application variety; improved quality and reliable technology solutions.

This focus has enabled Adapt IT to reduce the cost of new technology development and adoption, thereby ensuring technology diversification success.

EARNINGS ENHANCING ACQUISITIONS

The Commercial Department manages an established acquisition process, across all of the Company's operating divisions, working with the operational and service management on due diligence and integration implementation plans, in order to integrate all acquisitions swiftly and successfully.

The acquisition strategy has proven successful in supplementing organic growth efforts and continues to be a key focus area, allowing Adapt IT to quickly build new technology capabilities into existing established operations, remove barriers to entry into adjacent markets, and increase customer reach.

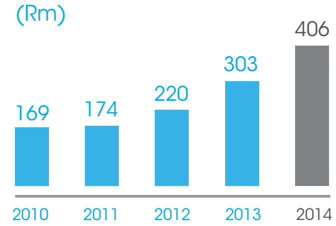
Our approach is to seek high quality and profitable technology companies, in targeted sectors and geographies, to improve Adapt IT's geographic presence in South Africa, and gain exposure in higher margin and growth markets.

The acquisition criteria include companies having sound management capabilities and successful underlying business models, which can benefit from the platform created by being part of a well-managed, larger and entrepreneurial IT company.

STRATEGIC KEY PERFORMANCE INDICATORS (KPIs)

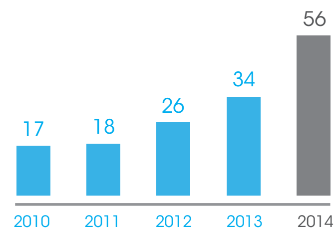
The Adapt IT Board of Directors monitors the strategy implementation and reviews the following measures when monitoring the successes of the strategy:

Turnover
(Rm)



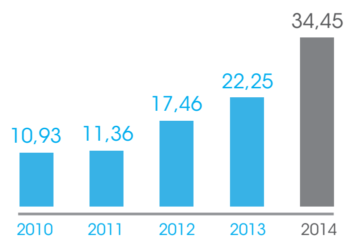
Growth in Turnover – The increase in turnover is a measure of the growth achieved year-on-year and this is measured against annual growth targets set by the Board in the medium term.

EBITDA
(Rm)



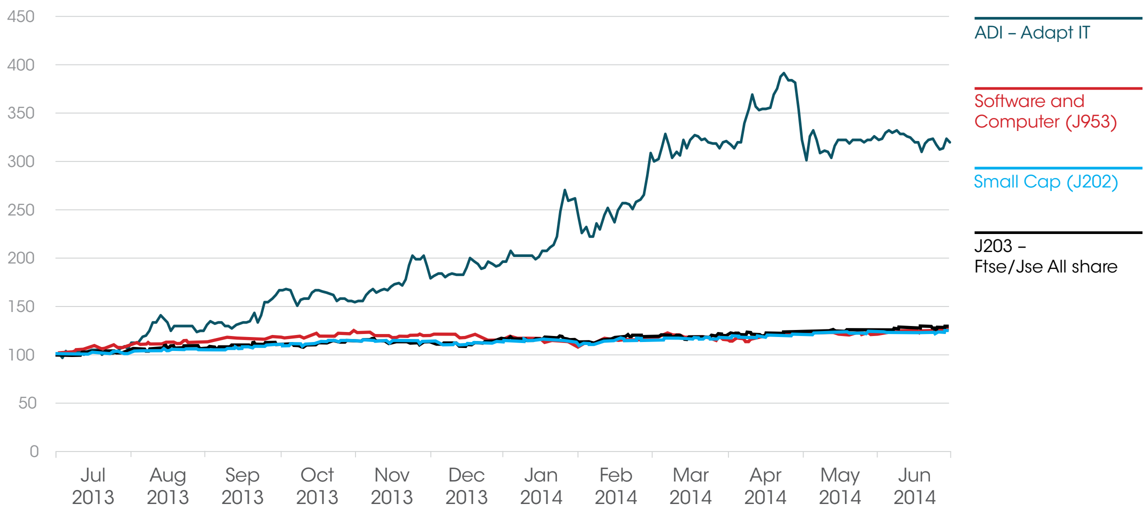
Operating Profit (EBITDA) – The earnings before interest, tax, depreciation and amortisation reflects the true operating performance of the Company based on an absolute value.

Earnings per share
(cents)



Earnings per Share – The basic earnings per share metric is the ultimate measure of the business's profitability. Monitoring the earnings on a per share basis ensures that any capital increases are aligned with the overall company strategy and improve shareholder value.

Share movement based to 100



Share price – The Company's share price is an independent measure of the value of the business set by trading on the JSE. Although the share price is affected by market trends over which the Company has no control, the Board considers the share price to be the key external metric reflecting investors' view of the Company's performance and compares it against the Software and Services sector, as well as the general market trends.

Non-financial metrics – The Board of Directors and divisional executive teams monitor the environmental, employee and social aspects of the Company's operations, and has adopted the most appropriate aspects of the Global Reporting Initiative (GRI) framework, and report on these.

In addition, the Board and executive teams monitor other performance metrics for the divisions including gross margins, operating margins, working capital metrics and cash generation, to monitor financial performance.

INVESTMENT CASE

Adapt IT offers shareholders an opportunity to invest in a leading South African based solutions provider which is positioned to take advantage of specialised technology platforms across the fastest growing market sectors. Our software focus provides investors with a unique quality of earnings that can only be derived in high-annuity based businesses, like Adapt IT, diversified across several sectors and geographies.

Adapt IT has strong operational and dynamic strategic management teams with extensive experience in the ICT solutions industry and with a successful track record in delivering organic and acquisition-led growth.

APPRECIATION

On behalf of Adapt IT, I take this opportunity to thank members of the Board of Directors for their leadership and the divisional executives for their dedication.

I extend my most grateful thanks to the Adapt IT staff, both long serving and new, without whose hard work, team spirit, skills, as well as appetite for growth and change, our Company would not be the industry leader it is. My sincere thanks go to the families of all Adapt IT staff for their support.

Most importantly sincere thanks to our customers for entrusting us with key aspects of their businesses, where we strive to add sustainable business value for the long term. Thanks also to our partners and services providers for their continued support in achieving this goal.

Sbu Shabalala
Chief Executive Officer

FINANCIAL DIRECTOR'S REPORT

"Adapt IT is strategically well positioned in all of its operations and continues to grow from strength to strength. Our improved diversification and geographic reach provide resilience and synergistic opportunities."

Tiffany Dunsdon
Financial Director

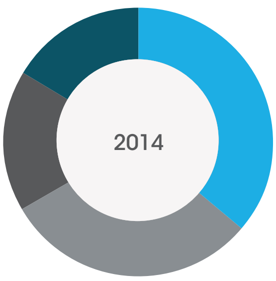
INTRODUCTION

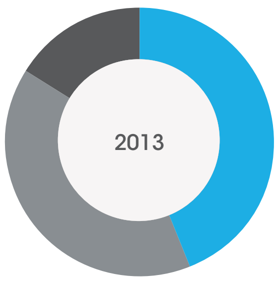
Adapt IT had a good financial year from both a revenue growth and profitability perspective due to the consistent pursuit of its strategy. The acquisition of 100% of the Aquilon Companies from 1 October 2013, for a maximum consideration of R98 million, provided a strategic entry into the Oil & Gas sector.

FINANCIAL PERFORMANCE

Turnover increased by 34% to R406,3 million from R303,4 million, 11% being due to organic growth and 23% being from acquisitions consolidated for nine months in the period which has significantly enhanced the Group's diversification. The compound annual growth rate for turnover over five years is 40%. The segmental analysis of turnover is provided on page 101, and shown graphically below, demonstrating a good balance and spread of risk. The Aquilon Companies met 94% of the first profit warranty, representing significant success for the Group through the integration period.

Foreign turnover comprises 25% of total turnover. The majority of this is from other African countries. Foreign currency gains in the period totalled R0,9 million (2013: R1,0 million). The foreign currency exposure at year-end totals R12,6 million (2013: R7,2 million) and is set out on page 99.





% TURNOVER BY SEGMENT	2014	2013
Manufacturing	37	44
Education	30	40
Financial Services	16	16
Energy	17	–

Profit from operations improved by 69% to R49,7 million (2013: R29,4 million) and operating profit margin improved to 12% (2013: 10%).

Interest-bearing borrowings increased to R7,2 million, well below the maximum gearing ratio of 50%. Finance costs increased marginally to R0,9 million (2013: R0,8 million). The effective tax rate increased to 25% (2013: 22%). R3,8 million (2013: R8,9 million) of assessed losses were utilised in the current year to offset taxable profits (assessed losses relate to historic and acquired assessed losses, not current operations). Total estimated tax losses, of R6,2 million (2013: R9,7 million) are carried forward for offset against future taxable profits. Most of these are expected to be utilised in the forthcoming year and accordingly they have been recognised in the deferred tax asset.

Profit attributable to ordinary shareholders of R38,1 million was 58% up on the prior year (2013: R24,1 million). The increase in Earnings per Share (EPS) is 55% (2013: 27%).

STATEMENTS OF FINANCIAL POSITION

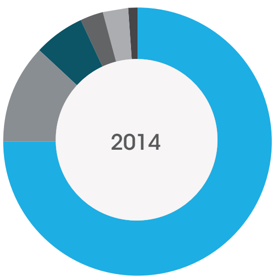
Shareholders' equity increased from R92,2 million to R185,1 million. This was a result of the total comprehensive income of R38,9 million (2013: R26,3 million), issue of shares for the acquisition of Aquilon and the contingent share consideration in respect of Aquilon. The 11th dividend of 5,56 cents per share, covered four times by earnings, was paid to shareholders in September 2013. The 12th dividend of 8,23 cents per share, on a four times dividend cover ratio, will be paid to shareholders in September 2014.

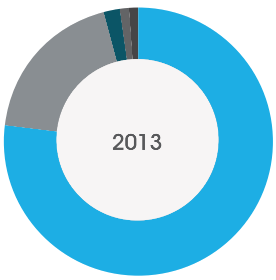
The net debt : equity ratio is currently negligible at 3,94% (2013: 0,7%). Adapt IT has borrowing capacity (limited to a gearing ratio of 50%) to fund further growth, however, it is envisaged that additional equity will be raised, based on the acquisitive growth plans. Adapt IT issued 2 774 647 shares, being all of its treasury shares in consideration for the final tranche of the Swicon360 acquisition and the first tranche of the Aquilon share consideration. The Aquilon consideration was reduced by R0,9 million in line with actual performance against the first warranty.

Deferred income increased from R48,0 million to R54,2 million. Deferred income is mainly in the Education sector where revenue in respect of annual licence fees for product development and support is received annually in advance at the beginning of each calendar year and the service obligation extends six months beyond financial year-end. Furthermore, there is certain project revenue received in advance across other divisions.

The business is not capital intensive. The property and equipment policy is consistent with the prior year and there have been no material changes to the useful life of any property and equipment. R6,1 million (2013: R7,9 million) of property and equipment was acquired during the year. Total capital commitments of R7,6 million, disclosed on page 95 relates mainly to computer hardware and building improvements, and will be financed through internal cash resources.

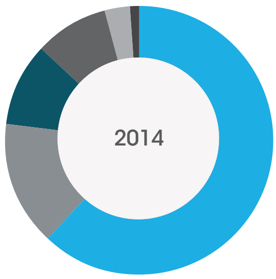
Goodwill increased from R38,0 million to R133,5 million due to the Aquilon acquisition. The consideration paid for Aquilon effectively included amounts in relation to the benefit of the expected synergies, revenue growth, new market penetration and future market development.

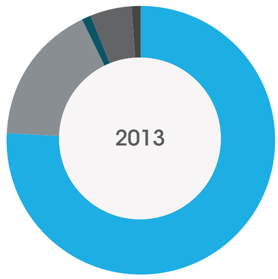




% TURNOVER BY GEOGRAPHY	2014	2013
South Africa	75	77
Other African countries	12	19
North America	6	2
Australasia	3	1
Asia	3	–
Europe	1	1

FINANCIAL DIRECTOR'S REPORT continued





% TRADE RECEIVABLES BY GEOGRAPHIC AREA	2014	2013
South Africa	62	76
Other African countries	15	17
North America	10	1
Australasia	9	5
Asia	3	–
Europe	1	1

Trade and other receivables increased from R64,0 million to R91,3 million largely due to the acquisition of Aquilon. The average debtors' days outstanding at the end of the year deteriorated slightly to 78,9 days (2013: 78,5 days). Management believe the provision for impairment is adequate. The ageing of the debtors is provided on page 97 and compared to the prior year. Trade receivables by geographic area were as above.

BORROWINGS, CASH FLOW AND LIQUIDITY

Cash generated from operations before working capital changes, increased to R60,6 million from R34,6 million in 2013.

Net cash and cash equivalents decreased from R22,7 million to R15,9 million.

Adapt IT has adequate funding for all capital commitments through its cash resources and bank facilities and will raise funding as required for further acquisitive growth.

FINANCIAL CONTROLS AND RISK MANAGEMENT

The internal control framework which includes financial controls has been approved by the Audit and Risk Committee and the control environment is continuously evaluated by management and the internal audit function to improve the identification of risks and improve internal controls.

The internal audit approach has been dealt with under the Audit and Risk Committee Report. The financial risk management is covered on page 97 of the annual financial statements.

ACCOUNTING POLICIES

The accounting policies adopted and methods of computation used in the preparation of the annual financial statements are in terms of IFRS and consistent with those used in the previous financial year. The adoption of new or revised accounting standards, interpretations and circulars have been described on pages 71 to 73.

GOING-CONCERN ASSERTION

The Board has formally considered the going-concern assertion for Adapt IT and is of the opinion that it is appropriate.

AMALGAMATION

The Group undertook a restructure, which was effective on 1 July 2013. This resulted in greater operational and governance efficiencies and strengthened internal controls. The restructure was undertaken by amalgamating seven subsidiaries into the main operating company, Adapt IT (Pty) Ltd, which is now structured as four divisions. This improves the go-to-market position of the business, as well as internal communication and collaboration.

CONCLUSION

Adapt IT is strategically well positioned in all of its operations and continues to grow from strength to strength. Adapt IT's diversification and geographic reach provides resilience and synergistic opportunities.

Tiffany Dunsdon
Financial Director

"Wealth of R291 million was created in the year ended 30 June 2014 from which employees benefited R237 million (82%)."

FIVE-YEAR REVIEW

		30 June 2014	30 June 2013	30 June 2012	30 June 2011	Annualised 30 June 2010
Operating results						
Revenue	(R'000)	**408 546**	306 035	224 769	180 907	173 364
Turnover	(R'000)	**406 301**	303 402	219 614	173 533	168 669
Earnings before interest tax, depreciation and amortisation (EBITDA)	(R'000)	**55 834**	34 445	25 556	18 041	17 385
Operating profit	(R'000)	**49 688**	29 400	22 207	15 048	15 677
Profit for the year/period	(R'000)	**38 123**	24 091	18 143	13 246	14 469
Profit attributable to equity holders of the parent	(R'000)	**38 123**	24 091	18 143	11 045	10 500
Headline profit	(R'000)	**38 235**	24 112	18 126	11 146	9 079
Cash generated from operations	(R'000)	**60 642**	36 662	29 237	17 653	17 363
Financial position						
Total equity	(R'000)	**185 101**	92 234	70 161	48 152	50 504
Total assets	(R'000)	**298 330**	178 723	146 878	105 614	124 741
Total current assets	(R'000)	**109 669**	92 038	86 828	61 746	84 975
Total liabilities	(R'000)	**113 230**	86 489	76 717	57 462	74 237
Total current liabilities	(R'000)	**105 248**	82 742	72 334	51 715	69 320
Financial ratios						
EBITDA margin	(%)	**13,74**	11,35	11,64	10,40	10,31
Operating profit margin	(%)	**12,23**	9,69	10,11	8,67	9,29
Return on equity	(%)	**27,49**	29,67	30,67	22,39	32,05
Return on assets	(%)	**15,98**	14,80	14,37	9,59	17,05
Interest-bearing liabilities to equity	(%)	**3,94**	0,70	2,59	5,83	8,40
Average debtors days	(days)	**78,86**	78,54	75,91	61,84	54,92
Solvency ratio	(times)	**2,63**	2,07	1,91	1,84	1,68
Liquidity ratio	(times)	**1,04**	1,11	1,20	1,19	1,23
Number of permanent employees	(number)	**357**	313	277	250	261
Share performance						
Number of shares in issue at year-end	('000)	**111 499**	108 226	108 440	98 353	95 670
Basic earnings per share	(cents)	**34,45**	22,25	17,46	11,36	10,93
Diluted basic earnings per share	(cents)	**33,48**	22,25	17,46	11,36	10,93
Headline earnings per share	(cents)	**34,55**	22,27	17,45	11,46	12,15
Diluted headline earnings per share	(cents)	**33,58**	22,27	17,45	11,46	12,15
Net asset value per share	(cents)	**167,25**	85,18	67,52	49,52	52,77
Tangible net asset value per share	(cents)	**46,73**	47,88	45,29	39,98	35,21
Closing share price at year-end	(cents)	**774**	235	122	70	49
Dividend per share (paid)	(cents)	**5,56**	4,84	2,84	3,41	1,86

VALUE-ADDED STATEMENT

	Group 2014 R'000	%	Group 2013 R'000	%
Turnover	406 301		303 402	
Less:				
Net cost of products and services	115 531		95 513	
Value added	290 770		207 889	
Wealth created	290 770		207 889	
Applied to:				
Employees				
Salaries, wages and other benefits	236 912	81,5	174 688	84,0
Providers of capital	6 924	2,4	6 035	2,9
Interest on borrowings	907	0,3	786	0,4
Dividends to shareholders	6 017	2,1	5 249	2,5
Government				
Taxation	14 828	5,1	8 324	4,0
Income taxation: normal and deferred	12 745	4,4	6 642	3,2
Skills development levies	2 083	0,7	1 682	0,8
Retained in the Group	32 106	11,0	18 842	9,1
Wealth distributed	290 770	100,0	207 889	100,0

% VALUE-ADDED	2014	2013
Salaries, wages and other benefits	82	84
Retained in the Group	11	9
Providers of capital	2	3
Taxation	5	4

CORPORATE GOVERNANCE

INTRODUCTION

The Board of Directors takes ultimate responsibility for the Group's adherence to sound corporate governance standards and ensures that all business judgements are made with reasonable care, skill and diligence. The Board is also committed to and fully endorses the principles of the Code of Corporate Practices and Conduct as set out in the King Report on Corporate Governance for South Africa. Sound corporate governance structures and processes are applied and are considered by the Board to be pivotal to sustainable growth of the Group.

The King Committee released King III on 1 September 2009. The JSE mandated that listed companies comply with the changes introduced by King III in respect of financial years commencing on or after March 2010.

For this reason, the Board has since made significant strides in ensuring compliance with King III, which it has adopted and endorsed as a strategic business imperative, in order to continue to conduct the business with openness, integrity and accountability. For the 2014 financial year, with the exception of those items outlined below, the Board confirms that the Group has complied with King III. In addition, a King III reference table is included on pages 28 and 29 of the integrated annual report.

- Significant elements of a combined assurance model have been developed, but require further maturation in 2015;
- The internal audit function was implemented at the end of 2012 on a risk-based approach and outsourced to KPMG. A written assessment of the effectiveness of the Company's system of internal controls and risk management has not yet been formally implemented. This will be addressed during 2015;
- The reporting on and the provision of assurance over non-financial sustainability issues other than B-BBEE are currently the responsibility of the Audit and Risk Committee. An independent assurance service provider in respect of sustainability reporting and respective disclosures will be sourced, should the need arise; and
- The Board has not formalised a climate change strategy. Other than locating our head office and operations in a green building in La Lucia, Durban. The businesses by their nature are not natural resource intensive nor do they create any significant pollution.

The Group's corporate governance structure is represented in the following diagram:

GOVERNANCE FRAMEWORK
Board of directors
Independent non-executive directors
C Chambers (Chairman)
B Ntuli
T Dingaan
O Fortuin
Executive directors
Sbu Shabalala (CEO)
T Dunsdon (Financial Director)
BOARD COMMITTEES
Audit and Risk Committee
B Ntuli (Chairperson)
T Dingaan
O Fortuin
Remuneration Committee
T Dingaan (Chairperson)
B Ntuli
C Chambers
Nominations Committee
C Chambers (Chairman)
B Ntuli
T Dingaan
Social and Ethics Committee
O Fortuin (Chairman)
T Dunsdon
J F Jordaan*

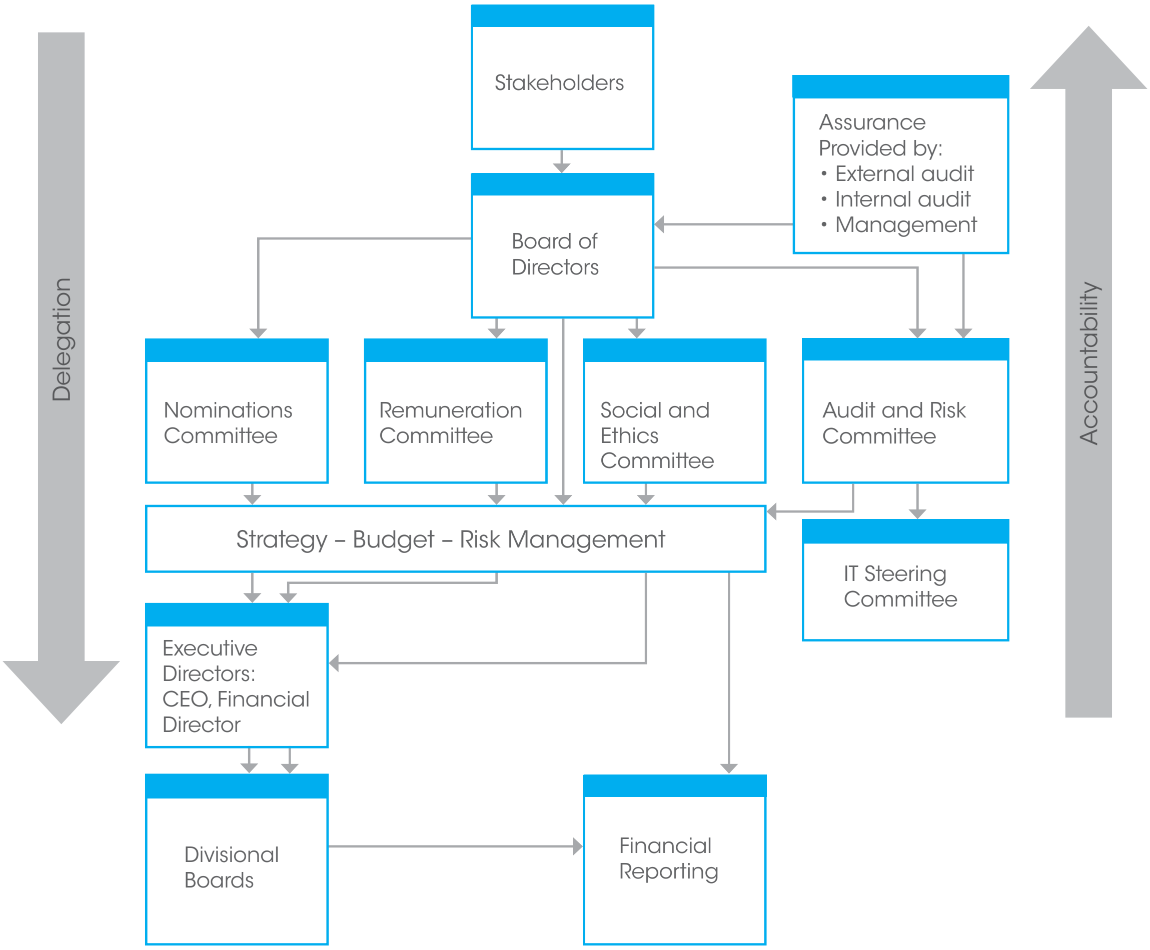
* *Resigned 30 June 2014*

BOARD OF DIRECTORS

COMPOSITION

The Board comprises four independent non-executive directors and two executive directors. The Chairman of the Board is an independent non-executive director. The roles of the Chairman and the Chief Executive Officer are separated and a clear division of authority exists between these roles. The non-executive directors represent a wide range of skills and experience including information technology, financial, legal and commercial. The Directors are aware of their duties to ensure that the Group maintains a very high standard of corporate governance.

Adapt IT Corporate Governance Structure



There are no service contracts between the non-executive directors and the Company. In accordance with the Memorandum of Incorporation, non-executive directors are required to retire after three years in office, or, if appointed by the Board between shareholders' meetings, at the next shareholders' meeting and, if eligible, may offer themselves for re-election by shareholders. Appointment to the Board is made in a formal and transparent manner in accordance with the Nominations policy and procedures, as managed by the Nominations Committee on behalf of the Board.

MANDATE

The Board is responsible for approving the strategic direction of the Group and is governed by a Charter that sets out the framework of its accountability, responsibility and duty to the Company. The Board conducts its business in the best interest of the Company and ensures that the Group performs in the interests of its broader stakeholder group, including present and future investors in the Group, its customers and clients, its business partners, employees and the societies in which it operates.

BOARD CHARTER AND RESPONSIBILITIES

The general powers of the Board and the directors are conferred in the Company's Memorandum of Incorporation. The terms of reference for the Board are set out in the Board Charter which is reviewed on an annual basis. The Board Charter includes principles recommended by King III and sets out the powers and authority of the Board. It also provides a clear and concise overview of the roles and responsibilities of the Board members.

The Board has a fiduciary duty to act in good faith, with due care and diligence, and in the best interest of all stakeholders.

The powers and responsibilities of the Board include the following:

- Giving direction to the Company through management and approving the strategic plan of the Group;
- Determining policy and processes to ensure the integrity of aspects such as director selection, orientation, evaluation and remuneration;

CORPORATE GOVERNANCE continued

- Considering its composition, including its size, diversity and demographic make-up;
- Assessing the key risk areas and key performance areas of the Group;
- Reviewing the implementation of the strategic plan by management;
- Reserving specific powers to itself and delegates other matters to key senior management;
- Monitoring performance through various Board committees; and
- Monitoring compliance with all relevant laws, regulations and code of business practice and ensuring that the Group communicates effectively with its stakeholders.

BOARD AND COMMITTEE MEETINGS

The Board meets formally four times per year and reviews strategy, operational performance, capital expenditure, risk management, internal controls, communications and other material aspects pertaining to the Group's business. The Audit and Risk Committee met four times; the Social and Ethics Committee, Remuneration Committee and the Nominations Committee held one meeting each during the year.

BOARD MEETING ATTENDANCE		
Director	Attended	Held
C Chambers	4	4
B Ntuli	4	4
T Dingaan	3	4
O Fortuin	3	4
Sbu Shabalala (CEO)	4	4
T Dunsdon (FD)	4	4

BOARD AND COMMITTEE EVALUATION

In the prior year the Board and individual directors' performance was assessed in terms of the Board Charter and found to be satisfactory. As the composition of the Board has not changed, only executive directors' performance was evaluated in respect of the 2014 financial year. The Board recognises the importance of Board evaluation and development, not only as it constitutes good governance but also as it is a valuable process in improving Board performance and accordingly performs the evaluation periodically.

REGULATORY COMPLIANCE

Board members are kept appraised of changes to all relevant legislation, including the JSE Listings Requirements. These updates are provided by the Company's Sponsor and the Company Secretary.

DELEGATION OF AUTHORITY

The Board has delegated authority for specific matters to a number of committees which have formal terms of reference and report to the Board on a regular basis.

COMMITTEES

The Audit and Risk Committee was formally appointed in terms of the Companies Act at the annual general meeting held on 7 November 2013.

Furthermore, the Board has powers to establish committees as it deems appropriate. The Board therefore has constituted the following committees, which is in accordance with the recommendation of the King III guidelines:

- Remuneration Committee
- Nominations Committee
- Social and Ethics Committee

These committees of the Board are chaired by an independent non-executive director. The executive directors attend committee meetings by invitation.The Board acknowledges its accountability to the Group's stakeholders for the actions of these committees and is satisfied that they have met their respective responsibilities for the year under review.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee operates under an approved charter, assisting the Board to fulfil its oversight responsibility on corporate governance. Its specific responsibility is on accurate financial reporting and the existence of adequate financial systems and controls. It discharges its responsibility by evaluating the operations and findings of both internal and external audits and assessing the appropriateness and adequacy of the accounting procedures and the systems of internal financial and operational controls.The committee is accountable for the process of risk management and internal control systems and for reviewing the effectiveness thereof. It is also responsible for establishing risk and control policies and ensuring these are communicated throughout the Group.

During the year under review, the committee held four meetings. In accordance with the committee's charter, the committee consists of no less than three independent non-executive directors, one of whom is the Chairman of the committee. The Chairman of the committee is not the Chairman of the Board.

The Chief Executive Officer, Financial Director, internal auditors and external auditors are required to attend the Audit and Risk Committee meetings but do not vote at meetings of the committee. Other Board members also have the right of attendance only. The Group's internal auditors and external auditors have unfettered access to members of the committee and the Chief Executive Officer. The internal auditors and external auditors attend all formal Audit and Risk Committee meetings. The Company Secretary is secretary to the committee. The committee reports on its findings to the Board after each formal committee meeting.

The report of the Audit and Risk Committee is set out on pages 49 to 51.

AUDIT AND RISK COMMITTEE ATTENDANCE		
Director	Attended	Held
B Ntuli (Chairperson)	4	4
T Dingaan	3	4
O Fortuin	3	4

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for establishing a formal and transparent procedure for developing a policy for executive directors' remuneration and performance appraisals and for establishing remuneration packages for key senior management.

In addition to the above, the committee is responsible for making recommendations to the Board on all fees payable to non-executive directors, subject to shareholder approval and considers the performance and independence of all non-executive directors.

The committee, consisting of three independent non-executive directors and the Chief Executive Officer (by invitation), is responsible for recommending to the Board, on an annual basis, the remuneration packages of the executive directors.

REMUNERATION COMMITTEE ATTENDANCE		
Director	Attended	Held
T Dingaan (Chairperson)	1	1
C Chambers	1	1
B Ntuli	1	1

NOMINATIONS COMMITTEE

The Nominations Committee is accountable for the thorough and objective nomination and appointment of members to the Board and committees of the Board. In so doing, the committee regularly reviews the structure, size and composition of the Board and evaluates the balance of race, gender, skills, knowledge and experience of members.

The committee assists in the preparation of descriptions of roles and capabilities required for appointments, satisfies itself with regard to succession planning and that processes are in place with regard to both Board and senior group appointments, monitors the leadership needs of the Board and recommends procedures for annual director performance evaluations. It ensures that Board candidates have sufficient time to devote to Board duties; appointees receive formal letters of appointment and additional communications detailing duties and time commitments, together with induction plans.

The Nominations Committee makes recommendations to the Board regarding the re-appointment of non-executive directors, the continuation in service of directors and the appointment of directors to executive or other offices and appointments to the committees of the Board.

The Nominations Committee meets at least once a year and is chaired by an independent non-executive director.

NOMINATIONS COMMITTEE ATTENDANCE		
Director	Attended	Held
C Chambers (Chairman)	1	1
T Dingaan	1	1
B Ntuli	1	1

SOCIAL AND ETHICS COMMITTEE

The Social and Ethics Committee is accountable for ensuring the existence of an ethical and responsible relationship between the Group and the society in which it operates, through a code of ethics.

Compliance by all employees to the high moral, ethical and legal standards of the code is mandatory, and appropriate action will be taken in respect of any and all instances of non-compliance.

In addition, it establishes formal and transparent arrangements to achieve equity in the workplace through the promotion of equal opportunity and fair treatment via the elimination of unfair discrimination. It further implements affirmative action measures to redress the disadvantages in employment

CORPORATE GOVERNANCE continued

experienced by designated groups, so ensuring their equitable representation at all levels in the workplace. It addresses training and development, a safe and healthy workplace and support to those affected by HIV/AIDS.

The committee oversees the Broad-Based Black Economic Empowerment (B-BBEE) of the Group, its corporate social investment and enterprise development activities as well as its environmental progress and broader stakeholder relations.

The committee meets at least once a year and is chaired by an independent non-executive director.

SOCIAL AND ETHICS COMMITTEE ATTENDANCE		
Director	Attended	Held
O Fortuin (Chairman)	2	2
T Dunsdon	2	2
J F Jordaan*	2	2

* *Resigned 30 June 2014*

EXECUTIVE COMMITTEE

The Executive Committee meets regularly to deliberate on matters of strategy, budget, business planning and the effective operation of the business and monitors the performance of the divisions. The committee provides leadership on key issues to divisions. The committee comprises the Chief Executive Officer, Financial Director and Regional Managing Directors.

COMPANY SECRETARY

All directors have access to the advice and services of the Company Secretary who is responsible for ensuring proper administration and sound corporate governance procedures. All directors are provided with access to information that may be relevant to the proper discharge of their duties. The Company Secretary provides guidance to the directors on their responsibilities within the prevailing regulatory and statutory environment and the manner in which such responsibilities should be discharged.

The Company Secretary function is outsourced to Statucor (Pty) Ltd (Statucor). Statucor's client base includes listed and non-listed entities whom they advise in accordance with the Companies Act as well as the provisions of the South African Corporate Business Administration as defined by the Southern African Institute of Chartered Secretaries and Administrators. Their approach delivers an informed interpretation of the Combined Code (set of principles of good corporate governance), with specific attention being paid to King III. They use a structured approach to implementing and maintaining a sound system of corporate governance, which allows the Board to highlight the actions needed by the business to comply with the requirements of King III. Statucor is considered by the Board to be suitably qualified to carry out the function of Company Secretary.

In accordance with the JSE Listings Requirements, the Board has carried out a formal evaluation of the Company Secretary's performance and competence and has concluded that Statucor is both competent to perform its duties and is fit and proper for the position. The Board has also evaluated and concluded that the Company Secretary retains an arm's-length relationship with the Board. It is not a director of the Company, nor related to, or in any other manner connected with, any of the Directors in any manner which could cause there to be a conflict of interest.

MANAGEMENT REPORTING

Comprehensive management reporting disciplines are in place and include the preparation of annual budgets by all divisions and quarterly operational management reports.

The Group's budget is reviewed by the Executive Committee and approved by the Board. Monthly results are reported against approved budgets and compared to the prior year. Profit projections and cash flow forecasts are updated regularly, while working capital and cash levels are monitored on an ongoing basis. The operational reports are reviewed, in line with the Company's sustainable growth strategy, on a quarterly basis.

DEALING IN COMPANY SHARES

In terms of the JSE Limited's rules, no director, officer or employee of the Company may deal either directly or indirectly in the Group's shares at any time on the basis of having access to price-sensitive information, nor may a director or officer of the Company deal in the Group's shares during closed periods. Closed periods extend from the end of the Group's financial half-year and year-end until the publication of the relevant results. Closed periods also include cautionary closed periods, being the period during which Adapt IT Holdings Limited is trading under a cautionary announcement.

All dealings in shares of Adapt IT Holdings Limited by Company directors and the Company Secretary are reported on the JSE Stock Exchange News Service (SENS) within 48 hours of the trade. All trades must be pre-approved by a duly authorised director of the Company.

INVESTOR RELATIONS

The Board requires objective and honest communication with investors in a timely, relevant and balanced manner. It is practice to engage with shareholders on a frequent basis. The Group's investor information is posted timeously on the website (www. adaptit.co.za).

INTERNAL AUDIT

The Group acknowledges the importance of an independent strategically aligned internal audit function to assist the Audit and Risk Committee in discharging its responsibilities. Adapt IT Holdings Limited has outsourced the provision of internal audit services to an appropriately qualified external service provider, KPMG Services (Pty) Ltd.

Internal audit is mandated by and functions in terms of an approved charter which describes its purpose, authority and responsibilities.

The internal audit function is independent of all other organisational functions, reports directly to the Audit and Risk Committee and has free and unrestricted access to all areas within the Group, including management, employees, activities, locations and information.

Internal audit activities are performed in compliance with International Internal Audit Practice and the methodology and standards required by the South African Institute of Internal Auditors. Professional standards operating within the internal audit function will, once in five years, be evaluated by an independent party to continuously improve the quality of the internal audit staff and the quality of completed internal audit assignments.

The primary responsibility of the internal audit function is to the Board and its committees in discharging its governance responsibilities and, as a minimum, to perform the following functions:

- Evaluating the Company's governance processes;
- Assessing the effectiveness of risk management and the internal control framework;
- Systematically analysing and evaluating business processes and associated controls; and
- Providing a source of information, as appropriate, regarding instances of fraud, corruption, unethical behaviour and irregularities.

The Internal Control Framework at Adapt IT Holdings Limited is based on the report of the Committee of Sponsoring Organisations (COSO) Integrated Framework, which has emerged as the leading framework that management and auditors use to evaluate controls. The King III Practice Note relevant to this area recommends the application of COSO.

The focus in the 2015 financial year will be to improve collaboration with management, other internal assurance providers and the Company's external auditor to ensure optimal coverage of the key risks and minimal duplication of effort. The purpose of this collaboration is also aimed at the development of a meaningful combined assurance model and plan.

INFORMATION TECHNOLOGY (IT) GOVERNANCE

The Board recognises that IT is an integral part of conducting business at Adapt IT Holdings Limited, as IT is fundamental to the support, sustainability and growth of the organisation. IT serves all aspects, components and processes in the organisation and is therefore not only an operational enabler for the Group, but a strategic business imperative which can be leveraged to create opportunities and to gain a competitive advantage.

The Board is cognisant of the fact that as much as IT is a strategic asset within the Group, it also presents the organisation with significant risk. The latter, together with its related costs and constraints, should be well governed and controlled to ensure that it supports the Group's strategic objectives. It is for this reason that the Board has deemed it appropriate to delegate this function to the Audit and Risk Committee. However, the responsibility of IT governance ultimately resides with the Board.

IT is implemented, based on the following model:

- The business applications and IT infrastructure are being centralised;
- An IT Steering Committee, comprised of the Chief Executive Officer, key senior management and technical specialists, oversees the IT strategy and its implementation; and
- The IT Steering Committee reports to the Audit and Risk Committee.

The IT Steering Committee is responsible for ensuring that IT is managed within a defined framework that takes into account, inter alia:

- IT standards;
- Legal requirements such as the Electronic Communications and Transactions Act, the Promotion of Access to Information Act, the Regulation of Interception of Communications Act and the soon to be enacted Protection of Personal Information Act;
- Internal policies defining application and use of IT resources;
- Overall IT spend and allocation of investment; and
- IT risk.

CORPORATE GOVERNANCE continued

KING III REFERENCE TABLE		
Key	Compliant ✔ Partially compliant ^	
CHAPTER 1 – ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP		
1.	Effective leadership based on ethical foundation	✔
2.	Responsible corporate citizenship	✔
3.	Effective management of Group's ethics	✔
CHAPTER 2 – BOARDS AND DIRECTORS		
1.	The Board comprises a balance of power, with a majority of non-executive directors	✔
2.	Majority of non-executive directors to be independent	✔
3.	Are the position of Chairman and CEO held by different persons	✔
4.	Is the Chairman of the Board an independent non-executive director	✔
5.	Was the CEO appointed by the Board	✔
6.	Are directors appointed through a formal process	✔
7.	Is a succession plan in place for both the CEO and executives	✔
8.	Formal induction and ongoing training of directors is conducted	✔
9.	Is the Board assisted by a competent, qualified and experienced Company Secretary	✔
10.	The Company Secretary is not a director and maintains an arms-length relationship with the Board of directors	✔
11.	Appointment of well-structured committees and oversight of key functions	✔
12.	The Board is the focal point of governance and the Board and committees have formal charters	✔
13.	Formal delegation of authority setting out powers and authority	✔
14.	Does the Board take responsibility for risk and IT governance	✔
15.	Compliance with relevant laws, rules, codes and standards	✔
16.	Is there an effective risk-based internal audit function	✔
17.	Is a formal evaluation of the Board and directors done annually	✔
18.	Remuneration policy for remuneration of directors and executives	✔
19.	Is the remuneration policy approved by the shareholders	✔
20.	Disclosure of individual director remuneration	✔
21.	Board responsible for effective stakeholder management	✔
22.	A governance framework is agreed between the Group and its subsidiary Boards	✔
CHAPTER 3 – AUDIT COMMITTEE		
1.	Audit Committee chair is an independent non-executive director	✔
2.	Audit Committee members are skilled, effective and independent	✔
3.	Committee consists of three independent non-executive directors	✔
4.	Chairman appointed by the Board, sets the agenda and present at the annual general meeting	✔
5.	Does the committee oversee the internal audit function	✔
6.	Committee an integral component of the risk management process	✔
7.	Satisfies itself of the expertise, resources and experience of the Group's finance function	✔
8.	Committee recommends appointment of the external auditor and oversees the external audit process	✔
9.	Committee reports to the Board and shareholders on discharge of its duties	✔
10.	Committee oversight of integrated reporting	✔
11.	A combined assurance model is applied to improve efficiency in assurance activities	^

CHAPTER 4 – THE GOVERNANCE OF RISK		
1.	Does the Board take overall responsibility for the governance of risk	✔
2.	Does the Board determine the levels of risk tolerance	✔
3.	Board assisted by committees in carrying out its risk responsibilities	✔
4.	The Board delegates to management the responsibility for its risk management plan	✔
5.	Does the Board ensure that risk assessments are performed on a regular basis	✔
6.	Board ensures implementation of an appropriate framework and methodologies to increase the probability of anticipating unpredictable risks	✔
7.	Board ensures implementation of appropriate risk responses	✔
8.	Board receives assurance regarding effectiveness of risk management process	✔
9.	Board ensures risk disclosure to stakeholders	✔
10.	Board ensures continual risk monitoring by management	✔
CHAPTER 5 – THE GOVERNANCE OF INFORMATION TECHNOLOGY (IT)		
1.	Board ensures proper IT governance	✔
2.	IT is aligned with the performance and sustainability objectives of the Group	✔
3.	Board delegates to management the responsibility for the implementation of an IT governance framework	✔
4.	Board monitors and evaluates significant IT investments and expenditure	✔
5.	IT forms an integral part of the Group's risk management	✔
6.	Board ensures the effective management of the Group's information assets	✔
7.	Does the Audit and Risk Committee assist the Board in carrying out its IT responsibilities	✔
CHAPTER 6 – COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS		
1.	Board ensures compliance with applicable laws and considers adherence to non-binding rules, codes and standards	✔
2.	Board and directors have working understanding of the effect of applicable laws, rules, codes and standards on the Group and its business	✔
3.	Compliance risk forms an integral part of the Group's risk management process	✔
4.	Board delegates to management the responsibility for the implementation of an effective compliance framework and processes	✔
CHAPTER 7 – INTERNAL AUDIT		
1.	Board ensures an effective risk-based internal audit	✔
2.	Internal audit to provide written assessment of the effectiveness of the Group's system of internal controls and risk management	^
3.	Internal audit positioned to understand the strategy of the Group, and that it can achieve its objectives	✔
CHAPTER 8 – GOVERNING STAKEHOLDER RELATIONSHIPS		
1.	Board appreciates that stakeholder perceptions affect the Group's reputation	✔
2.	Board delegates to management the responsibility to proactively deal with stakeholder relationships	✔
3.	Board strives to achieve an appropriate balance between its various stakeholder groupings	✔
4.	Board ensures equitable treatment of stakeholders	✔
5.	Board ensures transparent and effective communication with stakeholders	✔
6.	Board ensures effective, efficient and expeditious resolution of disputes with stakeholders	✔
CHAPTER 9 – INTEGRATED REPORTING AND DISCLOSURE		
1.	Board ensures integrity of integrated reporting	✔
2.	Board sets the tone/culture with respect to sustainability	✔
3.	Board ensures the integration of strategy and sustainability	✔
4.	Board to have a formal mandate/stated objective to ensure sustainability	✔
5.	Group to have mechanisms in place to measure sustainability	^
6.	Sustainability reporting and disclosure integrated with the Group's financial reporting	✔
7.	Are sustainability reporting and disclosure independently assured	^
8.	Does the board have a formal climate change strategy	^

SUSTAINABILITY REPORT

OVERVIEW

"Our ability to create value for our shareholders is the foundation of our commitment to sustainable development."

Oliver Fortuin
Chairman, Social and Ethics Committee

OUR APPROACH TO SUSTAINABILITY

Adapt IT is a values-based organisation, with core values of integrity, passion, transparency, mutual respect, solution focus and good corporate citizenship. These values serve as a guide when making business decisions and in our dealings with all stakeholders, including colleagues, customers, investors, suppliers, the community and the environment.

Our approach to sustainability is based on an holistic view of Prosperity, People and the Planet (3Ps). Being a sustainable organisation means that we balance and integrate the 3Ps into our business decisions

STRATEGIC SUSTAINABILITY ISSUES IN 2014

Prosperity

- Meeting our strategic objectives
- Meeting market needs through innovation and investing in sustainable products

People

- Retaining and developing talent
- Promoting equality, diversity and opportunity
- Maintaining sound labour relations
- Focusing on health, wellbeing and safety
- Empowering communities

Planet

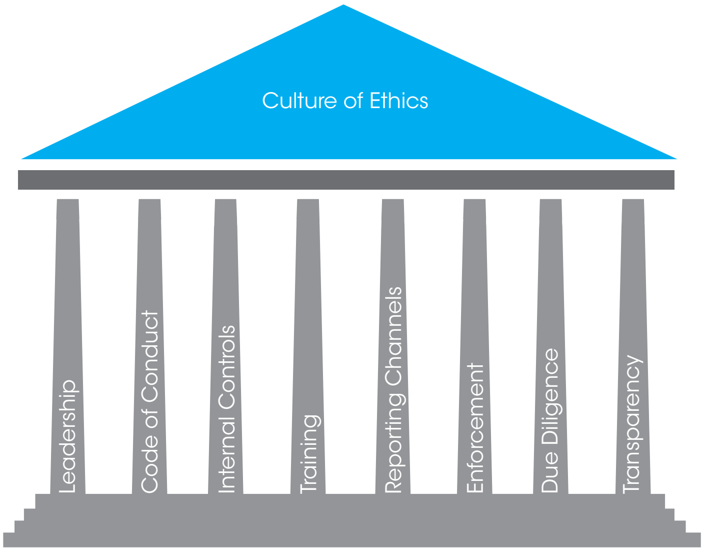
- Minimising waste
- Monitoring water usage
- Reducing our carbon footprint
- Conserving energy
- Biodiversity

Instead of having a separate sustainability department, we focus on integrating sustainability into our everyday business processes. We achieve this by investing in training, promoting equality, adopting a sustainable product development approach, and incorporating the principles of social and environmental responsibility into our core business model.

Adapt IT has adopted the Global Reporting Initiative (GRI) framework and guidelines for sustainability reporting. Using the GRI reporting framework, we describe our activities on the next pages.

PROSPERITY

ECONOMIC SUSTAINABILITY



Adapt IT is committed to a strong ethical culture and actively participates in dialogue and activities that encourage ethical behaviour.

R406m
our turnover for the year ended 30 June 2014

R38m
the total headline earnings we generated for the year ended 30 June 2014

20%
increase in operating margin up from 10% to 12%

VALUE-ADDED ANALYSIS AT A GLANCE

Adapt IT generated wealth of R291 million for the year ended 30 June 2014 from which employees benefited R237 million (82%) and other stakeholders benefited in varying proportions as indicated in the value-added statement on page 21.

INVESTMENT

The strong track record in financial performance has enabled Adapt IT to continue investment in product development, infrastructure, people and operational systems that support its organic and acquisitive growth initiatives.

RESEARCH AND DEVELOPMENT

The lifecycle of the solutions Adapt IT develops extends over many years and over time they have become integral to our customers' operations. This requires customers to form a strategic relationship with Adapt IT as a supplier. In today's environment of rapid technological advancement and changes, customers rely on Adapt IT to have a sustainable product development approach where products are enhanced and maintained in line with these technological enhancements and business requirements.

SUSTAINABILITY REPORT continued

PEOPLE

INVESTING IN OUR PEOPLE

At Adapt IT we firmly believe that by giving our employees the opportunity and support to excel personally and professionally we correspondingly enable our customers and their communities to thrive.

Adapt IT recognises that people are imperative to ensuring success in today's globally integrated and increasingly competitive business environment. People represent one of Adapt IT's most significant investments and Adapt IT continues to ensure that the culture of training and providing opportunities for employees to grow is part of its ethos. This is demonstrated by our various formal and informal programmes directed at building skills.

R3,4m
the total external amount spent on skills development in 2014

24
interns and learners received formal training and monitoring, equipping them for employment

R237m
of the value created in 2014 was distributed to our employees in the form of salaries, wages and benefits

EMPLOYMENT EQUITY – TRANSFORMING OUR WORKFORCE

Our promotion of equal opportunity and workplace diversity is not merely a social responsibility, but a means of ensuring that we foster a culture of diversity in the belief that this will be a business advantage.

PROMOTING EQUAL OPPORTUNITY AND DIVERSITY

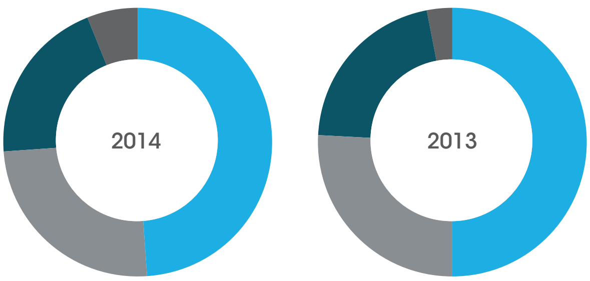
All the divisions within Adapt IT are involved in and committed to promoting the employment equity policy. Adapt IT's approach to addressing its employment equity and management control imperatives is to focus on skills and leadership development, with particular emphasis on developing talented historically disadvantaged individuals at all levels within the organisation.

This business imperative is monitored by the Employment Equity Committee, which reports to the Social and Ethics Committee. Adapt IT will continue to attract, retain and develop talent from designated groups to maintain a diverse multicultural workplace. The main role of the Employment Equity Committee is to set targets and review progress on all employment equity-related matters. These targets are set and implemented within the framework of all employment practices.

OUR PEOPLE

We have 457 people, operating out of business divisions in Johannesburg, Pretoria, Durban and Cape Town. In line with our continued commitment to diversity, Adapt IT continues to steadily move towards the national demographic statistics for the economically active population in a structured and fair manner. This is reflected in the demographic profile of Adapt IT at the end of the reporting period as follows:

OUR EMPLOYMENT EQUITY PROFILE



% EMPLOYEES	2014	2013
White	49	50
African	25	26
Indian	20	21
Coloured	6	3

SUSTAINABILITY REPORT continued

PEOPLE

INVESTING IN OUR PEOPLE

Transformation challenges facing Adapt IT include:

- Meeting our employment equity targets specifically in those occupational categories in which we are under-represented, namely the employment of black and disabled individuals; and
- Focusing on diversity in its broadest sense, and developing a skilled and sustainable workforce.

LEVEL 3 B-BBEE STATUS	
Scorecard information	2013
Ownership	17,18
Management	11,00
Employment equity	5,00
Skills development	6,72
Preferential procurement	19,57
Enterprise development	11,00
Socio-economic development	12,00
Total score	82,47

DRIVING BROAD-BASED BLACK ECONOMIC EMPOWERMENT TRANSFORMATION AND DIVERSITY

Our cultural diversity is a distinct competitive advantage and therefore we aim to further improve our transformation programme to ensure equitable representation of all stakeholder groups.

Diversity has long been an essential part of Adapt IT's people strategy. We want to remain at the forefront of transformation and sustainability, not just to meet targets and achieve B-BBEE compliance but, even more importantly, to entrench diversity and transformation within our organisational culture. In so doing, we know that we will ensure the Company is fully representative of the combined skills and talents of the communities in which we operate and that we constructively contribute towards the broader society.

We intend to maintain our focus on this transformation programme as we constantly grow and integrate new companies as a result of our acquisitive growth strategy.

The B-BBEE verification is performed annually by an independent assurance provider.

HEADCOUNT AND RETENTION

The total permanent employee headcount (excluding contractors) as at 30 June 2014 was 357 compared to 313 in the prior period. This increase is mainly as a result of the acquisition of Aquilon in October 2013.

Adapt IT continuously monitors the employee attrition rate while implementing programmes to evaluate and mitigate the impact of the loss of key skills on the business.

As a responsible employer, Adapt IT aims to offer employees a stimulating and progressive working environment in which they can flourish and realise their true potential. Programmes to improve employee retention include career development, market related remuneration and ensuring a productive and rewarding working environment.

In assuming responsibility for our human capital Adapt IT have taken the following measures to promote sustainability and mitigate natural attrition:

- Remuneration benchmarking in 2013, and a market alignment exercise in the 2013 and 2014 financial years was applied to ensure competitive remuneration and reward where required;
- Training programmes to support employee development;
- Managing performance through regular reviews, learning and development aligned to Adapt IT performance metrics;
- Succession planning and talent management to identify key employees in critical positions and ensure business continuity; and
- Measures to ensure the health and well-being of employees.

EMPLOYEE PERFORMANCE

In order to leverage our significant people investment, Adapt IT promotes employee growth through career path development and supporting work-life balance.

SUSTAINABILITY REPORT continued

PEOPLE

INVESTING IN OUR PEOPLE

This approach enables a self-motivated and productive environment within which Adapt IT and its people add significant and mutual value.

The development of a high performance culture within Adapt IT is a key performance imperative of all employees, particularly those in leadership and management roles.

Measurement of employee performance is based on key performance indicators and business strategic objectives. The results of performance reviews inform Individual Development Plans (IDPs) and are applied in the process of developing the training budget. IDPs are compiled for all employees and are continuously monitored to ensure technical and management skills are nurtured and developed.

Managers are required to facilitate access and encourage employees to develop their careers through various opportunities available to them and these opportunities are discussed individually with line management during the IDP process.

TRAINED TO SUCCEED

Our aim is to support each individual's ability to grow. Equally, we aim to leverage the talents of each individual to maximise potential, improve job satisfaction and help drive productivity and overall business performance.

Adapt IT believes it is imperative that employees attend training and development courses that are in line with their functional job requirements and enhance their skills. This includes participation in a wide range of training programmes (on-the-job training, classroom and professional development at training centres and through external service providers), which are tailored to meet their individual career development goals. In a number of instances, employees are given financial assistance to pursue studies in their chosen career paths, provided these are aligned to Adapt IT's objectives.

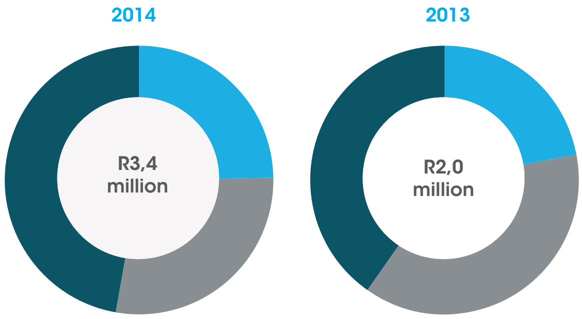
Adapt IT works closely with the Media, Information and Communication Technologies Sector Education and Training Authority (MICT SETA) to achieve the objectives of improving the information and communications technology (ICT) skills in South Africa and adheres to the requirements of the Skills Development Act. A priority for Adapt IT is skills development at all levels and this continues to be strengthened. This includes management and leadership development, and learnerships with targeted coaching and mentoring processes. Particular emphasis is placed on skills development of black employees in line with Adapt IT's empowerment initiatives. Significant progress was made in the year under review. The total investment in training increased from R2,026 million to R3,425 million, broken down in the adjacent pie chart.

ADAPT IT ACADEMY

Adapt IT embarked on a structured skills development and learning programme seven years ago, which offered previously disadvantaged learners the opportunity to gain practical work experience while studying towards a nationally recognised qualification in information technology (IT). The idea was to provide learners with the requisite practical experience to enable greater ease in entering the labour market and to provide Adapt IT with a source of qualified IT talent. The programme comprises both theoretical and practical training and incorporates concepts such as Adapt IT programming standards, industry-accepted standard naming conventions and external technical training in Unix, PL/SQL, Pro*C, C++, Oracle forms, Oracle ADF and many others. Other areas covered in the programme through external training include information gathering techniques, time management and project management. During the seven-year period, Adapt IT has equipped 25 learners with valuable practical experience, of which 15 are still employed by Adapt IT, and for this financial year Adapt IT had seven learners in the programme at a cost of R481 980.

In January 2014, Adapt IT initiated a new Academy programme in an effort to develop skills and talent within the South African technology industry. The programme involves taking in graduates from local universities and providing them with specialist training with the intention of integrating graduates into Adapt IT's various project teams. In the period under review, 10 graduates were taken into the programme, which consists of three distinct phases. The first is Technology Training and involves technical training based on a curriculum co-developed by Adapt IT and our technology partners. The second phase is Workplace Training and focuses on business domain training surrounding Adapt IT's key products and solutions. The final phase is Projects and Placements and will involve the seamless integration of the graduates into Adapt IT's various project and support teams, providing them with real-world experience of technology deployments in the field. Adapt IT and MICT SETA jointly fund a number of the learners with the remainder of learners being funded in full by Adapt IT. For the 2014 programme, all 10 graduates successfully completed the programme and were offered permanent employment contracts. Graduates and learners will continue to benefit from the updated Adapt IT programme, yielding benefits for Adapt IT and the wider IT environment.

SKILLS DEVELOPMENT



SKILLS SPEND (R)	2014	2013
Female BEE	847 584	447 854
Male BEE	960 665	762 823
Other	1 616 379	815 693

FAMILY RESPONSIBILITY

Adapt IT supports employee work-life balance through relevant policies and practices, in particular the need to uphold family responsibilities and that all employees are required to take regular leave.

SUSTAINABILITY REPORT continued

PEOPLE

INVESTING IN OUR PEOPLE

MAINTAINING SOUND LABOUR RELATIONS

Employees are engaged through regular work forums with management to discuss business issues and all employees are encouraged to openly share their views. Leadership supports the implementation of a collaborative and consultative approach in guiding employees to achieve both corporate and personal objectives during the year. Employees are encouraged to discuss with executive management any areas of concern or possible opportunities to improve working conditions.

We fully support employees' right to freedom of association. Although we are not aware of any Adapt IT employees that are members of a trade union, employees are free to associate with any labour organisation of their choice in line with the Basic Conditions of Employment Act.

OCCUPATIONAL HEALTH AND SAFETY

We do not see safety as a compliance issue alone, but as a fundamental way of doing business. The health and safety of our people is a priority and Adapt IT complies with the Occupational Health and Safety Act.

Employees are encouraged to take medical aid cover and a medical aid scheme is available for all permanent employees. Occupational and healthcare programmes include risk assessments, hygiene surveys, risk control measures and wellness days.

Adapt IT recognises that employee well-being is critical to the continued delivery of high quality services and to the achievement of the Company objectives. An employee wellness programme, covering all aspects of physical and mental wellness, including confidential counselling services, is currently in place and will be rolled out across all divisions.

Management is obliged to ensure that all safety and other legal requirements are complied with, and that current best practices are identified and implemented.

ETHICS

Adapt IT subscribes to the highest standards of good governance and ethical business practice and is guided by the Adapt IT Code of Ethics. The role of the Social and Ethics Committee is to ensure that there is an ethical and responsible relationship between Adapt IT and the society in which it operates.

The Ethics Hotline is an anonymous corruption and unethical business practice hotline and email address which allows employees and external stakeholders to report ethically questionable business practices. All reports are investigated to the satisfaction of the Committee.

Areas for process and policy improvement have been identified, however, no credible incidents of corruption have been identified during the reporting period.

PUBLIC POLICY

Adapt IT is not involved in any initiatives regarding public policy positions, policy development or lobbying. Adapt IT maintains an independent stance with political parties, politicians and related institutions.

ANTI-COMPETITIVE BEHAVIOUR

Adapt IT does not practice or condone anti-competitive behaviour. There have been no incidents or legal actions for anti-competitive behaviour, antitrust and monopolistic practices during the review period.

SUSTAINABILITY REPORT continued

PEOPLE

INVESTING IN COMMUNITIES

Adapt IT has a long history of investing in the upliftment of disadvantaged South African communities and remains committed to continuing this investment. Our focus is on sustainable investment and extending the impact of our projects to more beneficiaries.

Adapt IT has increasingly shifted its approach to Corporate Social Investment (CSI) from smaller, once-off investments to large, longer-term investments that are sustainable and extend the impact of our projects to more beneficiaries and have a greater influence on disadvantaged South African communities.

2 400 learners have been assisted by Adapt IT

R1 104 thousand the amount that Adapt IT has invested in both Knowledge Centre projects

10 emerging entrepreneurs have been assisted by Adapt IT through preferential procurement and training opportunities

ADAPT IT KNOWLEDGE CENTRE

In May 2013, Adapt IT launched its first Knowledge Centre at Zwakele Primary School in Amaoti, the largest informal settlement in KwaZulu-Natal. This centre serves as a computer facility for more than 1 400 learners and 45 educators and features a state-of-the-art computer and Internet training facility comprising 50 computers, all installed with the necessary software and Internet connections. Additionally, this facility includes an interactive whiteboard, printer and air-conditioning. To guarantee the sustainability of this project, Adapt IT funded the successful implementation of a comprehensive and sustainable training programme for both the teachers and the learners, and Africa Learn was contracted to oversee all training and retained an onsite facilitator, Zwakele Primary's Knowledge Centre, for a period of six months. In addition, a teachers' course was presented for a period of six months, empowering teachers to provide the learners with the necessary IT training.

Using the success of the Zwakele Primary Knowledge Centre project as a blueprint, Adapt IT launched its second Knowledge Centre in 2014 at the Steve Tshwete Secondary School in Olievenhoutbosch, Centurion. This Knowledge Centre serves as a state-of-the-art computer and Internet training facility for the school's 990 learners and 33 educators. The computer lab is fully equipped with laptops, a printer, a smart board and connectivity. Additionally, the Knowledge Centre was refurbished, which included painting, new blinds, and electrical upgrades to electricity and network points installed to ensure a safe and productive learner-friendly environment.

Adapt IT's investment of R1,1 million in both Knowledge Centre projects at Zwakele Primary School in Amaoti and Steve Tshwete Secondary School in Olievenhoutbosch forms an integral part of our socio-economic and enterprise development strategy and will support long-term community development by encouraging the youth to embrace technology and give them the necessary skills to contribute to the ICT sector. Adapt IT plans to extend their Knowledge Centre projects to other schools, similar to Steve Tshwete Secondary and Zwakele Primary Schools, which would otherwise lack access to a technology learning environment.

SUSTAINABILITY REPORT continued

PEOPLE

INVESTING IN COMMUNITIES

The second Adapt IT Knowledge Centre opened in Steve Tshwete Secondary School in Olievenhoutbosch, June 2014.

INCUBATION AND ENTERPRISE DEVELOPMENT

Adapt IT believes in facilitating the development of sustainable businesses that will create jobs. Adapt IT has demonstrated its commitment to this process by providing opportunities to small business and new enterprises as well as assistance to small and medium enterprises.

PREFERENTIAL PROCUREMENT

For over 10 years, Adapt IT has assisted emerging entrepreneurs through preferential procurement and training opportunities. We have engaged these small businesses in various projects. In agreement with our clients, they receive project management skills, preferential payment terms and business management.

SUSTAINABILITY REPORT continued

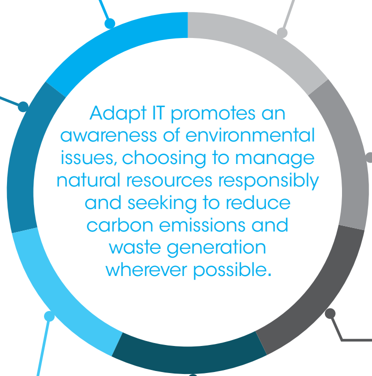
PLANET

THE ENVIRONMENT MATTERS TO US

As an IT services organisation, the environmental impact of Adapt IT's daily operations are limited. However, Adapt IT continues to evaluate formal measurement and reporting of the relevant indicators in line with the requirements of the GRI.

All regional offices actively promote eco-friendly office behaviour, with the aim of reducing our overall environmental impact. Any decisions regarding changes or upgrades to our regional offices will follow a similar approach.

Adapt IT promotes an awareness of environmental issues, choosing to manage natural resources responsibly and seeking to reduce carbon emissions and waste generation wherever possible.



MATERIALS

Paper is the primary consumable resource utilised. Adapt IT uses paper from the supplier's green range, meaning that the paper is produced from sustainable forests or is 100% recycled. We encourage eco-friendly office behaviour where possible. All IT hardware waste is recycled through a certified third party.

TRANSPORT

The impact of transport on the environment from our direct operations is not significant as we operate predominantly using a remote support model:

- Where possible discretionary travel has been reduced by using alternative communication such as video conferencing and e-mail.
- Employee transportation is limited to infrequent deployment via air and road to client sites on initial system implementations, on-site training and periodic account management visits.

EMISSIONS, EFFLUENT, WASTE

Due to the relatively clean nature of our operations, we do not currently measure carbon emissions, choosing to focus on the social impact of creating sustainable employment as a key priority.

ENERGY

We continue to pursue initiatives that can assist in the conservation of energy and target new business from clients where new technologies are being introduced to produce cleaner energy (e.g. biofuel). Our solutions in the chemicals and power generation industries lead to more efficient operation of plants and power stations in South Africa, reducing utilisation of scarce resources and waste products.

BIODIVERSITY

Certain regional sites include a portion of land left for natural vegetation to provide habitat for wildlife.

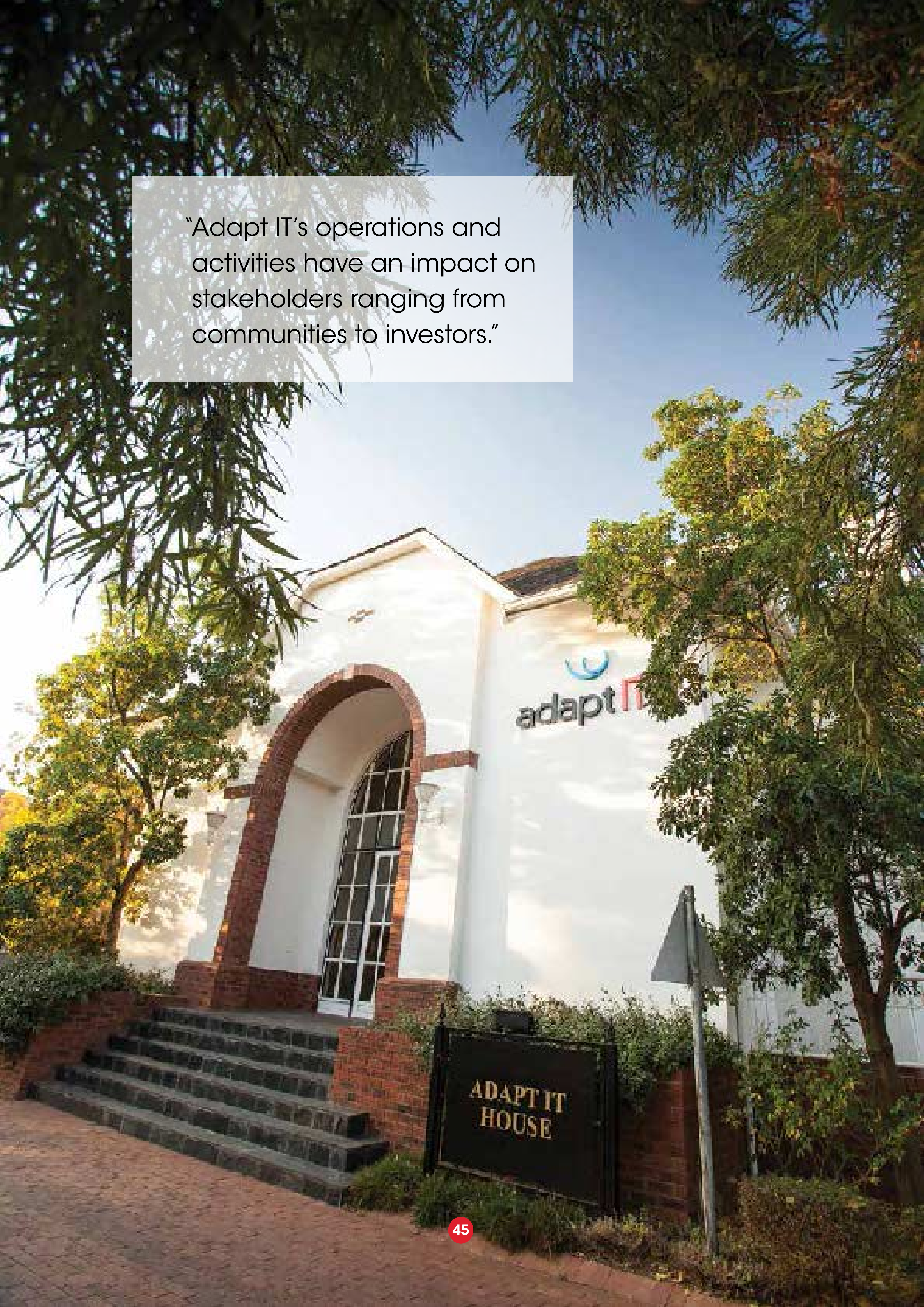
PRODUCTS AND SERVICES

Our continuous sustainable software development processes meet customer, environmental and legislative requirements. The product development processes are mainly driven by the customer and industry need, and the safety of the products and services are ensured by a quality management system.

WATER

While we are a nominal user of water we still encourage minimum usage of water throughout the Company. All storm-water at the Durban premises is attenuated and used for irrigation on site.

"Adapt IT's operations and activities have an impact on stakeholders ranging from communities to investors."



REMUNERATION REPORT

Thembisa Dingaan
Chairperson, Remuneration Committee

REMUNERATION PHILOSOPHY AND POLICY

The Group's remuneration policy complements its business strategy. The Board continues to embrace the importance of people for the continued sustainability and growth of the Group. It is the Group's objective to attract, retain and motivate excellent talent. Oversight of the remuneration policy and implementation thereof is maintained to ensure rewards are competitive, taking cognisance of the appropriate remuneration benchmarks, and proportionate with contribution to the Group's performance. Remuneration is one of the largest components of the Group's costs and optimising the remuneration expense remains a core focus area.

Remuneration levels are set with reference to independent salary surveys on a regular basis, taking cognisance of specific skills requirements, ICT industry statistics and benchmarks of other similar sized companies listed on the JSE. The Remuneration Committee reviews the remuneration paid to the Group executive and senior management.

REMUNERATION GOVERNANCE COMPOSITION OF THE REMUNERATION COMMITTEE

The Remuneration Committee comprises exclusively non-executive directors and is chaired by an independent non-executive director. The committee meets at least once a year.

The composition of the committee is:

T Dingaan	Chairperson
B Ntuli	Member
C Chambers	Member

Sbu Shabalala (Chief Executive Officer) and T Dunsdon (Financial Director) attend part of the meeting by invitation.

ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee is tasked on behalf of the Board to ensure the alignment of remuneration with the interests of shareholders. The committee operates under terms of reference that are reviewed annually, approved by the Board and encompass the provisions of the new Companies Act and the requirements of King III.

The committee's key objectives include:

- Establishing and agreeing on the total remuneration package for executive and non-executive directors;
- Reviewing and approving the remuneration of the Company Secretary;
- Determining the performance measurement and assessment criteria for both the executive and non-executive directors in carrying out their responsibilities;
- Drafting of the remuneration policy for executive directors which is approved by the shareholders at the annual general meeting; and
- Adhering to applicable legislation.

The Remuneration Committee Chairperson attends the annual general meeting and is available to address any queries, if necessary, from shareholders.

EMPLOYMENT CONTRACTS

Sbu Shabalala, Chief Executive Officer of Adapt IT Holdings Limited, was appointed with effect from 5 December 2007 and has a written letter of appointment which endures indefinitely and is subject to termination on three months' notice. T Dunsdon was appointed Financial Director of Adapt IT Holdings Limited with effect from 1 April 2013 and is on an annual fixed-term contract subject to termination on three months' notice. She was previously Commercial Director and originally joined the Group on 18 April 2002. The contractual relationship between the Company and its executive directors is governed through the Remuneration Committee.

These contracts are formulated in a manner which is consistent with the provision of the Basic Conditions of Employment Act.

STRUCTURE OF REMUNERATION PACKAGES

The structure of remuneration packages supports business needs, is market-related and competitive. To this end market surveys are conducted annually and appropriate action is taken to ensure that pay levels, structures, composition and mix are in line with market trends where relevant. The appropriate mix between guaranteed and variable pay as well as short, medium and long-term elements of compensation are reviewed from time to time, taking market trends into consideration.

GUARANTEED PAY

Employees' guaranteed pay generally consists of total cost-to-company which comprises salary, retirement funding and health benefits. The targeted cost-to-company remuneration is based on aiming to reward at the median of the market, with discretion to pay a premium to the median for attraction and retention. Employees who are clear outperformers may be remunerated above the median. This approach recognises both the market forces in play and the heightened requirement to attract and retain talented employees.

VARIABLE PAY

Short-term annual bonus incentives are based on the overall financial performance of the Group, financial achievement of the division and business unit to which an employee is accountable and on individual performance, measured against the achievement of key performance indicators.

Short-term bonus incentives payable to executive management, for targeted levels of performance, range between 10% and 30% of the cost-to-company, as deemed appropriate by the Remuneration Committee and determined with reference to market norms.

The primary purpose of the bonus scheme is to serve as a short-term incentive to motivate a common drive towards high performance.

Another key aspect of variable pay for sales executives and managers who are on risk-based packages is the sales commission scheme. The purpose of this is to drive organic growth and cross-selling.

LONG-TERM INCENTIVES

The long-term executive share incentive plan was approved at the previous AGM. It is designed to ensure that key executives are motivated and retained over a medium to long-term period and to align their interests with those of shareholders. The incentive plan will be implemented in the 2015 financial year.

EXECUTIVE DIRECTORS' REMUNERATION

The following tables show a breakdown of the annual remuneration of the executive directors for the respective years ended.

	Salary R	Retirement R	Medical aid R	Total guaranteed pay R	Bonus R	Retention payment R	Total R
June 2014							
Sbu Shabalala	1 621 765	135 723	21 375	1 778 863	533 659	854 866	3 167 388
T Dunsdon	1 541 834	20 304	–	1 562 138	382 458	545 134	2 489 730
Total	3 163 599	156 027	21 375	3 341 001	916 117	1 400 000	5 657 118
June 2013							
Sbu Shabalala	1 030 896	83 188	21 259	1 135 343	380 000	324 000	1 839 343
T Dunsdon	946 979	12 900	–	959 879	260 000	312 000	1 531 879
S Shabalala*	718 306	58 940	15 915	793 161	91 239	–	884 400
Total	2 696 181	155 028	37 174	2 888 383	731 239	636 000	4 255 622

* *Resigned effective 31 March 2013.*

REMUNERATION REPORT continued

As required by King III the remuneration paid to the next three highest paid employees of the Group for the respective years ended is as follows:

	Total guaranteed pay R	Bonus R	Other R	Total R
June 2014				
Employee 1	1 614 593	120 512	394 298*	2 129 403
Employee 2	1 624 939	108 900	220 000*	1 953 839
Employee 3	1 312 538	164 067	–	1 476 605
Total	4 552 070	393 479	614 298	5 559 847
June 2013				
Employee 1	1 463 479	75 000	239 852*	1 778 331
Employee 2	1 253 676	115 000	17 169	1 385 845
Employee 3	1 219 800	76 200	16 584	1 312 584
Total	3 936 955	266 200	273 605	4 476 760

* *Commission*

None of these employees is considered to be a prescribed officer of Adapt IT Holdings Limited as defined by the Companies Act of South Africa.

NON-EXECUTIVE DIRECTORS' FEES

The level of fees paid to non-executive directors is reviewed by the Remuneration Committee on an annual basis. The recommendations are submitted to the Board for consideration and the fees are approved in advance by the shareholders at the annual general meeting. A market survey, referencing fees paid by comparable listed companies, is utilised to determine the remuneration levels.

Non-executive directors receive fixed fees for service on the Board and Board committees. Non-executive directors do not receive short-term incentives nor do they participate in any share incentive scheme. Non-executive directors are not appointed under service contracts and their remuneration is not linked to the Group's financial performance.

The following table shows the directors' fees paid to non-executive directors for the year ended:

	2014 R	2013 R
C Chambers	243 000	184 500
B Ntuli	130 000	92 000
T Dingaan	130 000	92 000
O Fortuin*	130 000	36 143
M Nhlapo**	–	55 857
A Ravnö***	–	67 667
Total	633 000	528 167

* *Appointed 8 February 2013*
** *Resigned 8 February 2013*
*** *Resigned 26 October 2012*

Refer to the Directors' Statutory Report on page 56 for directors' interests in the Company and interests of directors in contracts.

On behalf of the Remuneration Committee.

Thembisa Dingaan
Chairperson

Durban
15 August 2014

AUDIT AND RISK COMMITTEE REPORT

Bongiwe Ntuli
Chairperson, Audit and Risk Committee

INTRODUCTION

The Audit and Risk Committee ("committee") is constituted as a statutory committee in terms of the Companies Act, 2008, and as a committee of the Board in respect of all additional duties assigned to it by the Board. The committee operates under approved terms of reference.

FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

In line with its terms of reference, approved by the Board and required by the Companies Act and principles of the King III Code, the functions of the committee include:

- Review of risk management reports and making recommendations to the Board;
- Oversight of integrated reporting and the interim report;
- Oversight of internal audit;
- Being responsible for recommending the appointment of the external auditor and overseeing the external audit process;
- Determining the fees to be paid to the auditor and the auditor's terms of engagement;
- Determining the nature and extent of non-audit services provided to the Group; and
- Reporting to the Board and shareholders on how it has discharged its duties.

MEMBERS OF THE AUDIT AND RISK COMMITTEE

The committee was appointed by the shareholders and comprises three independent non-executive directors, all of whom possess the necessary skills, knowledge and expertise to direct the committee constructively in the execution of its responsibilities.

In terms of Section 94 of the Companies Act, a public company must elect an audit committee at each annual general meeting. It is proposed in the notice of meeting for the forthcoming annual general meeting of the Company, that Ms B Ntuli, Ms T Dingaan and Mr O Fortuin be re-appointed as members of the committee, until the next annual general meeting.

The committee is chaired by Ms B Ntuli and she will be available for re-appointment at the next annual general meeting.

FREQUENCY OF MEETINGS

In the past year, four meetings were held; attendance of the meetings is reflected on page 25.

The meetings are also attended by appropriate members of executive management, and external and internal auditors. The committee reports on its findings to the Board after each formal meeting.

KEY DUTIES DISCHARGED DURING THE YEAR

EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

Prior to the 2013 annual general meeting, in line with the procurement policy of the Group, the committee nominated Deloitte & Touche (Deloitte) as external auditor. Deloitte was appointed on 8 November 2013. Ernst & Young Inc. was the external auditor in the previous year.

The committee satisfied itself that the external auditor was independent of the Group, as set out in Section 94(8) of the Companies Act, and ensured that the appointment of the auditors complied with all legislation relating to the appointment of auditors.

The committee, in consultation with executive management, agreed to the engagement letter terms, audit plan and budgeted audit fees in respect of the 2014 financial year.

The committee has nominated, for election at the annual general meeting, Deloitte as the external audit firm and Mr Stephen Munro as the designated auditor

AUDIT AND RISK COMMITTEE REPORT continued

responsible for performing the functions of auditor, for the 2015 financial year. The audit firm and designated auditor are accredited on the JSE list of auditors and advisors.

FINANCIAL STATEMENTS AND ACCOUNTING PROCESSES

The committee has reviewed the accounting policies and financial statements of the Group and is satisfied that they are appropriate and comply with International Financial Reporting Standards and the requirements of the Companies Act.

INTERNAL FINANCIAL CONTROLS

The committee is responsible for overseeing the process of assessment of effectiveness of internal controls.

Based on the results of the system of internal financial controls conducted by the internal audit function during the 2014 financial year and considering information and explanations given by management together with a discussion held with the external auditors on the results of their audit, the committee is of the opinion that the Group's system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements. Certain matters were identified during the year under review through the internal audit function, which matters were substantially resolved before the commencement of the external audit.

GOING CONCERN

The committee has reviewed a documented assessment, prepared by management, which includes key assumptions, of the going concern status of the Group. The Board's statement on the going concern status of the Group, as supported by the committee, is disclosed in the directors' approval of the annual financial statements.

INTERNAL AUDIT

The committee is responsible for ensuring that the internal audit function is independent and has the necessary resources and authority within the Group to enable it to discharge its duties. The committee is also responsible for overseeing the co-operation between the internal and external auditors and is the link between the Board and these functions.

The internal audit charter and framework were approved by the committee. The chief internal auditor has direct access to the committee through the chairperson. The committee is responsible for the assessment of the performance of the internal audit function.

EXPERTISE AND EXPERIENCE OF THE FINANCIAL DIRECTOR AND FINANCE FUNCTION

The committee has satisfied itself that the Financial Director has the appropriate expertise and experience.

The committee has considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function.

GOVERNANCE OF RISK

Adapt IT adopts a risk management approach to the implementation of strategy.

The Adapt IT Group faces many risks in the implementation of its business growth strategy and has integrated risk management as a central part of its business management.

A risk management approach to strategy implementation was adopted and focused on identifying what could go wrong, evaluated which risks were to be dealt with and implemented strategies to deal with those risks.

The risk management process helped Adapt IT identify and address the risks facing the business and in doing so has increased the likelihood of successfully achieving the business objectives. We believe that having identified the risks involved we are better prepared in our approach and have a cost-effective way of dealing with the risks identified.

The risk management process adopted involved:

- Methodically identifying the risks surrounding our business activities;
- Assessing the likelihood of the events occurring;
- Understanding how to respond to the identified events;
- Putting systems in place to deal with the consequences; and
- Monitoring the effectiveness of the risk management approaches and controls.

As a result of the process of risk management, we have improved decision-making, planning and prioritisation, have allocated capital and resources more efficiently, can anticipate what may go wrong, have minimised the number of unforeseen circumstances we may have to contend with, and have significantly improved the probability of delivering on the Group's business growth strategy.

The top eight (8) strategic, operational, human capital, compliance and environmental risks were identified, prioritised and mitigating interventions developed.

THE STRATEGIC RISKS WERE IDENTIFIED AS FOLLOWS:

The Organic growth risks are:

1. OPERATIONAL BUSINESS MANAGEMENT CAPACITY

We identified the need to continuously evaluate and supplement operational management as the Group continues to grow. We have improved the management capacity in the current financial period and continue to evaluate and secure the requisite management capacity when required.

2. ORGANIC REVENUE GROWTH ABILITY

Organic growth was identified as the inevitable result of a successful business model for Adapt IT. To this end, we have employed strategies to develop all our divisions to become more skilled at growing organically, through leveraging the existing business models.

The Acquisitive growth risks are:

3. ACQUISITIVE GROWTH ABILITY

We identified the ability to identify and select the correct targets as the key enabler in the acquisitive growth strategy. We have a dedicated team focused on the acquisitive growth strategy that has the requisite skills and experience in the successful conclusion of acquisitive growth initiatives.

4. CORPORATE FINANCE FUNCTION EFFECTIVENESS

The risk of overpaying for acquired assets has been identified as the key acquisitive growth risk. We have ensured that the Board has enough checks and balances in the process to ensure the continued success of our acquisitions.

The Operational risk was identified as:

5. PROJECT DELIVERY CAPACITY MANAGEMENT

Customer service is at the core of our success as a business and capacity management is key to ensuring the successful delivery to our customers. We have successfully implemented project management practices and a process of ensuring the capacity and project matrix management framework covers all operational units.

The Human Capital risk is:

6. THE NEED FOR A HIGH PERFORMANCE CULTURE

A high performance culture is a pre-requisite to achieving the ambitious targets that we seek to continuously achieve through our people. We have made strides in developing the building blocks of a high-performance organisation by focusing on setting a clear strategic vision, developing a shared value system, linking remuneration to performance, configuring organisational agility and seeking to continuously improve performance measurement and recognition. A dedicated Human Resources Executive has joined the Group.

The Compliance risk is:

7. GOVERNANCE AND COMPLIANCE

Governance and compliance with the regulatory environment and legislation underpin our strategy. The Board reviewed and evaluated the corporate governance within the Group and continues to implement the principles as recommended by the King Report on Governance of 2009 (King III). We developed and implemented a legislative compliance framework to ensure compliance with the legislative environment. We use the services of our JSE Sponsor and legal advisors on all JSE regulations and contractual matters, respectively. We continue to establish systems to apply best practice governance principles where the Board deems it applicable.

The Environmental risk is:

8. BUSINESS INTERRUPTION

Although the operations of the Group are now well diversified across several separate geographies and physical infrastructures and adequate data security and backup as well as business interruption insurance are in place, it is desirable to develop more detailed formal business continuity plans across all of our operations for low likelihood but high-impact risks such as total site destruction. These plans are in place for certain divisions and in the final stages of development for the others.

The Board and the committee have considered the aforementioned risks and have satisfied themselves of the appropriateness of the risk management processes, the adequacy of interventions, the appropriateness of the allocated resources and the pervasiveness of the risk management processes within the Adapt IT Group.

INTEGRATED REPORTING AND COMBINED ASSURANCE

The committee fulfils an oversight role regarding the Group integrated report and the reporting process.

The combined assurance model which is being enhanced year on year, aims to optimise the assurance coverage obtained from management, internal assurance providers and external assurance providers on the risk areas affecting the Group.

The committee is responsible for monitoring the appropriateness of the Company's combined assurance model and ensuring that significant risks facing the Company are adequately addressed.

The combined assurance provided by internal and external assurance providers as well as management should be sufficient to satisfy the committee that significant risk areas within the Group have been adequately addressed and suitable controls exist to mitigate and reduce those risks.

The committee is satisfied that the assurance given by management and other existing internal and external assurance providers is appropriate to address significant risks facing the business.

The committee has recommended the integrated report for approval by the Board of Directors.

Bongiwe Ntuli
Chairperson, Audit and Risk Committee

15 August 2014

DIRECTORS' RESPONSIBILITIES AND APPROVAL
AS AT 30 JUNE 2014

The directors are required by the South African Companies Act, No 71 of 2008, as amended, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements of Adapt IT Holdings Limited and its subsidiaries and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Company and the Group as at the end of the financial year and the results of their operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards, the JSE Listings Requirements and the Companies Act, No 71 of 2008, as amended. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors are also responsible for the system of internal control. These controls are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the assets, to record all liabilities, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements are prepared on the going concern basis. Nothing has come to the attention of the directors to indicate that the Group will not remain a going concern for the foreseeable future.

The annual financial statements of the Group and Company, set out on pages 58 to 103, were approved by the Board of Directors on 15 August 2014 and were signed on its behalf by:

Craig Chambers
Independent non-executive Chairman

Sbu Shabalala
Chief Executive Officer

Durban
15 August 2014

PREPARER OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

These annual financial statements have been prepared under the supervision of T Dunsdon.

Tiffany Dunsdon
Financial Director

Durban
15 August 2014

CERTIFICATE OF THE COMPANY SECRETARY

FOR THE YEAR ENDED 30 JUNE 2014

During the year under review, Statucor (Pty) Ltd conducted the duties of Company Secretary for Adapt IT Holdings Limited and its subsidiaries. The secretarial matters are the responsibility of the Company's directors. Statucor (Pty) Ltd is providing the directors collectively and individually with guidance as to their duties, responsibilities and powers.

We hereby certify that, to the best of our knowledge and belief, the Company has lodged with the Companies and Intellectual Properties Commission all such returns as are required by the Companies Act, No 71 of 2008, as amended, and that all such returns are true, correct and up to date.

Statucor (Pty) Ltd
Company Secretary

Durban
15 August 2014

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ADAPT IT HOLDINGS LIMITED

We have audited the consolidated and separate financial statements of Adapt IT Holdings Limited set out on pages 55 to 103, which comprise the statements of financial position as at 30 June 2014, and the statements of profit or loss and other comprehensive income, the statements of changes in equity, the statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of these consolidated and separate 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Adapt IT Holdings Limited as at 30 June 2014, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2014, we have read the Directors' Statutory Report, the Audit and Risk Committee's Report and the Certificate of the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements.

These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche

Deloitte & Touche
Registered Auditors
Per: SD Munro CA (SA), RA
Partner

15 August 2014

National Executive: LL Bam *Chief Executive* AE Swiegers *Chief Operating Officer* GM Pinnock *Audit* DL Kennedy *Risk Advisory* NB Kader *Tax* TP Pillay *Consulting* K Black *Clients & Industries* JK Mazzocco *Talent & Transformation* MJ Jarvis *Finance* M Jordan *Strategy* S Gwala *Managed Services* TJ Brown *Chairman of the Board* MJ Comber *Deputy Chairman of the Board*

Regional Leader: GC Brazier

A full list of partners and directors is available on request

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

DIRECTORS' STATUTORY REPORT

NATURE OF THE BUSINESS

Adapt IT Holdings Limited is the holding company of an information technology business group which provides software solutions and services.

FINANCIAL RESULTS

The net profit attributable to shareholders of the Group for the year ended 30 June 2014 amounted to R38 123 032 (2013: R24 090 653). This translates into headline earnings per share of 34,55 cents (2013: 22,27 cents) based on the weighted average number of shares in issue during the year.

REVIEW OF OPERATIONS

Commentary is given under the CEO report on page 12 and segment report on page 101.

AMALGAMATION

On 1 July 2013, BI Planning Services (Pty) Ltd, ITS Abacus (Pty) Ltd, ITS Africa Technologies (Pty) Ltd, ITS Holdings (Pty) Ltd, ITS Tertiary Software (Pty) Ltd and Synet (Pty) Ltd were amalgamated into Adapt IT (Pty) Ltd in accordance with Section 113, 115 and 116 of the Companies Act, 2008, as amended.

The reasons for the amalgamation were, *inter alia:*

- To rationalise the Adapt IT Group;
- To reduce the number of Adapt IT Group entities;
- To achieve efficiencies and savings in administrative and operational expenditure; and
- To simplify the Adapt IT Group structure.

ACQUISITIONS

On 1 October 2013, the Group acquired 100% of the issued capital of Aquilon (Pty) Ltd, Aquilon Evolution Consulting (Pty) Ltd, Aquilon Evolution Holdings (Pty) Ltd (the Aquilon Companies), and 40% of the issued shares in Fuel-Loc (Pty) Ltd, for R98 000 000. The Aquilon Companies are specialist SAP® consultancies, which design, implement and support SAP IS Oil & Gas implementations. The acquisition provides Adapt IT with an entry into specialised areas within the Oil & Gas sector. Refer to note 20.1 on page 91 for further details.

DIVIDENDS: ORDINARY DIVIDEND NUMBER 11

The Company declared a dividend of 5,56 cents per share, which was paid to shareholders on 16 September 2013.

DIVIDENDS: ORDINARY DIVIDEND NUMBER 12

The Board has set a policy of considering a dividend once annually, after the year-end. The Board has declared a dividend on a dividend cover ratio of four times as the Group wishes to retain a significant proportion of profits for future growth activities.

The Group will have sufficient working capital to meet its requirements after the dividend payment. Notice is hereby given that a cash dividend of 8,23 cents per share (the dividend) has been declared for the year ended 30 June 2014, payable to shareholders recorded in the books of the Company at close of business on 12 September 2014.

In terms of the Listings Requirements of the JSE Limited regarding the new Dividends Tax effective 1 April 2012, the following additional information is disclosed:

- This is a dividend as defined in the Income Tax Act,1962, and is payable from income reserves;
- The South African dividend tax (DT) rate is 15%;
- No credits in terms of secondary tax on companies have been utilised. Accordingly, the dividend to utilise in determining the DT is 8,23 cents per share;
- The DT to be withheld by the Company amounts to 1,2345 cents per share;
- Therefore, the net dividend payable to shareholders who are not exempt from DT is 6,9955 cents per share, while the gross dividend of 8,23 cents per share is payable to those shareholders who are exempt from DT;
- The issued share capital of Adapt IT at the declaration date comprises 115 776 318 ordinary shares;
- Adapt IT's registration number is 1998/017276/06; and
- Adapt IT's income tax reference number is 9410/002/71/2.

DIRECTORS' STATUTORY REPORT continued

Shareholders are advised that the last day to trade cum-dividend will be Friday, 5 September 2014. Shares will trade ex-dividend as from Monday, 8 September 2014, and the record date will be Friday, 12 September 2014. Payment will be made on Monday, 15 September 2014. Share certificates may not be dematerialised or rematerialised during the period Monday, 8 September 2014 to Friday, 12 September 2014, both days inclusive. This dividend, having been declared after 30 June 2014, has not been provided for in the financial statements.

SHARE CAPITAL

During the current year, 2 774 647 treasury shares were issued in consideration for the final tranche of the Swicon360 acquisition and the first tranche of the Aquilon share consideration. At 30 June 2014 (2013: 2 774 647) there were no treasury shares held.

During the current year, the issued ordinary share capital of the Company increased by 498 080 shares to 111 499 091 (2013: 111 001 011) shares as a result of the Company issuing shares to the previous shareholders of the Aquilon Companies.

TREASURY SHARES

The treasury shares were utilised during the current year as reported under share capital above.

At the last annual general meeting (AGM), a general authority was granted by shareholders to allow the Company or its subsidiaries to purchase up to 10% of its own shares in terms of the Companies Act, 2008, as amended, and the Listings Requirements of the JSE Limited. The directors consider it will be advantageous to the Company for this general authority to continue and the authority will be used if the directors consider that it is in the best interest of the Company and shareholders.

The share repurchase programme will be considered in light of the prevailing circumstances and the cash resources of the Group at the time. Shareholders will be asked to consider a similar special resolution to this effect at the forthcoming AGM.

INVESTMENTS IN SUBSIDIARIES

Details of the subsidiaries appear in note 10 to the annual financial statements. Aggregate profit before taxation from subsidiaries for the year ended 30 June 2014 amounted to R53 454 707 (2013: R35 019 232).

DIRECTORATE

Full details of the current Board of directors appear on pages 8 and 9. In terms of the Company's Memorandum of Incorporation, one third of the directors retire annually by rotation at the AGM. Provided that if a director is appointed as an employee of the Company, he or she shall not, while continuing to be employed by the Company, be subject to retirement by rotation and shall not be taken into account in determining the rotation or retirement of directors. A retiring director shall be eligible for re-election.

Accordingly, Ms B Ntuli and Mr O Fortuin retire at the AGM to be held on 7 November 2014 and offer themselves for re-election.

At 30 June 2014, the directors held interests in the Company as follows:

Executive directors	2014 Direct beneficial	%	2013 Direct beneficial	%	2014 Indirect beneficial	%	2013 Indirect beneficial	%
Sbu Shabalala	16 531 057	15	16 531 057	15	–	–	–	–
T Dunsdon*	1 400 000	1	4 548 974	4	2 600 000	2	–	–
Total	17 931 057	16	21 080 031	19	2 600 000	2	–	–

* *The indirect beneficial shares were transferred on 1 July 2013 from T Dunsdon, who resides in Australia, to her Australian Pension Fund in her personal capacity.*

There were no non-beneficial interests held by the directors at the year-end.

There have been no changes in the directors' shareholdings since the year-end.

INTEREST OF DIRECTORS IN CONTRACTS

The Directors have certified that they were not materially interested in any transaction of material significance, which significantly affected the business of the Group, with the Company or any of its subsidiaries. Accordingly, no conflict of interest, with regard to directors' interest in contracts exist. There have been no material changes to the above since 30 June 2014 and up to the date of this integrated annual report.

FINANCIAL ASSISTANCE TO RELATED COMPANIES

At the forthcoming AGM, pursuant to the requirements of Section 45 of the Companies Act, 2008, as amended, shareholders will be requested to pass a special resolution authorising the directors, by way of general authority, to allow the Company to provide direct or indirect financial assistance to any company which is related or interrelated to the Company, subject to the relevant provisions of Section 45.

SPECIAL RESOLUTIONS PASSED BY THE COMPANY

The following special resolutions were passed at the previous AGM:

- Increase in the directors' fees, as tabled;

and granted directors authority to:

- Repurchase a maximum of 10% of the Company's shares, valid until the next AGM; and
- Provide financial assistance to subsidiaries in the form of inter-company loans and guarantees of their debts as and when appropriate in the course of business.

Tiffany Dunsdon
Financial Director

Durban
15 August 2014

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
Revenue	2	408 546 471	306 035 046	14 811 282	12 437 997
Turnover	2	406 300 843	303 401 597	–	–
Cost of sales		(227 799 448)	(171 782 171)	–	–
Gross profit		178 501 395	131 619 426	–	–
Administrative, selling and other costs		(128 971 855)	(102 734 945)	(56 889)	(931 743)
Sundry revenue	2	158 787	515 031	9 931	8 652
Profit/(loss) from operations		49 688 327	29 399 512	(46 958)	(923 091)
Finance income		2 086 841	2 118 418	–	14 672
Finance costs		(907 425)	(785 526)	(1 310)	–
Profit/(loss) before taxation	3	50 867 743	30 732 404	(48 268)	(908 419)
Income tax (expense)/credit	5	(12 744 711)	(6 641 751)	(104 511)	401 847
Profit/(loss) for the year		38 123 032	24 090 653	(152 779)	(506 572)
Attributable to:					
Equity holders of the parent		38 123 032	24 090 653	(152 779)	(506 572)
Other comprehensive income					
Items that will not be reclassified to profit and loss		–	1 601 938	–	–
Revaluation of land and building		–	2 224 914	–	–
Income tax effect		–	(622 976)	–	–
Items that may be reclassified subsequently to profit and loss		761 298	622 792	–	–
Exchange differences arising from translation of foreign operations		761 298	622 792	–	–
Total comprehensive income/(loss)		38 884 330	26 315 383	(152 779)	(506 572)
Attributable to:					
Equity holders of the parent		38 884 330	26 315 383	(152 779)	(506 572)
Basic earnings per share (cents)	6.1	34,45	22,25		
Basic diluted earnings per share (cents)	6.1	33,48	22,25		

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Notes	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
ASSETS					
Non-current assets		188 661 639	86 684 069	50 341 142	54 235 229
Property and equipment	7	30 751 151	28 351 209	–	–
Intangible assets	8	8 323 033	5 772 000	–	–
Goodwill	9	133 486 825	38 010 030	–	–
Interest in subsidiaries and share trust	10	–	–	48 115 401	48 115 401
Loans to subsidiary	10	–	–	1 391 804	5 641 125
Deferred taxation asset	11	16 100 630	14 550 830	833 937	478 703
Current assets		111 484 922	92 038 482	209 030	2 483 204
Trade and other receivables	12	91 266 975	64 038 739	174 783	101 270
Current tax receivable		4 301 168	5 307 082	–	114 515
Cash and cash equivalents	13	15 916 779	22 692 661	34 247	2 267 419
Total assets		300 146 561	178 722 551	50 550 172	56 718 433
EQUITY AND LIABILITIES					
Equity		185 100 627	92 233 683	24 583 303	15 244 386
Share capital	14	11 150	11 100	11 150	11 100
Treasury shares	14	–	(277)	–	–
Share premium	15	23 925 590	14 625 917	19 210 578	17 457 386
Other capital reserves	20.1	51 055 840	1 300 000	15 055 840	1 300 000
Foreign currency translation reserve		1 889 265	1 127 967	–	–
Revaluation reserve		1 601 938	1 601 938	–	–
Retained earnings		106 616 844	73 567 038	(9 694 265)	(3 524 100)
Non-current liabilities		7 981 419	3 746 839	39 679	25 518
Interest-bearing borrowings	16	4 275 947	–	–	–
Deferred taxation liability	11	3 705 472	3 746 839	39 679	25 518
Current liabilities		107 064 515	82 742 029	25 927 190	41 448 529
Trade and other payables	17	27 173 765	18 549 873	864 123	449 751
Provisions	18	20 823 698	14 200 079	2 898 085	1 709 655
Deferred income		54 232 537	47 979 558	–	–
Amounts owing to subsidiaries	10	–	–	22 085 587	39 289 123
Current tax payable		1 816 200	–	79 395	–
Current portion of interest-bearing borrowings	16	3 018 315	642 519	–	–
Current portion of non-interest-bearing borrowings	20.2	–	1 370 000	–	–
Total equity and liabilities		300 146 561	178 722 551	50 550 172	56 718 433

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
OPERATING ACTIVITIES					
Cash generated from/(utilised in) operations	19.1	60 642 283	36 662 063	1 482 331	(481 703)
Finance income		2 086 841	2 118 418	–	14 672
Finance costs		(907 425)	(785 526)	(1 310)	–
Dividends paid		(6 017 386)	(5 248 514)	(6 017 386)	(5 372 449)
Taxation (paid)/refunded	19.2	(15 279 581)	(11 481 189)	(251 674)	337 171
Net cash flow from/(utilised in) operating activities		40 524 732	21 265 252	(4 788 039)	(5 502 309)
INVESTING ACTIVITIES					
Property and equipment acquired	7	(6 038 613)	(7 902 169)	–	–
Intangible assets acquired and developed	8	(4 978 014)	(6 578 478)	–	–
Proceeds on disposal of property and equipment		41 648	58 723	–	–
Net cash outflow on acquisition of subsidiaries	20	(32 206 631)	(7 164 718)	–	–
Net cash utilised in investment activities		(43 181 610)	(21 586 642)	–	–
FINANCING ACTIVITIES					
Proceeds from borrowings		51 900 000	28 916 920	–	–
Repayment of borrowings		(46 618 257)	(30 878 076)	–	–
Share repurchases		–	(294 249)	–	–
Issue of Company's shares		–	–	1 753 242	–
Increase in amounts owing to subsidiaries		–	–	801 625	7 667 525
Repayment of vendor loans	20.1	(10 155 631)	–	–	–
Net cash (utilised in)/flows from financing activities		(4 873 888)	(2 255 405)	2 554 867	7 667 525
Net (decrease)/increase in cash resources		(7 530 766)	(2 576 795)	(2 233 172)	2 165 216
Exchange differences on translation		754 884	619 030	–	–
Cash and cash equivalents at beginning of year		22 692 661	24 650 426	2 267 419	102 203
Cash and cash equivalents at end of year	13	15 916 779	22 692 661	34 247	2 267 419

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	Attributable to equity holders of the parent							
Group	Share capital R	Treasury shares R	Share premium R	Other capital reserves R	Asset revaluation reserve R	Foreign currency translation reserve R	Retained earnings R	Total equity R
Balance at 30 June 2012	11 100	(256)	14 920 145	–	–	505 175	54 724 899	70 161 063
Total comprehensive income for the year	–	–	–	–	1 601 938	622 792	24 090 653	26 315 383
Profit for the year	–	–	–	–	–	–	24 090 653	24 090 653
Other comprehensive income for the year	–	–	–	–	1 601 938	622 792	–	2 224 730
Shares issued during the year	–	–	–	1 300 000	–	–	–	1 300 000
Net repurchase of shares	–	(21)	(294 228)	–		–	–	(294 249)
Dividend paid	–	–	–	–	–	–	(5 248 514)	(5 248 514)
Balance at 30 June 2013	11 100	(277)	14 625 917	1 300 000	1 601 938	1 127 967	73 567 038	92 233 683
Total comprehensive income for the year	–	–	–	–	–	761 298	38 123 032	38 884 330
Profit for the year	–	–	–	–	–	–	38 123 032	38 123 032
Other comprehensive income for the year	–	–	–	–	–	761 298	–	761 298
Issue of treasury shares for business combination	–	–	1 300 000	(1 300 000)	–	–	–	–
Shares to be issued – raised at acquisition on business combination	–	–	–	52 000 000	–	–	–	52 000 000
Purchase consideration adjustment (note 20.1)	–	–	–	(944 160)	–	–	944 160	–
Issue of shares for business combination	50	277	7 999 673	–	–	–	–	8 000 000
Shares issued during the year	50	–	1 753 192	–	–	–	–	1 753 242
Issue of treasury shares	–	277	6 246 481	–	–	–	–	6 246 758
Dividend paid	–	–	–	–	–	–	(6 017 386)	(6 017 386)
Balance at 30 June 2014	11 150	–	23 925 590	51 055 840	1 601 938	1 889 265	106 616 844	185 100 627

Refer to note 14 for detail on share capital movement.

Company	Share capital R	Share premium R	Other capital reserves R	Retained earnings R	Total equity R
Balance at 30 June 2012	11 100	17 457 386	–	2 354 921	19 823 407
Total comprehensive loss for the year	–	–	–	(506 572)	(506 572)
Shares to be issued	–	–	1 300 000	–	1 300 000
Dividend paid	–	–	–	(5 372 449)	(5 372 449)
Balance at 30 June 2013	11 100	17 457 386	1 300 000	(3 524 100)	15 244 386
Total comprehensive loss for the year	–	–	–	(152 779)	(152 779)
Issue of shares	50	1 753 192	(1 300 000)	–	453 242
Shares to be issued	–	–	15 055 840	–	15 055 840
Dividend paid	–	–	–	(6 017 386)	(6 017 386)
Balance at 30 June 2014	11 150	19 210 578	15 055 840	(9 694 265)	24 583 303

Refer to note 14 for detail on share capital movement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES

Adapt IT Holdings Limited is incorporated and domiciled in South Africa.

The financial statements and consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, 2008, as amended. The financial statements have been prepared under the historical cost method, except in the case of property measured at fair value. These accounting policies have been consistently applied to all the years presented, except for the Standards and Interpretations which became effective during the current financial year which are disclosed in note 1.24 to the financial statements.

Unless otherwise indicated, any references to the Group include the Company.

1.1. BASIS OF CONSOLIDATION

The consolidated annual financial statements incorporate the annual financial statements of the Company, its subsidiaries and the Adapt IT Holdings Limited Share Incentive Trust.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-Group balances, transactions, unrealised gains and losses resulting from intra-Group transactions and dividends are eliminated in full.

Separate disclosure is made of non-controlling interests where the Group's ownership is less than 100%. Non-controlling interests consist of the amount of those interests at the date of the business combination and the non-controlling interest's share of changes in equity since then. Losses within a subsidiary are attributed to the non-controlling interest (where applicable) even if that results in a deficit balance.

Where considered necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies in line with those of the Group.

The Company accounts for its investments in subsidiaries at cost.

1.2 BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the Group will be 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 will be recognised in accordance with International Accounting Standards (IAS) IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

The goodwill/negative goodwill arising from business combinations of entities under common control is recorded in restructure reserves and measured as the excess of the purchase price over the carrying amounts to the Group. The restructure reserves are recycled to retained earnings when the underlying entities are realised or sold external to the Group.

1.3 FOREIGN CURRENCY TRANSACTIONS

The Group's consolidated financial statements are presented in South African Rands, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

Gains and losses arising on retranslation are included in profit or loss for the period and are classified as either operating or financing depending on the nature of the monetary items giving rise to them.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

The assets and liabilities of foreign operations are translated into South African Rands at the rate of exchange prevailing at the reporting date and their statements of profit or loss and other comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income and accumulated in equity in the foreign currency translation reserve.

On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

1.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes.

Revenue comprises the invoiced value of information services provided and technology and product sales, including completed service provided not yet invoiced, but excluding value-added taxation. The various stages on invoicing are usually formalised in a service contract or brief, prior to commencement of any work. In terms of variable contracts, clients are invoiced according to the stage of completion and revenue is recognised accordingly. Stage of completion is measured as the amount of completed work, as a percentage of the agreed work to be done.

Where revenue is received in respect of product development on fixed price contracts and the work has not been performed, the revenue attributed thereto is not recognised and deferred income is shown as a liability in the statements of financial position. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Sundry revenue consists of recoveries from clients and sales of consumables.

For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in profit or loss.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES continued

1.5 COST OF SALES

The related cost of providing services recognised as revenue in the current period is included in the cost of sales. Contract costs comprise:

- Costs that relate directly to the specific contract;
- Costs that are attributable to contract activity in general; and
- Such other costs as are specifically chargeable to the customer under the terms of the contract.

1.6 BORROWING COSTS

Borrowing costs are expensed as incurred, except where these are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of the asset.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

1.7 TAXATION

Current income taxation

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statements of profit or loss and other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxation

Deferred taxation is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Deferred income tax relating to items recognised outside profit and loss is recognised outside profit and loss.

Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Value-added taxation (VAT)

Revenue, expenses and assets are recognised net of the amount of VAT, except receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the statements of financial position.

Secondary taxation on companies (STC)

For all dividends declared prior to 1 April 2012, the STC effect of dividends paid on equity instruments is recognised in the period in which the Company declares the dividend.

Dividend tax

From 1 April 2012, dividends are taxed in the hands of the shareholder and not the Company in South Africa. As a result, the amount of such dividend tax payable to the taxation authority on behalf of the shareholders is included as part of payables in the statements of financial position (where applicable).

1.8 EMPLOYEE BENEFITS

Short-term benefits

All salaries and short-term employee benefits are expensed as incurred through profit or loss in the statements of profit or loss and other comprehensive income.

Post-retirement benefits

All contributions to the defined contribution pension and provident funds are charged against profit or loss in the statements of profit or loss and other comprehensive income as they fall due.

1.9 EARNINGS PER SHARE (EPS)

Basic EPS

Basic EPS is calculated by dividing profit for the period attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the period.

Diluted EPS

For diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares, such as share awards granted to employees. Potential or contingent share issuances are treated as dilutive when their conversion to shares would decrease net EPS.

Headline EPS

The presentation of headline EPS is mandatory under the JSE Listings Requirements and is not necessarily a measure of sustainable earnings. It is calculated in accordance with Circular 3/2009 "Headline Earnings", as issued by the South African Institute of Chartered Accountants.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES continued

1.10 PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the parts are recognised as individual assets with specific useful lives and depreciated accordingly.

All other repair and maintenance costs are recognised in profit or loss as incurred.

The useful lives, residual values and methods of depreciation are reassessed annually and adjusted prospectively, if appropriate.

Owner-occupied property is classified as land and buildings and is carried under the revaluation model. Any revaluation surplus is recognised in other comprehensive income and credited to the asset's revaluation reserve included in the equity section of the statements of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statements of profit or loss and other comprehensive income, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Each part of an item of property and equipment with a cost significant in relation to the total cost of the item is depreciated separately. Where the recoverable amount of owner-occupied property is higher than cost, no depreciation is charged. The depreciation charge for each period is recognised in profit or loss.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Category	Useful life
Computer hardware	3 to 5 years
Telephone equipment	5 to 7 years
Office equipment	6 to 8 years
Furniture and fittings	6 to 10 years
Leasehold improvements	period of lease
Owner-occupied property	50 years
Motor vehicles	5 to 7 years

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

1.11 INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Trademarks

Trademarks are recognised at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation commences when the trademarks are available for use.

The Group ensures that all its proprietary software is amortised over a 20-year period.

Category	Useful life
Trademarks	20 years

Inhouse developed software

Research costs pertaining to inhouse developed software are expensed in the period in which they are incurred.

Development costs that relate to an identifiable product or process that is demonstrated to be technically and commercially feasible which the Group has sufficient resources and the intention to complete and bring to market and which is expected to result in future economic benefits, are recognised as assets. The expenditure capitalised includes the cost of material, direct labour and an appropriate portion of overheads. Capitalised development expenditure is shown as cost less accumulated amortisation and impairment losses. The amount of capitalised development cost recognised as an asset is amortised over the estimated useful life of the asset (but for no greater a period than five years).

Other software

All other software acquired separately is measured on initial recognition at cost. The cost of software acquired in a business combination is its fair value at the date of the acquisition. Following initial recognition, software is carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful life of software is assessed as finite, as indicated in the table below and is reassessed, with the amortisation method, at least at each financial period-end. The amortisation of software is recognised in profit or loss in the period to which it relates.

Category	Useful life
Inhouse developed software	3 to 5 years
Computer software acquired	2 to 4 years
Licence acquired	1 to 5 years

Research expenditure

Research costs incurred with the prospect of gaining new scientific or technical knowledge and understanding are charged as an expense in profit or loss in the period in which they are incurred.

1.12 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets. Where the carrying amount of the assets exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount with the impairment recognised in profit and loss. In assessing value in use, the estimated 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES continued

1.12 IMPAIRMENT OF NON-FINANCIAL ASSETS continued

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

1.13 LEASES

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance leases

Finance leases which transfer to the Group substantially all the risk and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statements of profit or loss and other comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases

Operating lease payments are recognised as an operating expense in the statements of profit or loss and other comprehensive income on a straight-line basis over the lease term.

1.14 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as loans and receivables.

The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statements of profit or loss and other comprehensive income. The Group's loans and receivables include cash and cash equivalents and accounts receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current and call accounts.

Cash and cash equivalents are subsequently carried at amortised cost using the effective interest rate method less allowance for any impairment as appropriate.

Accounts receivables

Trade receivables and loan receivables are subsequently carried at amortised cost using the effective interest rate method less allowance for any impairment as appropriate.

1.15 IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statements of profit or loss and other comprehensive income. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or decreased by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statements of profit or loss and other comprehensive income.

1.16 FINANCIAL LIABILITIES

Financial liabilities within the scope of IAS 39 are classified as loans and borrowings as appropriate.

The Group's financial liabilities include accounts payable and loans and borrowings (which include interest and non-interest-bearing borrowings).

The Group determines the classification of its liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate (EIR) method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statements of profit or loss and other comprehensive income.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES continued

1.17 DERECOGNITION OF FINANCIAL INSTRUMENTS

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the assets have expired; and
- The Group has transferred its rights to receive cash flows from the assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

1.18 OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.19 SHARE ISSUE COSTS

Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of applicable tax, from the proceeds. An incremental share issue cost is one which would not have arisen if shares had not been issued.

1.20 TREASURY SHARES

The purchase by any group entity of the Company's equity instruments results in the recognition of treasury shares. The consideration paid is deducted from equity. Where such treasury shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the equity holders of the Company, net of any directly attributable incremental transaction costs and the related tax effects.

1.21 DIVIDENDS

Dividends to the Company's ordinary equity holders are recognised as a liability in the period in which the dividends are declared and approved. Final dividends are accrued when approved by the Board of Directors.

1.22 PROVISIONS

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

1.23 KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management has made the following judgements, estimates and assumptions that potentially have the most significant effect on the amounts recognised in the financial statements.

Accrued revenue

Revenue is accrued for projects in progress at year-end. Revenue is accrued based on the stage of completion of each project. The stage of completion is based on the estimated work required to complete the project.

Deferred taxation

Deferred tax assets representing the carry forward of unused tax losses are only recognised to the extent that it is probable that taxable profits will be available in future. In instances where there is no contracted income, the raising of the deferred taxation asset is limited to the next two years' budgeted taxable profit due to uncertainty of estimating profits more than two years hence.

Deferred tax liabilities are raised based on management's best estimate as to the method of recovery of the underlying assets.

Owner-occupied property

The Group measures owner-occupied property at revalued amounts with changes in fair value being recognised in other comprehensive income.

Useful lives and residual values

Property and equipment are depreciated over their useful lives taking into account residual values, where appropriate.

Intangible assets are amortised over the useful lives considered appropriate by management.

Assessments of useful lives and residual values are performed annually after considering factors such as technological innovation, maintenance programmes, relevant market information and management consideration.

Impairment of goodwill

The Group's impairment test for goodwill is based on value in use calculations that use a discounted cash flow model.

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The key assumptions used to determine the recoverable amount for the different cash-generating units are further explained in note 9.

1.24 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS effective as of 1 July 2013:

- IAS 19 Employee Benefits (amendment) effective 1 January 2013;
- IAS 27 Separate Financial Statements (revised) effective 1 January 2013;
- IAS 28 Investments in Associates and Joint Ventures (revised) effective 1 January 2013;
- IFRS 1 First-time Adoption of International Financial Reporting Standards (amendment) effective 1 January 2013;
- IFRS 7 Financial Instruments: Disclosures (amendment) effective 1 January 2013;
- IFRS 10 Consolidated Financial Statements (revised) effective 1 January 2013;
- IFRS 11 Joint Arrangements (revised) effective 1 January 2013;
- IFRS 12 Disclosure of Involvement with Other Entities (revised) effective 1 January 2013; and
- IFRS 13 Fair Value Measurement (revised) effective 1 January 2013.

These amended and revised standards did not have any material effect on the financial performance or position of the Group.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES continued

1.25 NEW OR REVISED IFRS STANDARDS AND INTERPRETATIONS

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. These standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

IAS 32 Financial Instruments: Presentation (Amendment) – Offsetting Financial Assets and Financial Liabilities

The IASB issued an amendment to clarify the meaning of "currently has a legally enforceable right to set off the recognised amounts" (IAS 32.42(a)). This means that the right of set-off:

- Must not be contingent on a future event; and
- Must be legally enforceable in all of the following circumstances:

  – the normal course of business;

  – the event of default; and

  – the event of insolvency or bankruptcy of the entity and all of the counterparties.

The amendment is effective for annual periods beginning on or after 1 January 2014 and the Group is still in the process of determining how it will impact the statements of financial position and statements of profit or loss and other comprehensive income upon adoption.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 32. The standard is effective for annual periods beginning on or after 1 January 2018. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected in the second half of 2013. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurement of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

Financial assets

All financial assets are measured at fair value at initial recognition. Debt instruments may, if the Fair Value Option (FVO) is not invoked, be subsequently measured at amortised cost if:

- The asset is held within a business model that has the objective to hold the assets to collect the contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

All other debt instruments are subsequently measured at fair value.

All equity investment financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity instruments held for trading must be measured at fair value through profit or loss. However, entities have an irrevocable choice to recognise fair value changes in OCI by instrument for all other equity financial assets.

Financial liabilities

For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

IFRS 15 Revenue from Contracts with Customers (New)
IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 is effective for annual periods beginning on or after 1 January 2017 and the Group is still in the process of determining how it will impact the statements of financial position and statements of profit or loss and other comprehensive income.

IAS 19 Defined Benefit Plans: Employee Contributions (Amendments)
Amends IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

IAS 19 is effective for annual periods beginning on or after 1 July 2014 and the Group is still in the process of determining how it will impact the statements of financial position and statements of profit or loss and other comprehensive income.

IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments)
Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:

- Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
- Introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated; and
- Add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

The amendments are applicable to annual periods beginning on or after 1 January 2016 and the Group is still in the process of determining how it will impact the statements of financial position and statements of profit or loss and other comprehensive income.

IFRIC 21 Levies
IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy are certain. The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached.

This IFRIC is effective for annual periods beginning on or after 1 January 2014 and will have no impact on the Group as the Group does not pay government levies.

IAS 36 Disclosure Requirements for the Recoverable Amount of Impaired Assets
The IASB has issued amendments to IAS 36 – Impairment of Assets, to clarify the disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments clarify the IASB's original intention: that the scope of these disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. This amendment is effective for annual periods beginning on or after 1 January 2014 and will have no impact on the Group's financial position or performance but may have an impact on disclosure.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
2. REVENUE				
Services rendered	372 710 029	260 612 168	–	–
Sale of goods	33 590 814	42 789 429	–	–
Turnover	406 300 843	303 401 597	–	–
Finance income	2 086 841	2 118 418	–	14 672
Management fees received	–	–	14 801 351	12 414 673
Sundry revenue	158 787	515 031	9 931	8 652
	408 546 471	306 035 046	14 811 282	12 437 997
3. PROFIT/(LOSS) BEFORE TAXATION				
Profit/(loss) before taxation is stated after:				
Income				
Foreign exchange profit	1 126 352	1 702 453	–	–
Bad debts recovered	–	34 726	–	–
Management fees received	–	–	14 801 351	12 414 673
Finance income	2 086 841	2 118 418	–	14 672
Imputed interest	1 320 717	1 237 846	–	–
Interest received from SARS	234 393	31 898	–	14 660
Interest on cash and cash equivalents	531 731	848 674	–	12
Expenditure				
Depreciation	3 701 325	2 902 874	–	–
Finance costs				
– Borrowings	907 425	785 526	1 310	–
Foreign exchange loss	219 078	686 514	–	30 462
Amortisation of intangible assets	2 444 335	2 143 063	–	–
Staff costs	236 912 548	174 688 253	11 081 969	6 778 946
– Salaries and wages	214 476 711	158 898 485	8 204 170	4 875 796
– Retirement costs	4 836 701	3 603 193	289 695	271 911
– Commission	2 134 768	1 137 574	–	–
– Bonus and performance related payments	15 464 368	11 049 001	2 588 104	1 631 239
Operating lease charges				
– Property	8 293 958	7 366 058	–	–
Loss on sale of property and equipment	111 975	20 852	–	–
Provision for impairment of trade and other receivables	1 010 289	3 212 109	–	–

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
4. DIRECTORS' EMOLUMENTS				
Directors and past executive directors				
In connection with the affairs of the Company	5 657 118	4 255 622	5 657 118	4 255 622
Salary and medical aid				
– Sbu Shabalala	1 643 140	1 052 155	1 643 140	1 052 155
– T Dunsdon	1 541 834	946 979	1 541 834	946 979
– S Shabalala*	–	734 221	–	734 221
Retirement				
– Sbu Shabalala	135 723	83 188	135 723	83 188
– T Dunsdon	20 304	12 900	20 304	12 900
– S Shabalala*	–	58 940	–	58 940
Bonus and performance-related payments				
– Sbu Shabalala	533 659	380 000	533 659	380 000
– T Dunsdon	382 458	260 000	382 458	260 000
– S Shabalala*	–	91 239	–	91 239
Retention payments				
– Sbu Shabalala	854 866	324 000	854 866	324 000
– T Dunsdon	545 134	312 000	545 134	312 000
Directors and past non-executive directors				
For attending meetings	633 000	528 167	633 000	528 167
C Chambers	243 000	184 500	243 000	184 500
B Ntuli	130 000	92 000	130 000	92 000
T Dingaan	130 000	92 000	130 000	92 000
O Fortuin**	130 000	36 143	130 000	36 143
M Nhlapo***	–	55 857	–	55 857
A Ravnö****	–	67 667	–	67 667
	6 290 118	4 783 789	6 290 118	4 783 789

* *Resigned on 31 March 2013*
** *Appointed on 8 February 2013*
*** *Resigned on 8 February 2013*
**** *Resigned on 26 October 2012*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

5. INCOME TAX EXPENSE/(CREDIT)

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
South African normal tax				
Current tax				
– Current year	13 072 863	5 082 792	419 818	14 968
– Prior year (over)/under provision	(2 894 884)	(260 499)	25 766	(4 924)
Deferred tax				
– Current year	(574 060)	1 436 857	(341 073)	(184 625)
– Prior year under/(over) provision	80 439	(990 397)	–	(227 266)
	9 684 358	5 268 753	104 511	(401 847)
Foreign tax				
– Current year	3 060 353	1 764 557	–	–
– Prior year over provision	–	(391 559)	–	–
	3 060 353	1 372 998	–	–
Tax for the year	12 744 711	6 641 751	104 511	(401 847)

	%	%	%	%
Reconciliation of rate of taxation				
South African normal tax rate	28,0	28,0	28,0	28,0
Adjusted for:				
– Permanent differences	1,1	(2,0)	(191,1)	(9,3)
– Prior year (over)/under provision in current and foreign tax	(5,7)	(2,1)	(53,4)	0,5
– Prior year (over)/under provision in deferred tax	0,2	(3,2)	–	25,0
– Withholding tax paid	5,3	5,8	–	–
– Withholding tax credits	(3,5)	(5,0)	–	–
– Unprovided tax losses utilised	(0,3)	0,1	–	–
Effective tax rate	25,1	21,6	(216,5)	44,2

R3 804 162 (2013: R8 930 324) of assessed losses brought forward were used in the current year to reduce taxable profits.

6. EARNINGS AND DIVIDENDS PER SHARE

6.1 EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to equity holders of R38 123 032 (2013: R24 090 653) and the weighted average number of ordinary shares in issue during the year of 110 674 184 (2013: 108 286 526). The calculation of fully diluted earnings per share is based on the profit of R38 123 032 (2013: R24 090 653) and the weighted average number of diluted ordinary shares in issue during the year of 113 873 316 (2013: 108 286 526).

There is no effect of dilution in the prior year.

		Group 2014	Group 2013
Reconciliation between earnings and headline earnings			
Earnings attributable to equity holders of the parent		38 123 032	24 090 653
Adjusted for:			
– Loss on sale of property and equipment (refer note 3)		111 975	20 852
Headline earnings		38 235 007	24 111 505
Basic earnings per share	(cents)	34,45	22,25
Headline earnings per share	(cents)	34,55	22,27
Diluted basic earnings per share	(cents)	33,48	22,25
Diluted headline earnings per share	(cents)	33,58	22,27

6.2 DIVIDENDS PER SHARE

		Group 2014	Group 2013
Dividends per share	(cents)	5,56	4,84

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

7. PROPERTY AND EQUIPMENT

	Owner-occupied property – land and buildings R	Computer hardware R	Furniture and fittings R	Telephone equipment R
GROUP 2014				
Carrying amount at beginning of year				
– Cost or valuation	20 147 122	6 464 995	5 241 972	2 363 418
– Accumulated depreciation	(847 122)	(3 828 293)	(1 682 513)	(1 583 398)
Carrying amount at beginning of year	19 300 000	2 636 702	3 559 459	780 020
Current year movements				
– Additions	–	3 657 086	1 093 973	34 815
– Acquisition of subsidiary	–	137 143	30 577	–
– Disposals	–	(107 061)	(27 207)	–
– Cost	–	(541 159)	(145 917)	–
– Accumulated depreciation	–	434 098	118 710	–
– Transfers	–	48 735	(48 735)	–
– Cost	–	(60 422)	(329 843)	–
– Accumulated depreciation	–	109 157	281 108	–
– Depreciation	(303 492)	(1 960 853)	(614 255)	(475 880)
– Foreign exchange adjustments	–	4 784	1 630	–
– Cost	–	(61 853)	(22 649)	–
– Accumulated depreciation	–	66 637	24 279	–
Carrying amount at end of year	18 996 508	4 416 536	3 995 442	338 955
Made up as follows:				
– Cost or valuation	20 147 122	9 595 790	5 868 113	2 398 233
– Accumulated depreciation	(1 150 614)	(5 179 254)	(1 872 671)	(2 059 278)
Carrying amount at end of year	18 996 508	4 416 536	3 995 442	338 955

7. PROPERTY AND EQUIPMENT *continued*

	Leasehold improve-ments R	Office equipment R	Motor vehicles R	Total R
GROUP 2014				
Carrying amount at beginning of year				
– Cost or valuation	2 512 322	431 471	98 920	37 260 220
– Accumulated depreciation	(682 510)	(186 255)	(98 920)	(8 909 011)
Carrying amount at beginning of year	1 829 812	245 216	–	28 351 209
Current year movements				
– Additions	1 147 814	104 925	–	6 038 613
– Acquisition of subsidiary	21 327	20 816	–	209 863
– Disposals	(18 661)	(694)	–	(153 623)
– Cost	(22 850)	(992)	–	(710 918)
– Accumulated depreciation	4 189	298	–	557 295
– Transfers	–	–	–	–
– Cost	–	–	–	(390 265)
– Accumulated depreciation	–	–	–	390 265
– Depreciation	(268 777)	(78 068)	–	(3 701 325)
– Foreign exchange adjustments	–	–	–	6 414
– Cost	–	–	6 637	(77 865)
– Accumulated depreciation	–	–	(6 637)	84 279
Carrying amount at end of year	2 711 515	292 195	–	30 751 151
Made up as follows:				
– Cost or valuation	3 658 613	556 220	105 557	42 329 648
– Accumulated depreciation	(947 098)	(264 025)	(105 557)	(11 578 497)
Carrying amount at end of year	2 711 515	292 195	–	30 751 151

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

7. PROPERTY AND EQUIPMENT continued

	Owner-occupied property – land and buildings R	Computer hardware R	Furniture and fittings R	Telephone equipment R
GROUP 2013				
Carrying amount at beginning of year				
– Cost or valuation	13 658 711	7 802 237	3 726 186	2 333 896
– Accumulated depreciation	(553 316)	(5 413 046)	(1 669 881)	(1 115 032)
Carrying amount at beginning of year	13 105 395	2 389 191	2 056 305	1 218 864
Current year movements				
– Additions	4 263 497	1 673 599	1 277 857	29 522
– Revaluation	2 224 914	–	–	–
– Acquisition of subsidiary	–	–	727 614	–
– Disposals	–	(15 969)	(50 772)	–
– Cost	–	(2 796 615)	(485 122)	–
– Accumulated depreciation	–	2 780 646	434 350	–
– Transfers	–	(6 239)	6 239	–
– Cost	–	–	–	–
– Accumulated depreciation	–	(6 239)	6 239	–
– Depreciation	(293 806)	(1 407 644)	(457 781)	(468 366)
– Foreign exchange adjustments	–	3 764	(3)	–
– Cost	–	(214 226)	(4 563)	–
– Accumulated depreciation	–	217 990	4 560	–
Carrying amount at end of year	19 300 000	2 636 702	3 559 459	780 020
Made up as follows:				
– Cost or valuation	20 147 122	6 464 995	5 241 972	2 363 418
– Accumulated depreciation	(847 122)	(3 828 293)	(1 682 513)	(1 583 398)
Carrying amount at end of year	19 300 000	2 636 702	3 559 459	780 020

7. PROPERTY AND EQUIPMENT *continued*

	Leasehold improve-ments R	Office equipment R	Motor vehicles R	Total R
GROUP 2013				
Carrying amount at beginning of year				
– Cost or valuation	1 938 278	385 254	119 306	29 963 868
– Accumulated depreciation	(484 765)	(133 332)	(119 306)	(9 488 678)
Carrying amount at beginning of year	1 453 513	251 922	–	20 475 190
Current year movements				
– Additions	574 044	83 650	–	7 902 169
– Revaluation	–	–	–	2 224 914
– Acquisition of subsidiary	–	–	–	727 614
– Disposals	–	(12 824)	–	(79 565)
– Cost	–	(37 433)	(29 305)	(3 348 475)
– Accumulated depreciation	–	24 609	29 305	3 268 910
– Transfers	–	–	–	–
– Cost	–	–	–	–
– Accumulated depreciation	–	–	–	–
– Depreciation	(197 745)	(77 532)	–	(2 902 874)
– Foreign exchange adjustments	–	–	–	3 761
– Cost	–	–	8 919	(209 870)
– Accumulated depreciation	–	–	(8 919)	213 631
Carrying amount at end of year	1 829 812	245 216	–	28 351 209
Made up as follows:				
– Cost or valuation	2 512 322	431 471	98 920	37 260 220
– Accumulated depreciation	(682 510)	(186 255)	(98 920)	(8 909 011)
Carrying amount at end of year	1 829 812	245 216	–	28 351 209

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

7. PROPERTY AND EQUIPMENT continued

The owner-occupied property is owned by Adapt IT (Pty) Ltd and is accounted for under the revaluation model. Management determines the value of the property, with reference to the expertise of an independent valuer, (I Joubert, of IJ Valuations (Pty) Ltd), who assisted in evaluating the property on 30 June 2013. IJ Valuations (Pty) Ltd is not connected to the company or Group and has valuation experience in the location and category of the investment property being valued. The valuation was based on open market value for existing use.

The assumptions used were based on current market conditions.

	June 2014 %	June 2013 %
Yield	10,0	10,0

The land is described as:

Erf 1488 Monument Park, Registration Division JR, Province of Gauteng: measuring 5 090 square metres. Purchased at a cost of R4 348 450. Additions and improvements since the date of acquisition amount to R6 559 799 (2013: R6 559 799).

Erf 1488 represents the consolidation of the previous Erf 479, remaining extent of Erf 15, portion 1 of Plot 15 and Erf 13 Monument Park, Registration Division JR, Province of Gauteng.

Had land and buildings been measured using the cost model instead of at fair value, the carrying amount would be R16 816 092 (2013: R17 075 086).

The property has been ceded to Investec Private Bank Limited as security for financing facilities granted to Adapt IT (Pty) Ltd.

8. INTANGIBLE ASSETS

	Inhouse developed software R	Acquired computer software R	Trademarks R	Licence acquired R	Total R
GROUP 2014					
Carrying amount at beginning of year					
– Cost	4 417 001	56 594	27 610	5 672 715	10 173 920
– Accumulated amortisation	(3 520 997)	(40 267)	(12 773)	(827 883)	(4 401 920)
Carrying amount at beginning of year	896 004	16 327	14 837	4 844 832	5 772 000
Current year movements					
– Additions	1 963 309	496 982	–	2 517 723	4 978 014
– Acquisition of subsidiary	–	17 354	–	–	17 354
– Disposals	–	–	–	–	–
– Cost	–	–	–	–	–
– Accumulated depreciation/ amortisation	–	–	–	–	–
– Amortisation	(648 399)	(131 922)	(1 381)	(1 662 633)	(2 444 335)
Carrying amount at end of year	2 210 914	398 741	13 456	5 699 922	8 323 033
Made up as follows:					
– Cost	6 380 310	570 930	27 610	8 190 438	15 169 288
– Accumulated amortisation	(4 169 396)	(172 189)	(14 154)	(2 490 516)	(6 846 255)
Carrying amount at end of year	2 210 914	398 741	13 456	5 699 922	8 323 033
GROUP 2013					
Carrying amount at beginning of year					
– Cost	3 511 238	27 953	27 610	–	3 566 801
– Accumulated amortisation	(2 225 755)	(21 709)	(11 393)	–	(2 258 857)
Carrying amount at beginning of year	1 285 483	6 244	16 217	–	1 307 944
Current year movements					
– Additions	905 763	–	–	5 672 715	6 578 478
– Acquisition of subsidiary	–	28 650	–	–	28 650
– Disposals	–	(9)	–	–	(9)
– Cost	–	(9)	–	–	(9)
– Accumulated depreciation	–	–	–	–	–
– Amortisation	(1 295 242)	(18 558)	(1 380)	(827 883)	(2 143 063)
Carrying amount at end of year	896 004	16 327	14 837	4 844 832	5 772 000
Made up as follows:					
– Cost	4 417 001	56 594	27 610	5 672 715	10 173 920
– Accumulated amortisation	(3 520 997)	(40 267)	(12 773)	(827 883)	(4 401 920)
Carrying amount at end of year	896 004	16 327	14 837	4 844 832	5 772 000

Inhouse developed software relates mainly to inhouse accounting packages with an estimated remaining useful live of between one and three years (2013: two and four years).

The licences acquired are SAP® licences being amortised over the five-year licence term (2013: five years).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
9. GOODWILL				
Carrying amount at beginning of the year	38 010 030	25 657 554	–	–
Acquisition of Swicon360 (Pty) Ltd	–	12 352 476	–	–
Acquisition of Aquilon Companies	95 476 795	–	–	–
Carrying amount at end of year	133 486 825	38 010 030	–	–
Comprising:				
Cost	133 486 825	38 010 030	–	–
Goodwill is allocated as follows:				
– Adapt IT (Pty) Ltd	25 598 845	10 349 145	–	–
– ApplyIT (Pty) Ltd	58 709	58 709	–	–
– BI Planning Services (Pty) Ltd*	–	15 249 700	–	–
– Swicon360 (Pty) Ltd	12 352 476	12 352 476	–	–
– Aquilon Companies (note 20.1)	95 476 795	–	–	–
For more detail on investments, refer to note 10.				
Total	133 486 825	38 010 030	–	–

On 1 July 2013, BI Planning Services (Pty) Ltd was amalgamated into Adapt IT (Pty) Ltd in accordance with the provisions of Section 113, 115 and 116 of the Companies Act, 2008, as amended. Accordingly, the goodwill of BI Planning Services (Pty) Ltd was transferred to Adapt IT (Pty) Ltd.

The Group tests goodwill annually for impairment. As at 30 June 2014, the carrying amount of goodwill was considered not to require impairment.

The recoverable amount of goodwill has been determined based on a value-in-use calculation using cash flow projections from financial forecasts approved by senior management covering a five-year period. Cash flow projections take into account past experience and external sources of information. The valuation method used is consistent with the prior year. There have been no accumulated impairment losses recognised to date.

The key assumptions used in the testing of goodwill are:

- Discount rate of 11% (2013: 11%) (weighted average cost of capital); and
- Projected cash flows for the five years based on a 5% (2013: 5%) growth rate.

10. INTEREST IN SUBSIDIARIES AND SHARE TRUST

	Company Effective holding 2014 %	Company Effective holding 2013 %	Company Investment at cost 2014 R	Company Investment at cost 2013 R
Incorporated in South Africa				
Adapt IT (Pty) Ltd	100	100	48 111 713	15 967 052
ApplyIT (Pty) Ltd	100	100	3 688	3 688
ITS Holdings (Pty) Ltd*	–	100	–	14 894 461
BI Planning Services (Pty) Ltd*	–	100	–	17 250 200
Adapt IT Holdings Limited Share Incentive Trust	**	**	–	–
			48 115 401	48 115 401

* *Amalgamated into Adapt IT (Pty) Ltd on 1 July 2013 (refer note 9)*

** *100% consolidation*

	Company 2014 R	Company 2013 R
10. INTEREST IN SUBSIDIARIES AND SHARE TRUST continued		
Adapt IT (Pty) Ltd		
Shares at cost	48 111 713	15 967 052
Amounts owing to subsidiary	(22 085 587)	(39 289 123)
	26 026 126	(23 322 071)
This intercompany amount is between Adapt IT (Pty) Ltd and Adapt IT Holdings Limited.		
No interest is charged and there are no fixed terms of repayment.		
ApplyIT (Pty) Ltd		
Shares at cost	3 688	3 688
Loan to subsidiary	1 357 848	1 357 848
	1 361 536	1 361 536
This intercompany loan is between ApplyIT (Pty) Ltd and Adapt IT Holdings Limited.		
No interest is charged and there are no fixed terms of repayment.		
ITS Holdings (Pty) Ltd		
Shares at cost	–	14 894 461
Loan to subsidiary	–	4 237 036
	–	19 131 497
BI Planning Services (Pty) Ltd		
Shares at cost	–	17 250 200
Loan to subsidiary	–	–
	–	17 250 200
Adapt IT Holdings Limited Share Incentive Trust		
Loan to Trust	33 956	46 241
	33 956	46 241
The indebtedness of the Trust comes about as a result of interest earned on financial assistance in respect of share options.		
The loan is unsecured and no interest is charged.		
The loan has no set terms of repayment.		
Total shares at cost	48 115 401	48 115 401
Net amount owing to subsidiaries	(20 693 783)	(33 647 998)
– Amounts owing to subsidiary	(22 085 587)	(39 289 123)
– Loans to subsidiaries/Trust	1 391 804	5 641 125
Total interest	27 421 618	14 467 403

The directors' valuations of the above investments exceed the carrying amounts as reflected above, and hence no impairment is considered necessary.

Refer to note 25 for details of transactions between related parties.

Loans receivable not past due nor impaired amounts to R1 391 804 (2013: R5 641 125).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
11. DEFERRED TAXATION				
The major components of the deferred taxation balance are as follows:				
Deferred taxation asset				
Temporary differences to be offset against future income:				
Leave pay, bonus and other provisions	6 328 795	5 454 593	833 937	478 703
Deferred revenue	7 696 644	5 866 899	–	–
Estimated tax losses	1 733 753	2 719 041	–	–
Imputed interest	20 380	12 020	–	–
Other	321 058	498 277	–	–
	16 100 630	14 550 830	833 937	478 703
Deferred taxation liability				
Prepaid expenditure	(792 335)	(600 567)	(39 679)	(25 518)
Revenue received in advance	(447 669)	(586 309)	–	–
Improvements to owner-occupied property	(125 819)	(125 819)	–	–
Property and equipment	(2 339 649)	(2 434 144)	–	–
	(3 705 472)	(3 746 839)	(39 679)	(25 518)
Reconciliation of deferred taxation:				
Balance at beginning of year	10 803 991	8 868 162	453 185	41 294
Movements during the period attributable to:				
– Charge to profit and loss	574 060	(1 436 857)	341 073	184 625
– Prior year (under)/over provision	(80 439)	990 397	–	227 266
– Revaluation of property	–	(622 976)	–	–
– Acquisition of subsidiary	1 097 546	3 005 265	–	–
Balance at end of year	12 395 158	10 803 991	794 258	453 185
12. TRADE AND OTHER RECEIVABLES				
Trade receivables	86 311 289	65 043 686	–	–
Other receivables	1 400 425	1 168 567	–	–
Prepaid expenses	4 600 897	4 276 602	174 783	101 270
	92 312 611	70 488 855	174 783	101 270
Provision for impairment	(1 045 636)	(6 450 116)	–	–
	91 266 975	64 038 739	174 783	101 270
The movement in provision for impairment:				
Balance at beginning of year	6 450 116	4 416 131	–	–
Charge for the year	1 010 289	3 212 109	–	–
Recovered for the year	(1 795 493)	–	–	–
Amounts written-off	(4 698 806)	(1 197 054)	–	–
Foreign exchange movement	71 818	18 930	–	–
Acquisition of subsidiary	7 712	–	–	–
Balance at end of year	1 045 636	6 450 116	–	–

Trade receivables are non-interest-bearing and are generally on 30 to 90 day terms.

All receivables have been assessed for impairment. Only trade receivables requires a provision for impairment due to related objective evidence.

Other receivables relates mainly to contracts in progress.

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
13. CASH AND CASH EQUIVALENTS				
Bank balances	11 651 662	2 506 158	34 247	2 267 419
Cash on deposit	4 151 451	20 075 465	–	–
Foreign currency	91 069	91 569	–	–
Petty cash	22 597	19 469	–	–
Net cash and cash equivalents at year-end	15 916 779	22 692 661	34 247	2 267 419
Bank balances earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.				
14. SHARE CAPITAL				
Authorised				
200 000 000 ordinary shares at 0,01 cent each	20 000	20 000	20 000	20 000
Issued				
111 499 091 (2013: 111 001 011) ordinary shares of 0,01 cent each	11 150	11 100	11 150	11 100
Less:				
Nil (2013: 2 774 647) treasury shares of 0,01 cent each	–	277	–	–
	11 150	10 823	11 150	11 100

	Number of shares 2014	Number of shares 2013
Reconciliation of the number of ordinary shares in issue and treasury shares on hand		
Ordinary shares in issue:		
Balance at beginning of year	111 001 011	111 001 011
Issue of shares for acquisition	498 080	–
Balance at end of the year	111 499 091	111 001 011
Treasury shares on hand:		
Balance at beginning of year	2 774 647	2 560 647
Issue of treasury shares	(2 774 647)	–
Purchase of treasury shares for acquisitions	–	214 000
Balance at end of the year	–	2 774 647

The remaining unissued shares are under the control of the Directors subject to the provision of Section 41 and 42 of the Companies Act, 2008 as amended, and the Rules and Regulations of the JSE South Africa. All shares are fully paid up.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
15. SHARE PREMIUM				
Balance at beginning of year	14 625 917	14 920 145	17 457 386	17 457 386
On shares allotted during the year for acquisition	1 753 192	–	1 753 192	–
On shares allotted/(repurchased) during the year	7 546 481	(294 228)	–	–
Balance at end of year	23 925 590	14 625 917	19 210 578	17 457 386
16. INTEREST-BEARING BORROWINGS				
Non-current borrowings	4 275 947	–	–	–
Investec Private Bank Limited	4 275 947	–	–	–
Current portion of borrowings	3 018 315	642 519	–	–
IBM Global Finance	–	642 519	–	–
Investec Private Bank Limited	3 018 315	–	–	–
Total	7 294 262	642 519	–	–

	Interest rate 2014 %	Interest rate 2013 %	Maturity
Name of entity			
Investec Private Bank Limited	9,50	–	30 Nov 2017

IBM Global Finance

The loan from IBM Global Finance was obtained to fund certain capital expenditure in 2010. The loan was repaid in full on 1 January 2014.

The interest rate was fixed at 14% per annum.

Investec Private Bank Limited

A loan from Investec Private Bank Limited was obtained in July 2013 to fund future working capital requirements. The loan is a 60 months credit facility at an interest rate of 0,25% below Investec Private Bank Limited's prime rate. The facility is unutilised at the reporting date.

In November 2013, a further facility from Investec Private Bank Limited was obtained to fund future working capital requirements. The facility is a 36 months credit facility at an interest rate of 0,50% above Investec Private Bank Limited's prime rate.

In November 2013, a further facility from Investec Private Bank Limited was obtained to fund the acquisition of the Aquilon Companies. The facility is a 36 months credit facility at an interest rate of 0,50% above Investec Private Bank Limited's prime rate. The facility is unutilised at the reporting date.

The Investec Private Bank Limited facilities are secured by a mortgage bond over property (note 7), 100% of the shares held in Adapt IT (Pty) Ltd and cession of book debts held by Adapt IT Holdings Limited and its subsidiaries.

Excess cash resources are used from time to time to reduce the facilities.

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
17. TRADE AND OTHER PAYABLES				
Trade payables	10 428 271	12 055 936	469 159	344 649
Accruals	8 718 194	3 456 523	80 263	50 230
VAT	2 474 864	751 488	314 701	54 872
Other payables	5 552 436	2 285 926	–	–
	27 173 765	18 549 873	864 123	449 751
Trade payables are non-interest-bearing and are normally settled on 30 day terms.				
Accruals, VAT and other payables are non-interest-bearing and are normally settled between 30 days and 60 days.				
18. PROVISIONS				
Leave pay				
Carrying value at beginning of year	5 167 134	4 514 268	219 655	173 493
Provision created during the year	3 969 090	2 381 834	99 725	117 336
Provision released during the year	(5 257 257)	(2 316 742)	(19 399)	(71 174)
Acquisition of subsidiary	1 963 713	587 774	–	–
Foreign exchange movement	24 753	–	–	–
Carrying value at end of year	5 867 433	5 167 134	299 981	219 655
The leave pay provision is calculated using the total cost of employment multiplied by the leave days outstanding at year-end. The expected release date of leave pay benefits is within the subsequent year.				
Bonuses				
Carrying value at beginning of year	9 032 945	8 216 018	1 490 000	1 269 765
Provision created during the year	15 757 051	11 541 653	2 588 104	1 490 000
Paid during the year	(11 219 801)	(11 247 715)	(1 480 000)	(1 269 765)
Provision reversed during the year	(147 859)	(197 011)	–	–
Acquisition of subsidiary	–	720 000	–	–
Foreign exchange movement	33 929	–	–	–
Carrying value at end of year	13 456 265	9 032 945	2 598 104	1 490 000
The bonus provision is based on the results of the Group and the related performance evaluation of the employees.				
Product investment				
Carrying value at beginning of year	–	–	–	–
Provision created during the year	1 500 000	–	–	–
Carrying value at end of year	1 500 000	–	–	–
Total	20 823 698	14 200 079	2 898 085	1 709 655

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
19. NOTES TO THE STATEMENTS OF CASH FLOW				
19.1 CASH GENERATED FROM/(UTILISED IN) OPERATIONS				
Profit/(loss) before taxation	50 867 743	30 732 404	(48 268)	(908 419)
Adjustments for:				
Depreciation and amortisation	6 145 660	5 045 937	–	–
Net loss on disposal of property and equipment	111 975	20 852	–	–
Finance income	(2 086 841)	(2 118 418)	–	(14 672)
Finance costs	907 425	785 526	1 310	–
Increase in provisions	4 659 906	162 019	1 188 430	266 397
Working capital changes:				
(Increase)/decrease in trade and other receivables	(3 878 670)	6 928 295	(73 513)	398 645
(Decrease)/increase in trade and other payables	(2 337 894)	(8 164 180)	414 372	(223 654)
Increase in deferred income	6 252 979	3 269 628	–	–
	60 642 283	36 662 063	1 482 331	(481 703)
19.2 TAXATION PAID				
Charge to the statements of profit or loss and comprehensive income	12 744 711	6 641 751	104 511	(401 847)
Adjustment for deferred taxation	493 621	(446 460)	341 073	411 891
Acquisition of subsidiary	4 863 363	–	–	–
Movement in taxation balance	(2 822 114)	5 285 898	(193 910)	(347 215)
	15 279 581	11 481 189	251 674	(337 171)

20. BUSINESS COMBINATIONS

20.1 ACQUISITION OF SUBSIDIARY

On 1 October 2013, the Group acquired the entire issued share capital of Aquilon (Pty) Ltd, Aquilon Evolution Holdings (Pty) Ltd and Aquilon Evolution Consulting (Pty) Ltd (the Aquilon Companies), and 40% of the issued shares in Fuel-Loc (Pty) Ltd.

The Aquilon Companies and Fuel-Loc (Pty) Ltd are South African registered companies.

The Aquilon Companies are specialist SAP consultancies, which design, implement and support SAP IS Oil & Gas implementations.

They provide SAP services to six of the major oil companies trading in South Africa and globally.

The purchase consideration consists of R38 000 000 cash paid on 29 November 2013 and shares to the value of R8 000 000 issued in December 2013.

R52 000 000 is contingent upon the actual achievement of specified profit warranties (profit warranties) over a 33 month period (earn-out portion).

The earn-out portion of a maximum of R52 000 000 shall be settled via the issue of shares upon the attainment of the profit warranties.

The profit warranties are as follows:

- R18 300 000 profit after tax for the period 1 October 2013 to 30 June 2014 (first warranty). Should such profit after tax be achieved, shares to the value of R16 000 000 shall be issued;
- R32 000 000 profit after tax for the period 1 July 2014 to 30 June 2015 (second warranty). Should such profit after tax be achieved, shares to the value of R18 000 000 shall be issued; and
- R38 400 000 profit after tax for the period 1 July 2015 to 30 June 2016 (third warranty). Should such profit after tax be achieved, shares to the value of R18 000 000 shall be issued.

The 2014 profit after tax as measured in accordance with the agreement, was 94,1% of the first warranty, resulting in an adjustment of R944 160 to the R16 000 000 contingent consideration such that R15 055 840 vested at 30 June 2014. 4 277 227 shares shall be issued at 352 cents per share within 60 days in settlement thereof.

The warranty adjustment of R944 160 represents the unearned contingent share consideration in respect of the first warranty period.

The latest financial projections for the Aquilon Companies indicates that the 2015 and 2016 profit warranties will be achieved and accordingly the R36 000 000 shares to be issued are disclosed as other capital reserves.

The shares to be issued to settle the earn-out portion shall be issued within 60 days after the end of the 2015 performance warranty period and 2016 performance warranty period respectively and shall be reduced pro-rata to the extent that such profit warranties are not attained.

Shares are specifically issued at a volume weighted average traded price of 352 cents per share.

The fair value of the net assets acquired amounted to R2 523 205, resulting in goodwill of R95 476 795 at acquisition. The consideration paid for the combination effectively included amounts in relation to the benefit of the expected synergies, revenue growth, new market penetration and future market development.

The acquisition of the Aquilon Companies provides Adapt IT with an entry into specialised areas within the Oil & Gas sector. The strategic acquisition assists Adapt IT to expand into the growing Energy sector in Africa, as well as extend its local reach into the Western Cape, and bolsters its SAP solutions expertise.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

20. BUSINESS COMBINATIONS continued

20.1 ACQUISITION OF SUBSIDIARY continued

The fair values of the identifiable net assets and liabilities of the Aquilon Companies as at the date of acquisition were:

	Fair value recognised on acquisition R
Assets	
Property and equipment	209 863
Intangible assets	17 354
Deferred taxation	1 097 546
Trade and other receivable	23 349 566
Cash and cash equivalents	5 793 369
Total assets	30 467 698
Liabilities	
Current portion of non-interest-bearing borrowings (previous shareholders)	10 155 631
Trade and other payables	10 961 786
Provisions	1 963 713
Current tax payable	4 863 363
Total liabilities	27 944 493
Total identifiable net assets	2 523 205
Goodwill arising on acquisition	95 476 795
Fair value of consideration transferred	98 000 000
Settled in shares	8 000 000
Shares to be issued	52 000 000
Settled in cash	38 000 000
Cash outflow on acquisition:	
Net cash acquired with the subsidiary	5 793 369
Cash paid	(38 000 000)
Net cash outflow on acquisition	(32 206 631)

Fair value of the assets acquired approximates their carrying value at the acquisition date.

From the date of acquisition, the Aquilon Companies have contributed R13 638 834 to the profit after tax and R70 618 357 to the turnover of the Group.

Acquired receivables represent the gross contractual amounts which approximates fair value and which is further estimated to be fully recoverable.

Goodwill recognised is not deductible for tax purposes.

Acquisition related costs of R2 009 997 have been expensed and are included in administrative, selling and other costs on the statements of profit or loss and other comprehensive income.

The current portion of non-interest-bearing borrowings related to dividends due to the previous shareholders paid at the end of March 2014.

20. BUSINESS COMBINATIONS continued

20.2 ACQUISITION OF SUBSIDIARY continued

On 1 October 2012, the Group acquired the entire issued share capital of Swicon360 (Pty) Ltd, a South African registered company.

Swicon360 (Pty) Ltd is an unlisted company and a SAP® service partner that specialises in providing business outsourcing (BPO) services for the SAP® ERP Human Capital Management (SAP® ERP HCM) solution to clients across diverse sectors, deployed in a cloud environment.

The acquisition was concluded for a purchase consideration of R11 700 000. The purchase consideration consists of R9 350 000 cash paid on 31 October 2012 and R1 050 000 paid on 1 October 2013. The balance of R1 300 000 of the purchase consideration, were funded from the issue of 1 000 000 Adapt IT shares valued at R1,30 per share issued on 1 October 2013.

The fair value of the net liabilities acquired amounted to R652 476, resulting in goodwill of R12 352 476 at acquisition. The consideration paid for the combination effectively included amounts in relation to the benefit of the expected synergies, revenue growth, new market penetration and future market development.

The acquisition provides Adapt IT additional depth and expertise in SAP® technology and solutions required to extend value-added services to existing customers in mining and manufacturing.

The fair values of the identifiable net assets and liabilities of Swicon360 (Pty) Ltd as at the date of acquisition were:

	Fair value recognised on acquisition R
Assets	
Property and equipment	727 614
Intangible assets	28 650
Deferred taxation	3 005 265
Trade and other receivable	9 555 000
Cash and cash equivalents	2 185 282
Total assets	15 501 811
Liabilities	
Non-interest-bearing borrowings	1 110 000
Trade and other payables	13 736 513
Provisions	1 307 774
Total liabilities	16 154 287
Total identifiable net liability	(652 476)
Goodwill arising on acquisition	12 352 476
Fair value of consideration transferred	11 700 000
Shares issued on 1 October 2013	1 300 000
Non-interest-bearing liability settled on 1 October 2013	1 050 000
Settled in cash	9 350 000
Cash outflow on acquisition:	
Net cash acquired with the subsidiary	2 185 282
Cash paid	(9 350 000)
Net cash outflow on acquisition	(7 164 718)

Fair value of the assets acquired approximates their carrying value at the acquisition date.

Turnover of R60 451 861 (9 month period in 2013: R29 599 560) and profit after tax of R5 437 509 (9 month period in 2013: R3 444 428) of Swicon360 (Pty) Ltd have been included in the Group's results since the date of acquisition.

Acquired receivables represent the gross contractual amounts which approximates fair value and which is further estimated to be fully recoverable.

Goodwill recognised is not deductible for tax purposes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

20. BUSINESS COMBINATIONS continued

20.2 ACQUISITION OF SUBSIDIARY continued

Acquisition related costs of R515 970 were expensed and were included in administrative, selling and other costs on the statements of profit or loss and other comprehensive income in the 2013 financial year.

	R
The 2013 current portion of non-interest-bearing borrowings, relating to the acquisition, was made up as follows:	
Viker Investments (Pty) Ltd	1 050 000
Markus Bucher	320 000
Current portion of non-interest-bearing borrowings	1 370 000

The above borrowings were interest free. The cash due to Viker Investments (Pty) Ltd was paid on 1 October 2013.

The amount due to Markus Bucher was repaid at R80 000 per month and the final payment was on 31 October 2013.

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
21. COMMITMENTS				
21.1 PROPERTY OPERATING LEASE COMMITMENTS				
No later than one year	8 022 428	7 182 097	–	–
Later than one year and no later than five years	33 134 470	7 180 605	–	–
	41 156 898	14 362 702	–	–
The Group leases offices in terms of operating leases. The Group does not have the option to acquire the assets at the termination of the leases and there are no restrictions imposed by the leases. The lease terms are between one year and five years, and the lease agreements are renewable at the end of the lease period at the prevailing market rates. The future minimum lease payments under non-cancellable operating leases are shown above.				
21.2 CAPITAL COMMITMENTS				
Authorised and contracted	436 744	47 765	–	–
Authorised but not contracted	7 190 654	5 235 682	–	–
	7 627 398	5 283 447	–	–
Capital commitments will be funded from cash resources.				
22. CONTINGENT LIABILITIES				
Bank guarantees	873 610	604 535	541 699	541 699

The bank guarantees are in favour of Cape Town and Durban landlords and relate to the last month's office rental. The bank guarantees will only be released upon the expiry of the office lease agreement, being 2019.

23. BORROWING LIMITS

The directors may from time to time at their discretion raise or borrow monies for the purpose of the Group as they deem fit. There are no borrowing limits in the Memorandum of Incorporation of the Company or its subsidiaries.

24. PENSION FUND AND RISK BENEFIT INFORMATION

Adapt IT (Pty) Ltd established the Adapt IT Pension Fund on 1 July 1996 and moved to the Alexander Forbes Umbrella Fund in September 2011. The Fund is a defined contribution pension fund under the Alexander Forbes Umbrella Fund which is governed by the Pension Funds Act, 1956. It is compulsory for all new permanent salaried employees to join the Fund. The average age of the members as at 30 June 2014 was 38 (2013: 37).

The assets of the scheme are held separately from those of the Group in funds under the control of the Trustees. The management committee oversees the Fund and the latest audited financial statements of the Fund reflect a satisfactory state of affairs.

Adapt IT (Pty) Ltd also offers a risk benefit option which is compulsory for all permanent salaried employees. The rules of the Fund have catered for an exception by allowing the Financial Director, who is a contract employee, resident in a foreign jurisdiction, to be covered under the risk benefit.

ApplyIT (Pty) Ltd contributes towards a provident fund which is subject to the Pensions Fund Act, 1956. This fund is a defined contribution fund and it is compulsory for all permanent salaried employees to join the fund. The average age of the members as at 30 June 2014 was 41 (2013: 40).

Swicon360 (Pty) Ltd contributes towards a provident fund which is subject to the Pensions Fund Act, 1956. The contributions are made in the Destiny Umbrella Provident Fund, which is defined contribution fund and it is compulsory for all permanent salaried employees to join the fund.

The average age of the members as at 30 June 2014 was 41 (2013: 40).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

25. RELATED PARTY TRANSACTIONS

During the year, the Group, in the ordinary course of business, entered into various related party turnover, purchases and investment transactions.

All intercompany transactions and balances within the Group are eliminated in full on consolidation.

	Company Effective holding 2014 %	Company Effective holding 2013 %
Related party relationship:		
Incorporated in South Africa		
Adapt IT (Pty) Ltd	100	100
ApplyIT (Pty) Ltd	100	100
ITS Holdings (Pty) Ltd	–	100
BI Planning Services (Pty) Ltd	–	100
Adapt IT Holdings Limited Share Incentive Trust	**	**

** *100% consolidation*

	2014 R	2013 R
Loan		
Loans from the Company to (refer note 10):		
ITS Holdings (Pty) Ltd	–	4 237 036
ApplyIT (Pty) Ltd	1 357 848	1 357 848
Adapt IT Holdings Share Incentive Trust	33 956	46 241
Loan		
Amounts owing to subsidiary (refer note 10):		
Adapt IT (Pty) Ltd	(26 085 587)	(39 289 123)

The loans are unsecure and no interest is charged. The loans have no set terms of repayment.

Trade and other receivables

There were no related party trade and other receivables at 2014 (2013: Rnil). Trade and other receivables are non-interest-bearing and are generally on 30 day terms.

For the year ended 30 June 2014, the Group has not recorded any impairment of trade and other receivables relating to amounts owed by related parties (2013: Rnil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The following transactions were entered into between related parties within the Group:

	2014 R	2013 R
Management fees received by the Company from:		
Adapt IT (Pty) Ltd	10 963 306	4 430 525
ApplyIT (Pty) Ltd	322 850	423 506
Aquilon Evolution Consulting (Pty) Ltd	2 439 030	–
Swicon360 (Pty) Ltd	1 076 165	–
ITS Holdings (Pty) Ltd	–	5 531 206
BI Planning Services (Pty) Ltd	–	2 029 436

Management fees are charged to all operating subsidiaries in order to recover the Company's management time and effort.

Key management personnel compensation is represented by directors' emoluments as referred to in note 4.

26. FINANCIAL RISK MANAGEMENT

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
Categories of financial instruments				
Financial assets				
Loans and receivables	101 182 432	81 286 231	1 426 051	7 908 544
Financial liabilities				
Other financial liabilities measured at amortised cost	17 722 533	12 698 455	22 554 746	39 633 772
Reconciliation to statements of financial position				
Amounts owing from subsidiaries	–	–	1 391 804	5 641 125
Trade and other receivables net of provision for impairment	85 265 653	58 593 570	–	–
Cash and cash equivalents	15 916 779	22 692 661	34 247	2 267 419
Loans and receivables	101 182 432	81 286 231	1 426 051	7 908 544
Trade and other payables	10 428 271	12 055 936	469 159	344 649
Amounts owing to subsidiaries	–	–	22 085 587	39 289 123
Interest-bearing borrowings	7 294 262	642 519	–	–
Other financial liabilities measured at amortised cost	17 722 533	12 698 455	22 554 746	39 633 772

In the normal course of its operation, the Group is exposed to credit, liquidity and market risk, which consists of the cash flow interest rate risk and foreign currency risk.

At 30 June 2014 the carrying values of the financial assets and financial liabilities are considered by management to approximate their fair value, due to their short-term nature.

All financial assets are carried at amortised cost and hence no fair value disclosure is necessary, in terms of the fair value hierarchy requirements of IFRS 7 Financial Instruments: Disclosures.

26.1 CREDIT RISK

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Receivables comprise loans to associated companies and accounts receivable. Trade receivables comprise mainly a blue chip customer base and are spread among a number of different customers and geographic areas.

The Group does not hold collateral as security.

The Group grants varied credit terms of between 30 to 90 days to its customers. The analysis of trade and other receivables (excluding prepayments) which are past due at reporting date is as follows:

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
Not past due or impaired	42 436 619	30 144 856	–	–
Past due by 31-60 days but not impaired	16 317 647	10 669 841	–	–
Past due by 61-90 days but not impaired	10 480 435	8 100 032	–	–
Past due over 90 days but not impaired	17 431 377	10 847 409	–	–
Total trade and other not impaired	86 666 078	59 762 138	–	–

The Group limits its counterparty exposures attributable to its cash investments by only dealing with well-established financial institutions of high quality credit standing. The carrying amount of the trade receivables impaired is R1 045 636 (2013: R6 450 116).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

26. FINANCIAL RISK MANAGEMENT continued

26.2 LIQUIDITY RISK

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price.

Liquidity risk is proactively managed and the Group's cash resources exceed its working capital requirements. There have been no defaults or breaches on repayments during the year.

The following table summarises the maturity profile of the Group's undiscounted financial liabilities based on the contractual payments:

	On demand R	Within one year R	One to five years R	Greater than five years R	Total R
GROUP					
2014					
Interest-bearing borrowings	–	3 018 315	4 275 947	–	7 294 262
Accounts payable	–	24 698 901	–	–	24 698 901
Total	–	27 717 216	4 275 947	–	31 993 163
2013					
Interest-bearing borrowings	–	642 519	–	–	642 519
Accounts payable	–	14 341 862	–	–	14 341 862
Total	–	14 984 381	–	–	14 984 381
COMPANY					
2014					
Accounts payable	–	549 422	–	–	549 422
Amounts owing to subsidiaries	22 085 587	–	–	–	22 085 587
Total	22 085 587	549 422	–	–	22 635 009
2013					
Accounts payable	–	449 751	–	–	449 751
Amounts owing to subsidiaries	39 289 123	–	–	–	39 289 123
Total	39 289 123	449 751	–	–	39 738 874

26.3 MARKET RISK MANAGEMENT

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market prices comprise two types of risk that impact the Group: foreign currency risk and interest rate risk. The Group does not make use of derivative financial instruments.

Foreign currency risk management

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

Most transactions are Rand-based with a limited exposure to other currencies, mainly US Dollar, Euro, Australian Dollar, British Pound and New Zealand Dollar resulting in a foreign exchange profit for the year of R907 274 (2013: profit of R1 015 939).

26. FINANCIAL RISK MANAGEMENT continued

26.3 MARKET RISK MANAGEMENT continued

The Group has the following uncovered cash on hand and receivables:

	2014 Foreign amount	2014 R	2013 Foreign amount	2013 R
US Dollar	563 515	5 912 337	472 422	4 601 970
New Zealand Dollar	668	5 947	51	376
Australian Dollar	582 478	5 812 935	106 087	1 012 448
Euro	5 094	72 875	28 535	345 728
British Pound	45 006	823 974	77 551	1 188 811
Singapore Dollar	389	3 171	389	2 905
Canadian Dollar	220	2 097	220	1 980
Botswana Pula	807	923	1 458	1 602
Rwandan Franc	5 000	738	5 000	73
Indian Rupee	16 170	2 737	16 170	2 568
UAE Dirham	740	2 057	740	1 915
Ghanaian Cedi	720	2 294	289	1 349
Ugandan Shilling	48 000	194	48 000	180
Syrian Pound	300	21	–	–
Malawian Kwacha	4 620	122	–	–
Jamaican Dollar	850	77	–	–
Lesotho Loti	110	106	–	–
Namibian Dollar	28	27	–	–
Mozambican Metical	–	–	255	84
Tanzanian Shilling	–	–	52 750	310
Other	–	–	300	231
Total		12 642 632		7 162 530

Foreign currency sensitivity

The Group's exchange rate exposure relates mainly to the US Dollar and Australian Dollar. The following details the Group's sensitivity to a 14,0% (2013: 14,0%) increase or decrease in the Rand against the relevant foreign currencies. 14,0% is the sensitivity rate used based on the average movement in foreign exchange rates between reporting dates and represents management's best assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency-denominated monetary items and adjusts their translation at the year-end for a 14,0% change in foreign currency rates. The amount below indicates the amount by which profit or loss and equity would increase or decrease if the Rand strengthens or weakens by 14,0% (2013: 14,0%). This is reflective of the currency risk exposure throughout the year.

	2014 R	2013 R
Sensitivity analysis		
If the foreign currency rates had been 14,0% (2013: 14,0%) higher/lower and all other variables held constant, the Group's profit for the year (before tax) would increase/decrease by	1 769 968	1 002 754

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
26. FINANCIAL RISK MANAGEMENT continued		
26.3 MARKET RISK MANAGEMENT continued		
Interest rate risk management		
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with variable interest rates.		
Interest rate sensitivity		
The sensitivity analysis below has been determined based on the exposure of cash and cash equivalents to interest rates. A 100 basis point increase or decrease has been used.		
Sensitivity analysis		
If the interest rates had been 100 basis points higher/lower and all other variables held constant, the Group's profit for the year (before tax) would increase/decrease by	86 225	226 927

27. CAPITAL MANAGEMENT

Capital includes equity attributable to the equity holders of the parent, as presented in the statements of financial position.

The primary objective of managing the Group's capital is to ensure that there is sufficient capital available to support the funding requirements of the Group, including capital expenditure, in a way that optimises the cost of capital, maximises shareholders' returns and ensures that the Group remains in a sound financial position. There were no changes to the Group's overall capital management approach during the current year.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 50%. The Group includes within net debt, interest-bearing loans and borrowings, trade and other payables, less cash and cash equivalents. The Group is not subject to any external capital requirements other than to fund acquisitive growth.

		2014	2013
Gearing ratio	(%)	4	1

28. EVENTS AFTER THE REPORTING DATE

No significant transactions or events have occurred between year-end and the date of this report.

29. SEGMENT ANALYSIS

For management purposes, the Group is organised into the following segments:

- Education – Adapt IT Pretoria;
- Manufacturing – Adapt IT Durban, ApplyIT (Pty) Ltd and Swicon360 (Pty) Ltd;
- Financial Services – Adapt IT Johannesburg;
- Energy – the Aquilon Companies; and
- Other – includes once off transaction costs.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Monthly management meetings are held to evaluate segment performance against budget and forecast.

The following tables present turnover and profit information (after Shared Services cost allocation) regarding the Group's operating segments for the year ended 30 June 2014 and 30 June 2013 respectively:

	Education R	Manu-facturing R	Financial Services R	Energy R	Other R	Total R
2014						
Turnover	123 112 190	147 718 537	64 851 759	70 618 357	–	406 300 843
Segment profit/(loss) from operations	15 127 121	12 492 200	6 410 444	18 842 133	(3 183 571)	49 688 327
Operating profit margin (%)	12	8	10	27	–	12
2013						
Turnover	120 388 513	134 594 807	48 418 277	–	–	303 401 597
Segment profit/(loss) from operations	14 692 854	13 092 734	3 054 323	–	(1 440 399)	29 399 512
Operating profit margin (%)	12	10	6	–	–	10

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

29. SEGMENT ANALYSIS continued

The following table presents segment assets, liabilities, trade receivables and turnover by geographic area of the Group's operating segments as at 30 June 2014 and 30 June 2013:

	Education R	Manu-facturing R	Financial Services R	Energy R	Other R	Total R
2014						
Total assets	61 338 659	83 258 379	28 531 537	125 972 620	1 045 366	300 146 561
Total liabilities	52 482 412	43 344 032	5 258 682	10 078 692	3 882 116	115 045 934
Turnover from external customers by geographic area*	123 210 879	147 768 990	64 686 601	70 634 373	–	406 300 843
South Africa	96 228 904	106 410 212	64 686 601	40 229 413	–	307 555 130
African countries**	16 759 352	32 062 494	–	–	–	48 821 846
Europe	4 510 939	–	–	–	–	4 510 939
Asia	–	–	–	10 428 525	–	10 428 525
North America	–	2 937 733	–	19 976 435	–	22 914 168
Australasia	5 711 684	6 358 551	–	–	–	12 070 235
Non-current assets by geographic area	28 621 315	43 199 421	15 672 592	100 334 373	833 938	188 661 639
South Africa	28 499 902	43 199 421	15 672 592	100 334 373	833 938	188 540 226
Europe	75 855	–	–	–	–	75 855
Australasia	45 558	–	–	–	–	45 558
Trade receivables by geographic area	22 944 964	27 864 737	13 122 747	22 378 841	–	86 311 289
South Africa	14 852 432	14 260 177	13 122 747	11 553 251	–	53 788 607
African countries**	5 697 880	7 623 757	–	–	–	13 321 637
Europe	462 828	–	–	–	–	462 828
Asia	–	–	–	2 897 745	–	2 897 745
North America	–	498 473	–	7 927 845	–	8 426 318
Australasia	1 931 824	5 482 330	–	–	–	7 414 154

* *The turnover information above is based on the location of the customer*

** *African countries are: Ghana, Zambia, Tanzania, Mozambique, Namibia, Malawi, Swaziland, Lesotho, Botswana, Uganda, Sierra Leone, Zimbabwe, Nigeria and Rwanda*

Turnover of approximately R72 492 629 (2013: R50 624 466) is derived from a group of related customers. This turnover is attributable to the Manufacturing segment.

29. SEGMENT ANALYSIS continued

	Education R	Manu-facturing R	Financial Services R	Energy R	Other R	Total R
2013						
Total assets	64 923 628	84 186 060	26 634 865	–	2 977 998	178 722 551
Total liabilities	47 361 895	32 213 226	4 727 987	–	2 185 760	86 488 868
Turnover from external customers by geographic area*	120 388 513	134 594 807	48 418 277	–	–	303 401 597
South Africa	93 498 521	91 179 923	48 418 277	–	–	233 096 721
African countries**	19 835 429	37 658 272	–	–	–	57 493 701
Europe	3 453 730	–	–	–	–	3 453 730
Australasia	3 600 833	3 520 217	–	–	–	7 121 050
North America	–	2 236 395	–	–	–	2 236 395
Non-current assets by geographic area	26 805 781	43 690 351	15 709 234	–	478 703	86 684 069
South Africa	26 377 532	43 690 351	15 709 234	–	478 703	86 255 820
African countries**	–	–	–	–	–	–
Europe	35 771	–	–	–	–	35 771
Australasia	392 478	–	–	–	–	392 478
Trade receivables by geographic area	22 420 490	35 151 235	7 471 961	–	–	65 043 686
South Africa	14 039 248	24 278 412	7 471 961	–	–	45 789 621
African countries**	4 179 053	7 413 820	–	–	–	11 592 873
Europe	391 106	–	–	–	–	391 106
Australasia	3 811 083	1 024 710	–	–	–	4 835 793
North America	–	2 434 293	–	–	–	2 434 293

* *The turnover information above is based on the location of the customer*

** *African countries are: Ghana, Zambia, Tanzania, Mozambique, Namibia, Malawi, Swaziland, Lesotho, Botswana, Uganda, Sierra Leone, Zimbabwe and Rwanda*

Amounts previously included under adjustments and eliminations in the prior year, relating mainly to goodwill, have been reallocated to the related segment in the tables on pages 101, 102 and above in order to allow for a more meaningful analysis.

SHARES AND SHAREHOLDERS

		2014	2013
PERFORMANCE ON THE JSE LIMITED			
Total number of shares traded	('000)	47 131	18 468
Total number of shares traded as a percentage of total issued shares (liquidity)	(%)	42,3	16,6
Total value of shares traded	(R'000)	278 406	37 689
Prices:			
Closing	(cents)	774	235
High	(cents)	950	290
Low	(cents)	231	102
SPREAD (NUMBER OF SHAREHOLDERS)			
Up to 10 000 shares		2 155	662
10 001 to 100 000 shares		540	295
100 001 to 200 000 shares		36	23
Over 200 000 shares		68	57
		2 799	1 037

	Number	%	Shares	%
SHAREHOLDER DISTRIBUTION				
Public	2 737	98	62 930 585	57
Non-public	44	1	13 554 190	12
Directors	17	1	34 662 316	31
Associates of directors	1	–	352 000	–
	2 799	100	111 499 091	100

PRINCIPAL SHAREHOLDERS

The following are the principal shareholders whose holdings in the Company total more than 5% of the total issued share capital as at 30 June 2014.

	%	Shares
Sibusiso Shabalala (Sbu)	15	16 531 057
Johannes Hendrik Strydom	5	5 195 250
Corneil Lubbe	5	5 175 120

SHAREHOLDERS' DIARY

Financial year-end	30 June
Annual general meeting	November
Reports and profit statements	
Interim report	February
Audited Group results	August
Annual report and financial statements issued	September
Dividend	
Declaration	August
Payment	September

Shareholders are reminded to notify the transfer secretaries of any change in address.

NOTICE OF ANNUAL GENERAL MEETING

ADAPT IT HOLDINGS LIMITED

Incorporated in the Republic of South Africa
Registration number 1998/017276/06
ISIN: ZAE000113163

NOTICE OF THE 15TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant or other professional adviser immediately.

Notice is hereby given that the 15th annual general meeting of shareholders of Adapt IT Holdings Limited ("the Company" or "the Group") will be held on Friday, 7 November 2014 at 09:00 at the Company's offices at 5 Rydall Vale Office Park, Rydall Vale Crescent, La Lucia Ridge, KwaZulu-Natal, for the purpose of considering, and, if deemed fit, passing, with or without modification, the resolutions set out hereafter.

1. SPECIAL RESOLUTIONS

To consider and, if deemed fit, to pass, with or without modification, the following special resolutions. The percentage of voting rights that will be required for the adoption of each special resolution is the support of at least 75% of the voting rights exercised on the resolution.

1.1 SPECIAL RESOLUTION NUMBER 1 – NON-EXECUTIVE DIRECTORS' FEES

Resolved as a special resolution that, unless otherwise determined by the Company in general meeting, the following annual fees payable by the Company to its non-executive directors for their service as directors, with effect from 1 July 2014, are approved:

	Fee for the year ended 30 June 2014 R	Proposed fee for the year ending 30 June 2015 R
Chairman	203 000	266 000
Director	92 000	166 000

Explanation

Section 66(9) of the Companies Act requires that a company may pay remuneration to its directors for their services as directors only in accordance with a special resolution approved by the shareholders within the previous two years. The reason for, and effect of, special resolution number 1 is to grant the Company the authority to pay fees to its non-executive directors for their services as directors. The non-executive directors' fees have been increased to align with similar sized companies listed on the JSE.

1.2 SPECIAL RESOLUTION NUMBER 2 – GENERAL APPROVAL TO ACQUIRE OWN SHARES

Resolved, as a general approval by special resolution, that the Company and/or any of its subsidiaries from time to time be and they are hereby authorised to acquire ordinary shares in the Company in terms of, and subject to, the Companies Act, the Memorandum of Incorporation of the Company and its subsidiaries and the JSE Limited ("JSE Listings Requirements"), as amended from time to time. Any acquisition of ordinary shares is also subject to the sanction of any other authority whose approval is required by law, regulation or the JSE Listings Requirements.

Note: The JSE Listings Requirements currently provide, *inter alia*, that:

- the acquisition of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party;
- this general authority shall only be valid until the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date of passing of this special resolution;
- in determining the price at which the Company's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date on which the transaction is effected;
- at any point in time, the Company may only appoint one agent to effect any acquisition/s on its behalf;

NOTICE OF ANNUAL GENERAL MEETING continued

- the acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 10% (ten percent) of the Company's issued ordinary share capital;
- the Company may only effect the repurchase once a resolution has been passed by the Board of Directors of the Company ("the Board") confirming that the Board has authorised the repurchase, that the Company has passed the solvency and liquidity test ("test") and that since the test was done there have been no material changes to the financial position of the Group;
- the Company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements; and
- an announcement will be published once the Company has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted ("initial number"), and for each 3% (three percent) in aggregate of the initial number acquired thereafter.

Explanation
Special resolution number 2 is to grant the Company a general authority for the Company and the Company's subsidiaries to acquire the Company's issued ordinary shares. There is no requirement in the Companies Act for shareholder approval unless the acquisition by the Company of any particular class of securities exceeds 5% of the issued shares of that class, either alone or together with other transactions in an integrated series of transactions, per sections 48(8), 115 and 116 of the Companies Act, 2008.

It is the intention of the directors of the Company to use such authority should prevailing circumstances (including tax dispensations and market conditions) in their opinion warrant it but subject at all times to the requirements of the Companies Act, the JSE Listings Requirements and the Memorandum of Incorporation of the Company.

1.2.1 OTHER DISCLOSURE IN TERMS OF SECTION 11.26 OF THE JSE LISTINGS REQUIREMENTS
The JSE Listings Requirements require the following disclosures, which are contained in the annual report of which this notice forms part:

Directors	page 8 and 9
Directors' interests in the Company	page 56
Share capital of the Company	page 87
Major shareholders of the Company	page 104

1.2.2 MATERIAL CHANGE
There have been no material changes in the affairs or financial position of the Company and its subsidiaries since the Company's financial year-end and the date of this notice.

1.2.3 DIRECTORS' RESPONSIBILITY STATEMENT
The directors, whose names are given on page 8 and 9 of the annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 2 and certify that to the best of their knowledge and belief there are no facts in relation to special resolution number 2 that have been omitted which would make any statement in relation to special resolution number 2 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 2 together with this notice contains all information required by law and the JSE Listings Requirements in relation to special resolution number 2.

1.2.4 ADEQUACY OF WORKING CAPITAL
At the time that the contemplated repurchase is to take place, the directors of the Company will ensure that, after considering the effect of the maximum repurchase and for a period of twelve months thereafter:

- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the Company and its subsidiaries;
- the issued share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the ordinary business of the Company and its subsidiaries; and
- the working capital available to the Company and its subsidiaries will be sufficient for the Group's requirements.

The Company may not enter the market to proceed with the repurchase until its Sponsor, Merchantec

(Pty) Ltd, has discharged of all of its responsibilities in terms of the JSE Listings Requirements insofar as they apply to working capital statements for the purposes of undertaking an acquisition of its issued ordinary shares.

1.3 SPECIAL RESOLUTION NUMBER 3 – LOANS OR OTHER FINANCIAL ASSISTANCE TO DIRECTORS AND RELATED COMPANIES

Resolved that, as a special resolution, in terms of section 45 of the Companies Act, the shareholders hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 3, any direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) as contemplated in section 45 of the Companies Act to a director or prescribed officer of the Company, or to a related or inter-related company or corporation or to a member of any such related or inter-related corporation or to a person related to any such company, corporation, director, prescribed officer or member provided that:

- The Board from time to time, determines:
  - (i) The specific recipient or general category of potential recipients of such financial assistance;
  - (ii) The form, nature and extent of such financial assistance;
  - (iii) The terms and conditions under which such financial assistance is provided; and
- The Board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 3 unless the Board meets all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance.

Explanation

The reason for and effect of special resolution number 3 is to grant the Board the authority to authorise the Company to provide financial assistance as contemplated in section 45 of the Companies Act, 2008, to the persons specified in section 45(2), i.e. a director or prescribed officer of the Company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member.

This resolution is intended mainly to enable the Company to provide inter-company loans and guarantees within the Group but will also permit the board to authorise financial assistance to directors and prescribed officers, and to related parties.

2. ORDINARY RESOLUTIONS

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolutions. The percentage of voting rights that will be required for the adoption of each ordinary resolution is the support of more than 50% (fifty percent) of the voting rights exercised on the resolution. In the case of ordinary resolution number 10 the JSE Listings Requirements prescribe a 75% (seventy five percent) majority vote.

2.1 ORDINARY RESOLUTION NUMBER 1 – FINANCIAL STATEMENTS

To receive, consider and adopt the consolidated audited annual financial statements of the Company for the year ended 30 June 2014, incorporating the reports of the auditors, directors, the Audit and Risk Committee, the directors, and the Social and Ethics Committee, which will be presented to shareholders as required in terms of section 30(3)(d) of the Companies Act, 71 of 2008, as amended ("the Companies Act").

Note: The annual financial statements appear on pages 49 to 103 of the integrated annual report of which this notice forms part.

2.2 ORDINARY RESOLUTION NUMBER 2 – RE-ELECTION OF MS B NTULI AS A DIRECTOR

To re-elect, Ms B Ntuli who, in terms of Article 24.7.1 of the Company's Memorandum of Incorporation, retires by rotation at this annual general meeting but, being eligible to do so, offers herself for re-election.

Note: The curriculum vitae of Ms B Ntuli is provided on page 9 of the integrated annual report.

2.3 ORDINARY RESOLUTION NUMBER 3 – RE-ELECTION OF MR O FORTUIN AS A DIRECTOR

To re-elect, Mr O Fortuin who, in terms of Article 24.7.1 of the Company's Memorandum of Incorporation, retires by rotation at this annual general meeting but, being eligible to do so, offers himself for re-election.

Note: The curriculum vitae of Mr O Fortuin is provided on page 9 of the integrated annual report.

NOTICE OF ANNUAL GENERAL MEETING continued

2.4 ORDINARY RESOLUTION NUMBER 4 – APPOINTMENT OF MS B NTULI TO THE AUDIT AND RISK COMMITTEE

Pursuant to the requirements of section 94(2) of the Companies Act, but subject to the passing of ordinary resolution number 1 above, to appoint Ms B Ntuli, a non-executive, independent director of the Company, as a member and Chairperson of the Audit and Risk Committee until the next annual general meeting.

2.5 ORDINARY RESOLUTION NUMBER 5 – APPOINTMENT OF MR O FORTUIN TO THE AUDIT AND RISK COMMITTEE

Pursuant to the requirements of section 94(2) of the Companies Act, but subject to the passing of ordinary resolution number 2 above, to appoint Mr O Fortuin, a non-executive independent director of the Company, as a member of the Audit and Risk Committee until the next annual general meeting.

2.6 ORDINARY RESOLUTION NUMBER 6 – APPOINTMENT OF MS T DINGAAN TO THE AUDIT AND RISK COMMITTEE

Pursuant to the requirements of section 94(2) of the Companies Act, to appoint Ms T Dingaan, a non-executive, independent director of the Company, as a member of the Audit and Risk Committee until the next annual general meeting.

An abbreviated curriculum vitae in respect of each member of the Audit and Risk Committee appears on pages 8 and 9 of the integrated annual report of which this notice forms part.

2.7 ORDINARY RESOLUTION NUMBER 7 – APPOINTMENT OF THE INDEPENDENT REGISTERED AUDITOR

Pursuant to the requirements of section 90(1) read with section 61(8)(c) of the Companies Act, and as nominated by the Company's Audit and Risk Committee, to confirm the re-appointment of Deloitte & Touche as independent auditors of the Company for the financial year ending 30 June 2015, with S Munro being the individual registered auditor who has undertaken the audit of the Company for the ensuing financial year and to authorise the Audit and Risk Committee to determine the auditor's remuneration.

2.8 ORDINARY RESOLUTION NUMBER 8 – ENDORSEMENT OF THE REMUNERATION POLICY

Resolved that the shareholders endorse, on a non-binding advisory basis, the Remuneration Policy.

Note: King III recommends that the Company's remuneration policy (which appears on pages 28 to 29 of the integrated annual report) be tabled to shareholders for a non-binding advisory vote at each annual general meeting.

2.9 ORDINARY RESOLUTION NUMBER 9 – CONTROL OF AUTHORISED BUT UNISSUED ORDINARY SHARES

Resolved that the authorised but unissued ordinary shares in the capital of the Company be and are hereby placed under the control and authority of the directors of the Company ("directors") and that the directors be and are hereby authorised and empowered to allot/issue and otherwise dispose of all or any of such ordinary shares, or to issue any options in respect of all or any of such ordinary shares, to such person/s on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of sections 38 and 41 of the Companies Act, the Memorandum of Incorporation of the Company and the JSE Listings Requirements as amended from time to time, such authority to remain in force until the next annual general meeting.

2.10 ORDINARY RESOLUTION NUMBER 10 – APPROVAL TO ISSUE ORDINARY SHARES, AND TO SELL TREASURY SHARES, FOR CASH

Resolved that the directors of the Company and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to:

2.10.1 Issue all or any of the authorised but unissued ordinary shares in the capital of the Company, or to allot, issue and grant options to subscribe for, all or any of the authorised but unissued ordinary shares in the capital of the Company; and/or

2.10.2 Sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the Company purchased by subsidiaries of the Company, for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, the Memorandum of Incorporation of the Company and its subsidiaries and the JSE Listings Requirements from time to time.

Note: The JSE Listings Requirements currently provide, *inter alia*, that:

- the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue may only be made to "public shareholders" as defined in the JSE Listings Requirements and not to related parties;
- the number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 15% (fifteen percent) of the number of issued ordinary shares. The securities which are the subject of a general issue for cash may not exceed 15% (fifteen percent) of the number of listed securities, excluding treasury shares, as at the date of this notice, being 16 724 864 securities. Any securities issued under this authorisation during the period of 15 (fifteen) months from the date that this authorisation will be deducted from the aforementioned 16 724 864 listed securities. In the event of a sub-division or a consolidation during the period contemplated above the authority will be adjusted to represent the same allocation ratio;
- this general authority will be valid until the earlier of the Company's next annual general meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- an announcement giving full details, including the number of securities issued, the average discount to the weighted average traded price of the securities over 30 (thirty) business days prior to the date that the issue is agreed in writing between the issuer and the parties subscribing for the securities and the impact on net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, will be published when the Company has issued securities representing, on a cumulative basis within the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given, 5% (five percent) or more of the number of securities in issue prior to the issue; and
- in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE Limited of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities; and
- whenever the Company wishes to use ordinary shares, held as treasury shares by a subsidiary of the Company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares.

2.11 ORDINARY RESOLUTION NUMBER 11 – SIGNATURE OF DOCUMENTS

Resolved that each director of the Company be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed at the annual general meeting convened to consider the resolutions which are passed, in the case of ordinary resolutions, or are passed and registered by the Companies and Intellectual Property Commission, in the case of special resolutions.

3. OTHER BUSINESS

To transact such other business as may be transacted at an annual general meeting of shareholders.

NOTICE OF ANNUAL GENERAL MEETING continued

INFORMATION SCHEDULE

RECORD DATE

The record date for the purpose of determining which shareholders are entitled to participate in, and vote at, the annual general meeting is Friday, 31 October 2014. Accordingly, the last date to trade in order to be registered in the register of shareholders of the Company and therefore be eligible to participate in and vote at the annual general meeting is Friday, 24 October 2014.

Shareholders should take note of the following important dates:

Record date for the purposes of determining which shareholders are entitled to receive notice of the AGM	8 October 2014
Last date to trade in order to be registered in the register of shareholders of the Company and therefore be eligible to participate in and vote at the annual general meeting	24 October 2014
Record date for purposed of determining which shareholders are entitled to participate in and vote at the AGM	31 October 2014
Last day to lodge forms of proxy	5 November 2014 at 09:00
Date of the AGM	7 November 2014 at 09:00

PROXIES/REPRESENTATION AT THE MEETING

Shareholders holding certificated shares and shareholders that have dematerialised their shares and have elected own name registration in the sub-register maintained by a Central Securities Depository Participant ("CSDP"), may attend, speak and vote at the annual general meeting or may appoint one or more proxies (who need not be shareholders of the Company) to attend, speak and vote at the annual general meeting on behalf of the shareholder who appointed such proxy or proxies.

A proxy form is enclosed with this notice. Duly completed proxy forms must be returned to the transfer secretaries, Computershare Investor Services (Pty) Ltd (PO Box 61051, Marshalltown, 2107 or 70 Marshall Street, Johannesburg, 2001) by no later than 09:00 on Wednesday, 5 November 2014.

Shareholders who have dematerialised their shares through a CSDP or a broker and who have not elected own name registration in the sub-register maintained by the CSDP and who wish to attend the annual general meeting, should instruct their CSDP/broker to issue them with the necessary authority to attend. Shareholders who are unable or do not intend to attend the meeting, but wish to be represented at the meeting, may provide their CSDP/broker with their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP/broker.

IDENTIFICATION

Shareholders and proxies are requested to ensure registration of attendance on arrival. Kindly note pursuant to the requirements of section 62(3) of the Companies Act, notice is hereby given that in terms of section 63(1), shareholders and proxies who attend the annual general meeting will be required to provide satisfactory identification. Forms of identification include valid identity documents, passports and driver's licences.

ACTION TO TAKE

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

By order of the Board

Statucor (Pty) Ltd
Company Secretary

15 August 2014
Durban

FORM OF PROXY

ADAPT IT HOLDINGS LIMITED

Incorporated in the Republic of South Africa
Registration number: 1998/017276/06
Share code: ADI
ISIN: ZAE000113163
("Adapt IT" or "the Company" or "the Group")

For use only by ordinary shareholders who:

- Hold ordinary shares in certificated form ("certificated ordinary shareholders"); or
- Have dematerialised their ordinary shares ("dematerialised ordinary shareholders") and are registered with own-name registration,

at the 15th Annual General Meeting of shareholders of the Company to be held at 09:00 on Friday, 7 November 2014 at 5 Rydall Vale Office Park, Rydall Vale Crescent, La Lucia Ridge, KwaZulu-Natal, and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares other than with own-name registration who wish to attend the Annual General Meeting must inform their Central Securities Depository Participant (CSDP) or broker of their intention to attend the Annual General Meeting and request their CSDP or broker to issue them with the relevant Letter of Representation to attend the Annual General Meeting in person or by proxy and vote. If they do not wish to attend the Annual General Meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These ordinary shareholders must not use this form of proxy.

Name of beneficial shareholder

Name of registered shareholder

Address

Telephone work Telephone home Cell:

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

1. or failing him/her,

2. or failing him/her,

3. the Chairperson of the meeting,

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

		Number of ordinary shares		
Special resolutions	Agenda item	For	Against	Abstain
Special resolution 1	Approval of non-executive directors' fees			
Special resolution 2	General approval to acquire own shares			
Special resolution 3	Loans or other financial assistance to directors and related companies			
Ordinary resolutions	Agenda item	For	Against	Abstain
Ordinary resolution 1	To receive, consider and adopt the annual financial statements of the Company and Group for the financial year ended 30 June 2014			
Ordinary resolution 2	Re-election of director – Ms B Ntuli			
Ordinary resolution 3	Re-election of director – Mr O Fortuin			
Ordinary resolution 4	Appointment of Ms B Ntuli to the Audit and Risk Committee			
Ordinary resolution 5	Appointment of Mr O Fortuin to the Audit and Risk Committee			
Ordinary resolution 6	Appointment of Ms T Dingaan to the Audit and Risk Committee			
Ordinary resolution 7	Appointment of the Independent Registered Auditor			
Ordinary resolution 8	Endorsement of the remuneration policy			
Ordinary resolution 9	Control of authorised but unissued ordinary shares			
Ordinary resolution 10	Approval to issue ordinary shares, and to sell treasury shares, for cash			
Ordinary resolution 11	Signature of documents			

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

A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of the Company.

Signed at on this day of 2014

Signature

Assisted by (if applicable)

NOTES TO THE FORM OF PROXY

1. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in own name.
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the annual general meeting must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. Alternatively, the CSDP or broker should provide the beneficial owners with a letter of representation that would enable the shareholder to vote. Kindly note that should the CSDP or broker not have provided the Company with the details of the beneficial shareholding at the specific request by the Company such shares may be disallowed to vote subject to the decision by the Chairperson of the meeting.
3. A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend, participate in and vote at the meeting in the place of the shareholder. A proxy need not be a shareholder.
4. The shareholder may insert the names of its proxies in the spaces provided on the proxy form, with or without deleting "the Chairperson of the meeting".
5. In the case of alternate proxies, the person whose name stands first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those proxy/ies whose names follow. Should this space be left blank, the proxy will be exercised by the Chairperson of the meeting.
6. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned.
7. If no voting instruction is indicated, then the proxy is authorised to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all of the shareholder's voting rights.
8. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
9. The Chairperson of the annual general meeting may reject any form of proxy which does not comply with these instructions.
10. A shareholder's authorisation to the proxy, including the Chairperson of the annual general meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the annual general meeting.
11. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
12. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company's transfer secretaries or waived by the Chairperson of the annual general meeting.
13. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the Company.
14. Where there are joint holders of ordinary shares:
    - Any one holder may sign the form of proxy; and
    - The vote/s of the senior ordinary shareholder/s (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the Company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote/s of the other joint shareholder/s.
15. Forms of proxy should be lodged with or mailed to Computershare Investor Services (Pty) Ltd:

    Hand deliveries to:
    Computershare Investor Services (Pty) Ltd
    70 Marshall Street, Johannesburg, 2001

    Postal deliveries to:
    Computershare Investor Services (Pty) Ltd
    PO Box 61051, Marshalltown, 2107

    to be received by no later than 09:00 on Wednesday, 5 November 2013 (or 48 hours before any adjournment of the annual general meeting, which date, if necessary, will be notified on SENS).
16. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.

GENERAL

Herewith more information regarding quorum requirements and voting rights of shareholders.

1. QUORUM REQUIREMENTS
   In terms of the Company's Memorandum of Incorporation:

   "The quorum for a shareholders' meeting to begin or for a matter to be considered, shall be at least 3 (three) shareholders entitled to attend and vote and present in person. In addition:

- A shareholders' meeting may not begin until sufficient persons are present at the meeting to exercise, in aggregate, at least 25% (twenty five percent) of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting; and
- A matter to be decided at a shareholders' meeting may not begin to be considered unless sufficient persons are present at the meeting to exercise, in aggregate, at least 25% (twenty five percent) of all of the voting rights that are entitled to be exercised in respect of that matter at the time the matter is called on the agenda."

2. VOTES OF SHAREHOLDERS
   In terms of the Memorandum of Incorporation, every shareholder present at the meeting who is entitled to vote shall be entitled to 1 (one) vote on a show of hands, irrespective of the number of voting rights that person would otherwise be entitled to exercise. Should the vote be conducted by poll, each shareholder present at the meeting in person or by proxy shall be entitled to vote in accordance with the voting rights associated with the securities held by that shareholder.

CORPORATE INFORMATION

ADAPT IT HOLDINGS LIMITED
Incorporated in the Republic of South Africa
Registration number 1998/017276/06
Share code: ADI
ISIN: ZAE000113163

COMPANY SECRETARY
Statucor (Pty) Ltd
22 Wellington Road
Parktown
2193

REGISTERED OFFICE
5 Rydall Vale Office Park
Rydall Vale Crescent
La Lucia Ridge
4019
KwaZulu-Natal
South Africa

DIRECTORS
Craig Chambers* *(Chairman)*
Sbu Shabalala *(Chief Executive Officer)*
Tiffany Dunsdon *(Financial Director)*
Bongiwe Ntuli*
Thembisa Dingaan*
Oliver Fortuin*
* *Independent non-executive director*

TRANSFER SECRETARY
Computershare Investor Services (Pty) Ltd
PO Box 61051, Marshalltown, 2107
T +27 (0) 11 370 5000
F +27 (0) 11 688 5200

AUDITORS
Deloitte & Touche

CORPORATE SPONSOR
Merchantec Capital
2nd Floor, North Wing
Hyde Park Corner Office Suites
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