



# 2018

**PRELIMINARY SUMMARISED  
CONSOLIDATED AND COMPANY AUDITED RESULTS  
FOR THE YEAR ENDED 30 JUNE 2018  
FINAL DIVIDEND DECLARATION AND  
NOTICE OF ANNUAL GENERAL MEETING**

^  
**36%**  
TURNOVER

^  
**39%**  
EBITDA

^  
**32%**  
BASIC EARNINGS  
PER SHARE

^  
**14%**  
HEADLINE EARNINGS  
PER SHARE

^  
**11%**  
NORMALISED HEADLINE  
EARNINGS PER SHARE



# SUMMARISED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Group 2018 R	Group 2017 R	Company 2018 R	Company 2017 R
<b>Revenue</b>	<b>1 353 896 440</b>	996 425 164	<b>25 735 304</b>	23 134 544
Turnover	<b>1 348 403 468</b>	993 671 344	–	–
Cost of sales	<b>(533 123 742)</b>	(420 420 024)	–	–
<b>Gross profit</b>	<b>815 279 726</b>	573 251 320	–	–
Administrative, selling and other costs	<b>(623 426 024)</b>	(422 268 011)	<b>(3 485 175)</b>	(3 106 526)
Other income	<b>26 350 922</b>	–	–	–
Sundry revenue	–	–	<b>3 500 000</b>	3 500 000
<b>Profit from operations</b>	<b>218 204 624</b>	150 983 309	<b>14 825</b>	393 474
Dividend received	–	–	<b>21 993 947</b>	19 633 931
Finance income	<b>5 492 972</b>	2 753 820	<b>241 357</b>	613
Finance costs	<b>(28 559 603)</b>	(25 605 200)	–	–
Share of loss of equity accounted investment after tax	–	(88 103)	–	–
<b>Profit before taxation</b>	<b>195 137 993</b>	128 043 826	<b>22 250 129</b>	20 028 018
Income tax expense	<b>(65 526 402)</b>	(35 497 923)	<b>(34 513)</b>	(67 262)
<b>Profit for the year</b>	<b>129 611 591</b>	92 545 903	<b>22 215 616</b>	19 960 756
Attributable to:				
Equity holders of the parent	<b>122 020 035</b>	88 133 237	<b>22 215 616</b>	19 960 756
Non-controlling interests	<b>7 591 556</b>	4 412 666	–	–
<b>Other comprehensive income/(loss)</b>				
Items that will not be reclassified to profit and loss	<b>(2 750 454)</b>	–	–	–
Devaluation of land and building	<b>(3 544 400)</b>	–	–	–
Income tax effect	<b>793 946</b>	–	–	–
<b>Items that may be reclassified subsequently to profit and loss</b>	<b>533 692</b>	(437 553)	–	–
Exchange gain/(loss) arising from translation of foreign operations	<b>533 692</b>	(437 553)	–	–
<b>Total comprehensive income</b>	<b>127 394 829</b>	92 108 350	<b>22 215 616</b>	19 960 756
Attributable to:				
Equity holders of the parent	<b>119 803 273</b>	87 695 684	<b>22 215 616</b>	19 960 756
Non-controlling interests	<b>7 591 556</b>	4 412 666	–	–
Basic earnings per share (cents)	<b>77,51</b>	58,74	–	–
Basic diluted earnings per share (cents)	<b>77,51</b>	58,74	–	–

# SUMMARISED STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Group 2018 R	Group 2017 R	Company 2018 R	Company 2017 R
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>974 153 583</b>	730 781 287	<b>92 837 242</b>	49 543 493
Property and equipment	96 241 640	35 285 087	–	–
Intangible assets	239 365 393	180 875 370	–	–
Goodwill	571 931 924	500 346 685	–	–
Interest in subsidiaries and share trust	–	–	71 099 241	49 511 335
Loans to subsidiaries	–	–	21 672 542	32 158
Finance lease receivables	23 666 262	–	–	–
Loans receivable	15 288 798	–	–	–
Deferred taxation asset	27 659 566	14 274 145	65 459	–
<b>Current assets</b>	<b>413 361 377</b>	355 666 131	<b>310 213 742</b>	300 609 100
Inventories	21 994 177	–	–	–
Trade and other receivables	272 691 888	228 362 544	212 804	2 277 675
Amounts owing by subsidiaries	–	–	309 607 769	297 962 752
Current tax receivable	1 632 675	12 288 985	99 395	86 770
Finance lease receivables	10 986 946	–	–	–
Loans receivable	4 096 044	–	–	–
Cash and cash equivalents	86 397 659	98 048 710	293 774	281 903
Assets classified as held for sale	15 561 988	16 965 892	–	–
<b>Total assets</b>	<b>1 387 514 960</b>	1 086 447 418	<b>403 050 984</b>	350 152 593
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	16 054	15 360	16 054	15 360
Treasury shares	(819)	–	–	–
Share premium	340 277 986	336 225 816	400 647 135	331 510 804
Other capital reserves	–	17 154 720	–	17 154 720
Equity compensation reserve	19 221 006	14 585 430	–	–
Foreign currency translation reserve	3 304 659	2 770 967	–	–
Revaluation reserve	–	3 544 400	–	–
Retained earnings	388 101 858	287 281 824	1 134 074	912 405
Equity attributable to shareholders of the company	750 920 744	661 578 517	401 797 263	349 593 289
Non-controlling interests	2 283 174	6 958 535	–	–
<b>Total equity</b>	<b>753 203 918</b>	668 537 052	<b>401 797 263</b>	349 593 289
<b>Non-current liabilities</b>	<b>287 750 540</b>	193 177 743	–	32 030
Interest-bearing borrowings	200 794 458	101 486 667	–	–
Financial liabilities	33 479 340	43 814 766	–	–
Finance lease liabilities	1 670 033	–	–	–
Deferred taxation liability	51 806 709	47 876 310	–	32 030
<b>Current liabilities</b>	<b>346 560 502</b>	224 732 623	<b>1 253 721</b>	527 274
Trade and other payables	133 859 490	110 667 792	1 253 721	527 274
Provisions	51 841 262	24 921 276	–	–
Deferred income	105 458 045	71 222 047	–	–
Current tax payable	1 453 331	1 762 369	–	–
Financial liabilities	38 951 795	14 197 783	–	–
Current portion of interest-bearing borrowings	13 680 725	580 894	–	–
Finance lease liabilities	1 315 854	–	–	–
Non-interest-bearing borrowings	–	1 380 462	–	–
<b>Total equity and liabilities</b>	<b>1 387 514 960</b>	1 086 447 418	<b>403 050 984</b>	350 152 593

At 30 June 2018, the carrying values of the financial assets and financial liabilities are considered by management to approximate their fair value. All financial assets and liabilities 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.

# SUMMARISED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Group 2018 R	Group 2017 R	Company 2018 R	Company 2017 R
<b>OPERATING ACTIVITIES</b>				
Cash generated from operations	257 709 547	139 325 456	2 806 143	(2 117 820)
Finance income	3 957 779	1 600 672	241 357	613
Finance costs	(23 403 322)	(16 248 874)	–	–
Dividends received	–	–	21 993 947	19 633 931
Dividends paid	(34 970 537)	(23 359 331)	(21 993 947)	(19 633 931)
Taxation paid	(68 951 177)	(42 102 157)	(144 627)	(67 010)
<b>Net cash flow from/(utilised in) operating activities</b>	<b>134 342 290</b>	<b>59 215 766</b>	<b>2 902 873</b>	<b>(2 184 217)</b>
<b>INVESTING ACTIVITIES</b>				
Property and equipment acquired	(90 683 597)	(6 681 043)	–	–
Intangible assets acquired and developed	(9 033 738)	(4 913 201)	–	–
Proceeds on disposal of property and equipment	2 065 746	129 098	–	–
Proceeds from loans receivable	5 752 936	–	–	–
Payments to acquire financial assets	(2 160 186)	–	–	–
Settlement of contingent purchase consideration	(22 390 664)	(48 000 003)	–	–
Net cash outflow on acquisition of subsidiaries	(108 734 438)	(21 696)	–	–
Proceeds from disposal of subsidiary	42 027 110	–	–	–
Increase in investment in subsidiary	–	–	(21 587 906)	–
<b>Net cash utilised in investment activities</b>	<b>(183 156 831)</b>	<b>(59 486 845)</b>	<b>(21 587 906)</b>	<b>–</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from borrowings	323 000 000	313 500 041	–	–
Repayment of borrowings	(242 822 697)	(376 596 812)	–	–
Proceeds from finance lease	285 291	–	–	–
Share repurchases	(72 666 348)	–	–	–
Issue of shares for cash	35 297 437	83 999 979	–	–
Issue of company's shares	–	–	69 137 025	133 999 970
Increase in amounts owing by subsidiaries	–	–	(50 440 121)	(131 663 293)
Repayment of vendor loans	(6 723 864)	–	–	–
<b>Net cash flows from financing activities</b>	<b>36 369 819</b>	<b>20 903 208</b>	<b>18 696 904</b>	<b>2 336 677</b>
Net (decrease)/increase in cash resources	(12 444 722)	20 632 129	11 871	152 460
Exchange gain/(loss) on translation	793 671	(307 787)	–	–
Cash and cash equivalents at beginning of year	98 048 710	77 724 368	281 903	129 443
<b>Cash and cash equivalents at end of year</b>	<b>86 397 659</b>	<b>98 048 710</b>	<b>293 774</b>	<b>281 903</b>

# SUMMARISED STATEMENTS OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2018

	Attributable to equity holders of the parent										
	Share capital R	Treasury shares R	Share premium R	Other capital reserves R	Equity compensation reserve R	Asset revaluation reserve R	Foreign currency translation reserve R	Retained earnings R	Attributable to equity holders of the parent R	Non-controlling interests R	Total R
GROUP											
Balance at 30 June 2016	14 006	—	200 831 266	34 574 504	5 724 817	3 544 400	3 208 520	218 782 518	466 680 031	6 007 925	472 687 956
Total comprehensive income for the year	—	—	—	—	—	—	(437 553)	88 133 237	87 695 684	4 412 666	92 108 350
Profit for the year	—	—	—	—	—	—	—	88 133 237	88 133 237	4 412 666	92 545 903
Other comprehensive loss for the year	—	—	—	—	—	—	(437 553)	—	(437 553)	—	(437 553)
Share-based payments	—	—	—	—	10 256 547	—	—	—	10 256 547	—	10 256 547
Issue of shares for business combination	765	—	49 999 226	(34 574 504)	—	—	—	—	15 425 487	—	15 425 487
Shares issued during the year	589	—	85 395 324	—	(1 395 934)	—	—	—	83 999 979	263 344	84 263 323
Shares to be issued	—	—	—	17 154 720	—	—	—	—	17 154 720	—	17 154 720
Dividend paid	—	—	—	—	—	—	—	(19 633 931)	(19 633 931)	(3 725 400)	(23 359 331)
Balance at 30 June 2017	15 360	—	336 225 816	17 154 720	14 585 430	3 544 400	2 770 967	287 281 824	661 578 517	6 958 535	668 537 052
Total comprehensive income for the year	—	—	—	—	—	(3 544 400)	533 692	122 813 981	119 803 273	7 591 556	127 394 829
Profit for the year	—	—	—	—	—	—	—	122 020 035	122 020 035	7 591 556	129 611 591
Other comprehensive income for the year	—	—	—	—	—	(3 544 400)	533 692	793 946	(2 216 762)	—	(2 216 762)
Share-based payments	—	—	—	—	4 823 482	—	—	—	4 823 482	—	4 823 482
Net repurchase of shares	—	(927)	(72 665 420)	—	—	—	—	—	(72 666 347)	—	(72 666 347)
Issue of treasury shares	—	108	7 581 259	(7 581 367)	—	—	—	—	—	—	—
Settled in cash	—	—	—	(9 573 353)	—	—	—	—	(9 573 353)	—	(9 573 353)
Issue of shares for business combination	337	—	33 651 345	—	—	—	—	—	33 651 682	—	33 651 682
Shares issued during the year	357	—	35 484 986	—	(187 906)	—	—	—	35 297 437	—	35 297 437
Non-controlling interest disposed	—	—	—	—	—	—	—	—	—	709 673	709 673
Dividends paid	—	—	—	—	—	—	—	(21 993 947)	(21 993 947)	(12 976 590)	(34 970 537)
Balance at 30 June 2018	16 054	(819)	340 277 986	—	19 221 006	—	3 304 659	388 101 858	750 920 744	2 283 174	753 203 918
							Share capital R	Share premium R	Other capital reserves R	Retained earnings R	Total equity R
COMPANY											
Balance at 30 June 2016							14 006	196 116 254	34 574 504	585 580	231 290 344
Total comprehensive income for the year							—	—	—	19 960 756	19 960 756
Issue of shares							1 354	135 394 550	(34 574 504)	—	100 821 400
Shares to be issued							—	—	17 154 720	—	17 154 720
Dividend paid							—	—	—	(19 633 931)	(19 633 931)
Balance at 30 June 2017							15 360	331 510 804	17 154 720	912 405	349 593 289
Total comprehensive profit for the year							—	—	—	22 215 616	22 215 616
Issue of shares							694	69 136 331	—	—	69 137 025
Shares issued through treasury shares and cash							—	—	(17 154 720)	—	(17 154 720)
Dividend paid							—	—	—	(21 993 947)	(21 993 947)
Balance at 30 June 2018							16 054	400 647 135	—	1 134 074	401 797 263

## EARNINGS AND DIVIDENDS PER SHARE

### EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to equity holders of R122 020 035 (2017: R88 133 237) and the weighted average number of ordinary shares in issue during the year of 157 415 107 (2017: 150 028 042). The calculation of diluted earnings per share is based on the profit of R122 020 035 (2017: R88 133 237) and the weighted average number of diluted ordinary shares in issue during the year of 157 415 107 (2017: 150 045 972).

		Group 2018 R	Group 2017 R
<b>Reconciliation between earnings, headline earnings and normalised headline earnings</b>			
Earnings attributable to equity holders of the parent		<b>122 020 035</b>	88 133 237
Adjusted for:			
– Loss on sale of property and equipment		<b>473 160</b>	16 276
– Scrapping of property and equipment		<b>385 239</b>	–
– Profit after tax on sale of businesses		<b>(17 452 763)</b>	–
Headline earnings		<b>105 425 671</b>	88 149 513
Adjusted for:			
Amortisation of intangible assets acquired		<b>33 895 406</b>	29 105 008
Deferred taxation on amortisation of intangible assets acquired		<b>(9 490 714)</b>	(8 149 402)
Fair value adjustment to financial liability (imputed interest)		<b>5 156 281</b>	9 356 326
Fair value adjustment to financial liability (Micros underpin)		<b>2 891 886</b>	–
Normalised headline earnings		<b>137 878 530</b>	118 461 445
Basic earnings per share	(cents)	<b>77,51</b>	58,74
Headline earnings per share	(cents)	<b>66,97</b>	58,76
Diluted basic earnings per share	(cents)	<b>77,51</b>	58,74
Diluted headline earnings per share	(cents)	<b>66,97</b>	58,75
Normalised headline earnings	(cents)	<b>87,59</b>	78,96
Normalised headline earnings are calculated by adding back to headline earnings the amortisation of intangible assets net of deferred taxation, as a consequence of the purchase price allocations completed in terms of IFRS 3 – Business Combinations and fair value adjustments to financial liabilities on contingent purchase considerations.			
<b>DIVIDENDS PER SHARE</b>			
Dividends per share	(cents)	<b>13,70</b>	13,40

## EVENTS AFTER THE REPORTING DATE

On 1 July 2018, Cash Bases South Africa (Pty) Ltd merged with Adapt IT (Pty) Ltd to achieve efficiencies and savings in administrative and operational expenditure.

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

## BUSINESS COMBINATIONS

### ACQUISITION OF SUBSIDIARY

On 1 July 2017, the group acquired the entire issued share capital of Micros South Africa (Pty) Ltd (Micros), a South African registered company.

Micros conducts business in the Information Technology sector, *inter alia*, providing software, hardware, enterprise systems integration, consulting, support and solutions to its clients, primarily in the Hospitality industry.

The acquisition of Micros, which is a leader in its vertical market, created an entry into the Hospitality industry, a new vertical for the group, further diversifying the group.

The purchase consideration of R134 950 940 consists of R88 889 787 in cash, paid on 19 July 2017, R33 651 703 in shares issued on 31 July 2017, and R12 409 450 fair value of cash top-up payment.

Adapt IT agreed to provide the Micros sellers, where shares have been issued, with a one-year protection on any decrease in the value of the shares in Adapt IT Holdings Limited on the basis that Adapt IT will become obliged to make a cash top-up payment to the applicable sellers to place them in a similar position had they in fact been cash-settled at July 2017 in respect of their entire proceeds. In July 2017, the fair value of the share value underpin was calculated at R12 409 450.

The fair value of the net assets acquired amounted to R56 903 617, resulting in goodwill of R78 047 323 at acquisition. The purchase 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 fair values of the identifiable net assets and liabilities of Micros as at the date of acquisition were:

	Fair value recognised on acquisition R'000
<b>Assets</b>	
Property and equipment	9 954 571
Intangible assets	46 110 344
Finance lease receivables	36 813 394
Inventories	27 989 315
Trade and other receivables	40 701 225
Cash and cash equivalents	22 955 370
Total assets	184 524 219
<b>Liabilities</b>	
Interest-bearing borrowings	32 230 319
Finance lease liabilities	2 700 596
Deferred tax liability	7 892 784
Amounts due to vendors	6 723 864
Trade and other payables	76 378 177
Current tax payable	1 694 862
Total liabilities	127 620 602
Total identifiable net assets	56 903 617
Goodwill arising on acquisition	78 047 323
Fair value of consideration payable	134 950 940

## BUSINESS COMBINATIONS CONTINUED

### ACQUISITION OF SUBSIDIARY CONTINUED

	Fair value recognised on acquisition R'000
<b>Fair value of consideration payable</b>	
Cash paid	29 575 656
Cash advanced to Micros in July 2017	59 314 152
Shares issued in July 2017	33 651 682
Fair value of share value underpin	12 409 450
Fair value of consideration payable	134 950 940
<b>Cash outflow on acquisition</b>	
Net cash acquired with the subsidiary	22 955 370
Cash paid	(88 889 808)
Net cash outflow on acquisition	(65 934 438)

From the date of acquisition, Micros has contributed R17 952 100 to the profit after tax of the group. Non-cash acquisition related expenses (amortisation of intangible assets) amounted to R3 235 918.

Cash acquisition related costs of R1 553 395 have been expensed and are included in operational expenses on the statement of profit or loss and other comprehensive income.

### ACQUISITION OF SUBSIDIARY

On 1 June 2018, the group acquired the business of CDR Live Limited (Mauritius registered), the issued share capital in its wholly-owned subsidiary, LGR Analytics (USA registered), and the businesses of its wholly-owned subsidiaries, LGR Telecommunications (Pty) Ltd (South African registered) and LGR Telecommunications (Pty) Ltd (Australia registered) (collectively LGR).

LGR is a specialist solutions provider with an exclusive focus on the global Telecommunications industry. With a track record spanning over 18 years, LGR has built a reputation for the provision and management of end-to-end data warehouse and business intelligence systems at leading international operators.

The purchase consideration consists of R42 800 000 paid in cash on 11 June 2018, and a further R8 158 751 due in cash in September 2018.

The fair value of the net assets acquired amounted to R47 982 971, resulting in goodwill of R2 975 780 at acquisition. The purchase 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.



## BUSINESS COMBINATIONS CONTINUED

### ACQUISITION OF SUBSIDIARY CONTINUED

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

	Fair value recognised on acquisition R'000
<b>Assets</b>	
Property and equipment	561 359
Intangible assets	48 130 538
Trade and other receivables	8 966 464
Total assets	57 658 361
<b>Liabilities</b>	
Deferred tax liability	119 450
Trade and other payables	9 555 940
Total liabilities	9 675 390
Total identifiable net assets	47 982 971
Goodwill arising on acquisition	2 975 780
Fair value of consideration payable	50 958 751
<b>Fair value of consideration payable</b>	
Cash paid	42 800 000
Fair value of contingent purchase consideration owing in respect of acquisition	8 158 751
Fair value of consideration payable	50 958 751
<b>Cash outflow on acquisition</b>	
Cash paid	(42 800 000)
Net cash outflow on acquisition	(42 800 000)

The acquisition is provisionally accounted for in terms of the allowance per IFRS 3 Business Combinations.

From the date of acquisition, LGR has contributed R867 833 to the profit after tax of the group. Non-cash acquisition related expenses (amortisation of intangible assets) amounted to R54 428.

Cash acquisition related costs of R1 417 173 have been expensed and are included in operational expenses on the statement of profit or loss and other comprehensive income.

## DISPOSAL OF A SUBSIDIARY

On 31 May 2018, CQS GRC Solutions (Pty) Ltd disposed of certain assets and liabilities, for a consideration of R20 472 195.

	Fair value on disposal R'000
The fair values of net assets and liabilities disposed:	
<b>Assets</b>	
Property and equipment	(5 039 417)
Goodwill	(8 057 403)
Trade and other receivables	(11 692 126)
Total assets	(24 788 946)
<b>Liabilities</b>	
Trade and other payables	(11 529 541)
Total liabilities	(11 529 541)
Total identifiable net assets disposed of	(13 259 405)
Cash received on 31 May 2018	20 472 195
Profit on disposal	7 212 790
On 1 June 2018, the group disposed of its share in CQS GRC Solutions (Pty) Ltd, for a consideration of R22 786 443.	
The fair values of net assets and liabilities over which control was lost:	
<b>Assets</b>	
Intangible assets	(6 887 811)
Cash and cash equivalents	(1 231 528)
Total assets	(8 119 339)
<b>Liabilities</b>	
Deferred tax liabilities	(1 928 587)
Other payables	(507 686)
Current tax payable	(2 660 320)
Total liabilities	(5 096 593)
Total identifiable net assets disposed of	(3 022 746)
Non-controlling interest	(709 673)
Cash received on 1 June 2018	22 786 443
Profit on disposal	19 054 024
<b>Cash inflow on disposal</b>	
Net cash disposed with the subsidiary	(1 231 528)
Cash received	22 786 443
Net cash inflow on disposal	21 554 915

## SEGMENT ANALYSIS

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.

Management does not monitor assets and liabilities by segment.

The following tables present turnover and EBITDA information (after Shared Services cost allocation) regarding the group's operating segments for the year ended 30 June 2018 and 30 June 2017 respectively:

	Education R	Manufacturing*** R	Financial Services R	Energy R	Hospitality R	Other R	Total R
<b>2018</b>							
Turnover	177 732 748	373 022 527	332 148 564	175 259 263	290 240 366	–	1 348 403 468
Segment EBITDA	31 766 389	92 526 573	55 698 553	35 761 021	35 140 050	19 209 559	270 102 145
EBITDA margin (%)	18	25	17	20	12		20
<b>2017</b>							
Turnover	170 741 995	284 977 932	350 040 062	187 911 355	–	–	993 671 344
Segment EBITDA	29 707 360	70 573 209	53 401 161	44 113 327	–	(3 469 049)	194 326 008
EBITDA margin (%)	17	25	15	23			20

The following table presents turnover by geographic area of the group's operating segments as at 30 June 2018 and 30 June 2017:

	Education R	Manufacturing*** R	Financial Services R	Energy R	Hospitality R	Other R	Total R
<b>2018</b>							
Turnover from external customers by geographic area*							
South Africa	177 732 748	373 022 527	332 148 564	175 259 263	290 240 366	–	1 348 403 468
African Countries**	119 288 168	300 100 602	252 718 416	159 922 560	265 900 648	–	1 097 930 394
United Kingdom	29 141 059	54 608 362	61 290 540	259 658	24 154 763	–	169 454 382
Europe	–	–	119 221	–	–	–	119 221
Asia	8 136 541	15 712	71 172	1 857 845	167 875	–	10 249 145
North America	–	2 219 098	–	3 545 679	1 080	–	5 765 857
South America	–	913 199	17 932 429	7 032 152	16 000	–	25 893 780
Australasia	–	–	–	2 256 824	–	–	2 256 824
	21 166 980	15 165 554	16 786	384 545	–	–	36 733 865
<b>2017</b>							
Turnover from external customers by geographic area*							
South Africa	170 741 995	284 977 932	350 040 062	187 911 355	–	–	993 671 344
African Countries**	115 308 856	231 715 589	277 355 595	135 502 240	–	–	759 882 280
United Kingdom	23 995 859	37 720 685	56 954 964	19 724 109	–	–	138 395 617
Europe	–	–	–	671 677	–	–	671 677
Asia	6 679 111	231 750	363 129	4 033 605	–	–	11 307 595
North America	–	–	–	5 020 413	–	–	5 020 413
South America	–	1 217 114	15 366 374	15 569 779	–	–	32 153 267
Australasia	–	–	–	7 364 899	–	–	7 364 899
	24 758 169	14 092 794	–	24 633	–	–	38 875 596

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

\*\* African countries are: Ghana, Zambia, Tanzania, Mozambique, Namibia, Malawi, Swaziland, Lesotho, Botswana, Nigeria, Sierra Leone, Zimbabwe, Kenya, Burundi, Congo, Rwanda, Uganda, Cameroon, Senegal, Ethiopia, Benin, Gambia, Egypt, Gabon, Angola, Guinea, Togo, Liberia, Tunisia, Côte d'Ivoire and South Sudan.

\*\*\* The manufacturing segment includes Communications, and SAP HCM Cloud Services.

# COMMENTARY

## BASIS OF PREPARATION

The accounting policies and methods of computation applied in the preparation of these preliminary summarised consolidated and company audited financial statements, which are based on reasonable judgements and estimates, are in accordance with International Financial Reporting Standards (IFRS) and are consistent with those applied in the consolidated and company annual financial statements for the year ended 30 June 2017. All amendments to IFRS adopted in the current year were considered insignificant to the annual financial statements. These preliminary summarised consolidated and company audited financial statements as set out in this report have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The consolidated and company annual financial statements and the summarised consolidated and company financial statements have been prepared under the historical cost method, except for certain financial instruments initially measured at fair value and property measured at fair value. The consolidated and company annual financial statements and the summarised consolidated and company financial statements have been prepared on the going-concern basis and have been prepared under the supervision of Ms Nombali Mbambo CA(SA), the Chief Financial Officer.

These preliminary summarised consolidated and company audited financial statements, which have been derived from the consolidated and company annual financial statements and with which they are consistent in all material respects, have been audited by Deloitte & Touche. Their unmodified audit opinions on the consolidated and company annual financial statements and on the preliminary summarised consolidated and company audited financial statements (ISA 810) together with the accompanying financial information are available for inspection at the registered office of the company. The board of directors of Adapt IT (the Board) takes full responsibility for the preparation of this report and that the financial information has been correctly extracted from the underlying consolidated and company audited annual financial statements, which is available for inspection at the registered office of the company.

## AUDIT REPORT

The auditor's report on the summarised consolidated and company financial statements does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the audit report together with the accompanying financial information from the company's registered office. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the company's auditor.

## FINANCIAL REVIEW

Turnover for the year ended 30 June 2018 increased 36% to R1,348 billion (2017: R993,7 million), organic growth from continuing operations being 13% and acquisitive growth was 30%.

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased 39% to R270,1 million (2017: R194,3 million). Profit attributable to equity shareholders grew 38% to R122,0 million (2017: R88,1 million).

Basic earnings per share increased 32% to 77,51 cents (2017: 58,74 cents) and headline earnings per share improved by 14% to 66,97 cents from 58,76 cents.

The acquisitive growth contribution of 30% comprised mainly of the Micros South Africa hospitality group acquisition, which was consolidated with effect from 1 July 2017. Micros has a talented team of over 300 employees providing world-class solutions for the hospitality industry. The Hospitality division supports business critical processes through providing best-of-breed software solutions to 4 200 hotel, retail and food and beverage outlets in 18 countries.

Adapt IT also acquired the LGR group with effect from 1 June 2018. LGR is a specialist solutions provider with an exclusive focus on the global Telecommunications industry providing and managing end-to-end data warehouse and business intelligence systems at leading international operators, bolstering the Communications product offering.

Adapt IT received and accepted an offer to purchase its shares in CQS GRC Solutions (Pty) Ltd (CQS GRC). The transaction was concluded through a sale of certain CQS GRC assets and liabilities, for a consideration of R20,5 million on 31 May 2018, and Adapt IT disposing of its share in CQS GRC on 1 June 2018, for a consideration of R22,8 million. The CQS GRC disposals resulted in the group recognising a profit on disposal net of tax amounting to R17,6 million.

## SHARE REPURCHASE

Adapt IT initiated a share buyback programme to take advantage of the Adapt IT Holdings Limited (ADI) share recently having been undervalued. Since 1 July 2017, Adapt IT repurchased 9,3 million shares, or 5.8% of the issued shares, at a weighted average price of 784 cents per share, utilising cash of R73 million. 1,1 million of the shares repurchased were issued as consideration for the EasyRoster acquisition, with the remainder of the shares held as treasury shares.

## COMMENTARY CONTINUED

### APPRECIATION

Sincere thanks to our customers for entrusting us with key aspects of their businesses, where we strive to add long term sustainable business value. The Board thanks every member of the Adapt IT team for their part in what we have achieved and their commitment to pursue the goals we have set for the business.

### CHANGES TO THE BOARD DURING THE YEAR UNDER REVIEW

There were no changes to the composition of the Board since the last report.

### DIVIDENDS: ORDINARY DIVIDEND NUMBER 16

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 gross cash dividend of 17,10 cents per share (the dividend) has been declared for the year ended 30 June 2018, payable to shareholders recorded in the books of the company at close of business on 21 September 2018.

In terms of the Listings Requirements of the JSE Limited 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 20%; and
- The DT to be withheld by the company amounts to 3,42 cents per share.
- Therefore, the net dividend payable to shareholders who are not exempt from DT is 13,68 cents per share, while the gross dividend of 17,10 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 160 539 761 ordinary shares including 8 189 244 treasury shares held by the company's subsidiary, Adapt IT (Pty) Ltd. The issued share capital, excluding treasury shares, at the declaration date is 152 350 517;
- Adapt IT's registration number is 1998/017276/06; and
- Adapt IT's income tax reference number is 9410/002/71/2.

Shareholders are advised that the last day to trade *cum*-dividend will be Tuesday, 18 September 2018. Shares will trade *ex*-dividend as from Wednesday, 19 September 2018, and the record date will be Friday, 21 September 2018. Payment will be made on Tuesday, 25 September 2018. Share certificates may not be dematerialised or rematerialised during the period Wednesday, 19 September 2018 to Friday, 21 September 2018, both days inclusive. This dividend, having been declared after 30 June 2018, has not been provided for in the financial statements for the year ended 30 June 2018.

### NOTICE OF THE ANNUAL GENERAL MEETING AND POSTING OF INTEGRATED ANNUAL REPORT

The integrated annual report will be mailed to shareholders on 31 August 2018 and is available on the group's website: [www.adaptit.co.za](http://www.adaptit.co.za) from 16 August 2018.

Notice is hereby given that the 19th annual general meeting of the shareholders of Adapt IT will be held on Friday, 23 November 2018 at 09:00 at the company's office situated at No. 152, 14th Road, Midrand, Johannesburg.

The Board has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, No 71 of 2008, the record date for the purposes of determining which shareholders of the company are entitled to participate in and vote at the annual general meeting is Friday, 16 November 2018. 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 Tuesday, 13 November 2018.

### OUTLOOK

In the 2019 financial year, Adapt IT will continue to position itself for growth in targeted sectors by accelerating organic growth through further innovation whilst supplementing same with an acquisition strategy targeted at companies that own differentiated software that could be additive to the Adapt IT market reach. Our software reach will be extended across the Rest of Africa and International markets, extending our reach beyond the 53 countries we service worldwide.

### BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Shareholders are advised that Adapt IT's annual compliance report in terms of Section 13G(2) of the Broad-based Black Economic Empowerment Amendment Act No 46 of 2013, is available on Adapt IT's website: [www.adaptit.co.za](http://www.adaptit.co.za).

## 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

Adapt IT Johannesburg Campus  
152 14th Road  
Noordwyk  
Midrand  
South Africa

### DIRECTORS

Craig Chambers\* (*Chairman*)  
Sbu Shabalala (*Chief Executive Officer*)  
Tiffany Dunsdon (*Commercial Director*)  
Nombali Mbambo (*Chief Financial Officer*)  
Bongiwe Ntuli\*  
Catherine Koffman\*  
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

### SPONSOR

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2nd Floor, North Block  
Hyde Park Corner Office Towers  
Corner 6th Road and Jan Smuts Avenue  
Hyde Park  
Johannesburg  
2196

### CORPORATE BANKERS

The Standard Bank of South Africa Limited  
ABSA Bank Limited

### LEGAL REPRESENTATIVES

Bousfield Incorporated  
Michalsons

### ADAPT IT WEBSITE

[www.adaptit.co.za](http://www.adaptit.co.za)

## SOUTH AFRICAN OFFICES

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