

Adapt IT unaudited condensed consolidated

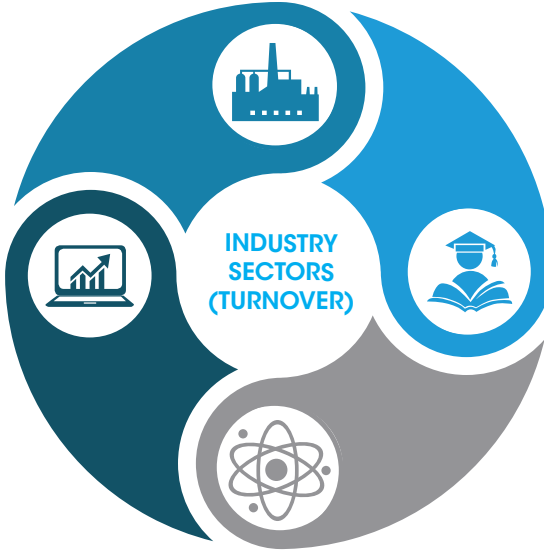
INTERIM GROUP RESULTS

for the six months ended 31 December

2015

OVERVIEW

Adapt IT is an innovative information technology (IT) services and solutions provider, delivering a variety of specialised software solutions and services to the Manufacturing, Education, Financial Services and Energy sectors in 38 countries worldwide.



Manufacturing

36%

- ERP Implementation
- Human Capital Management Services
- Development and Integration Services



Education

28%

- Education Management Systems
- Development and Integration Services
- Support Services



Energy

22%

- Business Advisory Services
- Technical Advisory Services
- SAP IS-OIL
- Fuel-FACS



Financial Services


14%

- Business Intelligence and Analytics
- Project Management
- Recruitment Services




OUR BUSINESS

Consulting




- **Business Consulting**
Guiding leading enterprises to achieve business transformation
- **IT Consulting**
Leveraging technologies to improve business efficiencies
- **Innovation**
Applying new technology solutions to exceed client requirements

Software

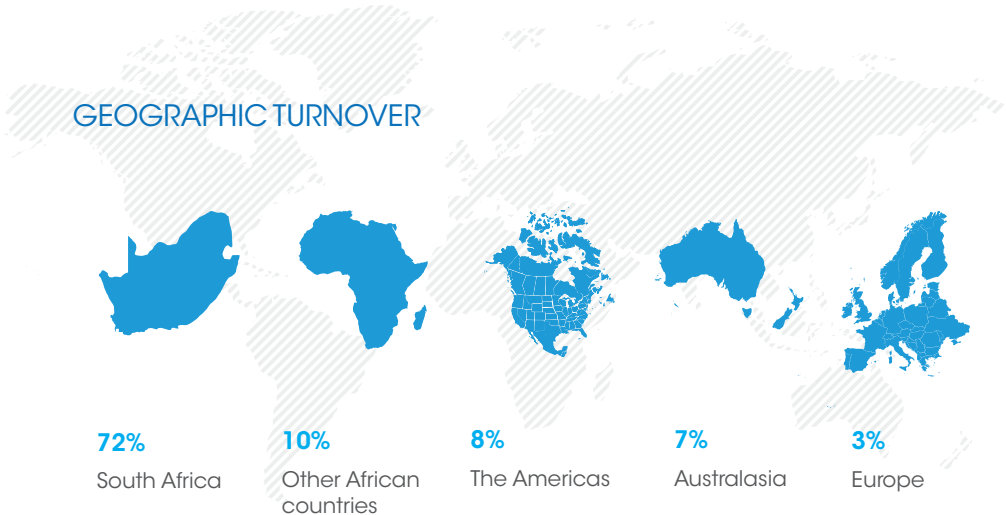


- **Web-based Solutions**
Efficiently developed Cloud-ready proprietary software solutions
- **On Premise**
Leveraging our client's existing technology infrastructure
- **Cloud Solutions**
Providing Software as a Service for maximised efficiency
- **Mobile Solutions**
Ensuring accessibility to solutions from anywhere

Support



- **SLA Management**
Provides both remote and on-site support, either 24/7, fixed hours or block hours, based on customer's needs and requirements
- **ITIL Certified**
Support team processes are ITIL certified





ABOUT THIS REPORT



These unaudited condensed interim results for the six months ended 31 December 2015 have been prepared and presented in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Standards Council, the Listings Requirements of the JSE Limited, the information as required by IAS 34: *Interim Financial Reporting*, and the requirements of the South African Companies Act, No 71 of 2008. The accounting policies applied in preparation of these condensed interim results are in terms of IFRS and are consistent with those applied in the previous annual financial statements. The comparative information has been restated for a measurement period adjustment.

The report was prepared under the supervision of the Group Financial Director, Ms Tiffany Dunsdon CA(SA), and has not been audited by the group's external auditors.

The unaudited condensed interim results were approved by the board of directors on 5 February 2016.

ACCOUNTING POLICIES

The accounting policies adopted and methods of computation used in the preparation of these unaudited condensed interim financial statements are in terms of IFRS and are consistent with those of the previous consolidated annual financial statements for the year ended 30 June 2015.



19%

Turnover

50%

Profit from
operations

42%

HEPS

FINANCIAL HIGHLIGHTS

FINANCIAL REVIEW

Turnover for the six months to December 2015 increased 19% to R310,4 million (2014: R261,3 million), organic growth was 13% and acquisitive growth was 6%. Profit from operations increased 50% to R52,5 million (2014: R35,0 million), representing an improved operating profit margin of 16,9% (2014: 14,5%).

Interim Earnings per Share (EPS) improved by 43% to 23,99 cents per share (cps) from 16,81 cps and Interim Headline EPS (HEPS) improved by 42% to 23,96 cps from 16,82 cps.

Ordinary dividend number 13, in respect of the year ended 30 June 2015, of 10,90 cents per share, on a four times dividend cover ratio, was paid to shareholders on 14 September 2015. It is our policy to declare a dividend after financial year end and not at the interim reporting date.



RESTATEMENT OF FINANCIAL INFORMATION

In accounting for the business combination of AspiviaUnison Proprietary Limited for the six months ended 31 December 2014 (31 December 2014 Results), no fair value was placed on intangible assets other than goodwill, as the valuation of these intangible assets in terms of IFRS 3 had not been determined. The valuation of these intangible assets, namely customer relationships and internally generated software, has now been finalised.

The 31 December 2014 Results have been restated retrospectively in this regard, to increase the value of intangible assets acquired to R82,6 million and to increase the related deferred tax liability to R23,1 million, resulting in a decrease in goodwill of R59,5 million.

Refer to the business combination note 7.2 on page 15 for the details.



ACQUISITION

Adapt IT Proprietary Limited acquired 100% of CQS Investment Holdings Proprietary Limited (CQS) during the period. This acquisition was subject to the approval of the Competition Commission, which was granted in December 2015. The CQS group was consolidated with effect from 31 December 2015 and there was thus no contribution to profits from CQS in these interim results. The transaction was funded through debt of R160 million and the issue of 7 million Adapt IT shares. Refer to the business combination note 7.1 on page 13.

POST BALANCE SHEET EVENTS

Effective 5 January 2016, the Group acquired intellectual property and business operations of a services company which provides student management solutions to the education sector in New Zealand. The total consideration payable is R3,4 million and the net assets of the business were R0,8 million. The transaction is not categorised in terms of the JSE Listings Requirements. In terms of International Financial Reporting Standards this is a non-adjusting event after the reporting period, that requires disclosure.

At the date of this report, the financial effect of the transaction is unknown.

No other matters have occurred between the reporting date and the date of approval of the interim financial statements which would have a material effect on these financial statements.



STRATEGY

Adapt IT pursues diversification through targeting growth sectors and regions with organic and acquisitive initiatives whilst continuing to realise synergies between our specialised software businesses by creating sustainable annuity revenue sources and yielding higher margins.



OUTLOOK

Whilst the current market conditions remain challenging, we continue the partnership with our customers to contain costs as well take up any opportunities presented by the current environment to grow our business. The outlook remains positive as we continue to build on the strong, well diversified foundation already established to create a sizeable leading ICT business that delivers above sector average growth and returns.



BOARD

There have been no changes to the directorate in the period under review.



APPRECIATION

We thank our customers, partners and service providers for their continued support and members of the board and Adapt IT Group employees for their dedication which underpins our success.

On behalf of the board

Craig Chambers
Independent non-executive Chairman

8 February 2016

Sbu Shabalala
Chief Executive Officer

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Unaudited 6 months ended 31 Dec 2015 R'000	Unaudited 6 months ended 31 Dec 2014* R'000	Audited Year ended 30 June 2015* R'000	Period- on-period variance %
Revenue		314 608	262 470	578 049	20
Turnover		310 438	261 346	575 324	19
Cost of sales		(143 826)	(144 267)	(299 109)	-
Gross profit		166 612	117 079	276 215	42
Administrative, selling and other costs		(114 103)	(82 298)	(189 715)	39
Sundry revenue		-	194	-	(100)
Profit from operations		52 509	34 975	86 500	50
Finance income	1	4 170	930	2 725	348
Finance costs	2	(7 864)	(5 597)	(11 247)	41
Share of profits of equity accounted investment after tax		460	-	168	-
Profit before taxation		49 275	30 308	78 146	63
Income tax expense		(17 567)	(10 175)	(25 467)	73
Profit for the period		31 708	20 133	52 679	57
Other comprehensive income					
Items that will not be reclassified to profit and loss		-	-	1 942	
Revaluation of land and building		-	-	1 407	
Income tax effect		-	-	535	
Items that may be reclassified subsequently to profit and loss		3 841	(57)	530	
Exchange differences arising from translation of foreign operations		3 841	(57)	530	
Total comprehensive income		35 549	20 076	55 151	77
Headline earnings:					
Profit attributable to ordinary shareholders		31 708	20 133	52 679	57
(Profit)/loss on sale of property and equipment		(35)	7	(39)	
Headline earnings		31 673	20 140	52 640	57
Number of ordinary shares in issue	(000)	139 875	129 201	129 201	8
Weighted average number of ordinary shares in issue	(000)	132 178	119 731	124 427	10
Diluted average number of ordinary shares in issue	(000)	132 178	119 731	127 460	10
Basic earnings per share	(cents)	23,99	16,81	42,34	43
Headline earnings per share	(cents)	23,96	16,82	42,31	42
Diluted basic earnings per share	(cents)	23,99	16,81	41,33	43
Diluted headline earnings per share	(cents)	23,96	16,82	41,30	42
Dividend per share	(cents)	10,90	8,23	8,23	32

* Restated for measurement period adjustment, refer to note 7.2.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 6 months ended 31 Dec 2015 R'000	Unaudited 6 months ended 31 Dec 2014* R'000	Audited Year ended 30 June 2015* R'000
	Notes			
ASSETS				
Non-current assets		673 188	412 642	408 047
Property and equipment		36 287	31 698	31 706
Intangible assets		81 185	88 361	86 232
Goodwill	4	527 466	276 525	276 525
Equity accounted investment		628	-	168
Deferred taxation asset		27 622	16 058	13 416
Current assets		330 560	208 111	153 804
Trade and other receivables		233 343	174 531	112 112
Current tax receivable		1 624	6 345	12 720
Cash and cash equivalents		95 593	27 235	28 972
Total assets		1 003 748	620 753	561 851
EQUITY AND LIABILITIES				
Equity		402 597	285 489	321 094
Share capital		14	13	13
Share premium		198 615	128 820	128 820
Other capital reserves		13 734	36 000	26 595
Equity compensation reserve		4 030	-	530
Foreign currency translation reserve		6 260	1 832	2 419
Revaluation reserve		3 544	1 602	3 544
Retained earnings		176 400	117 222	159 173
Non-current liabilities		257 403	112 898	98 948
Interest-bearing borrowings	5	237 432	20 273	8 521
Financial liabilities		-	66 086	69 224
Deferred taxation liability		19 971	26 539	21 203
Current liabilities		343 748	222 366	141 809
Trade and other payables		98 985	45 792	33 615
Provisions		26 833	9 054	26 466
Deferred income	6	103 661	96 432	65 287
Current tax payable		5 245	9 498	619
Current portion of interest-bearing borrowings	5	36 448	26 139	15 822
Financial liabilities		72 576	35 451	-
Total equity and liabilities		1 003 748	620 753	561 851
Net asset value per share	(cents)	287,83	220,97	248,52
Tangible net asset value per share	(cents)	(82,16)	32,26	47,71
Liquidity ratio	(times)	0,96	0,94	1,08
Solvency ratio	(times)	1,67	1,85	2,33
Market price per share: Close	(cents)	1 300	810	842
High	(cents)	1 400	885	1 095
Low	(cents)	820	582	582
Capital expenditure for the period	(R'000)	4 854	4 839	10 406
Capital commitments	(R'000)	4 950	3 500	9 113

* Restated for measurement period adjustment, refer to note 7.2.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Unaudited 6 months ended 31 Dec 2015 R'000	Unaudited 6 months ended 31 Dec 2014 R'000	Audited Year ended 30 June 2015 R'000
	Notes			
OPERATING ACTIVITIES				
Cash generated from operations		27 193	12 048	105 387
Finance income	1	3 627	930	1 018
Finance costs	2	(4 512)	(2 463)	(4 426)
Dividends paid		(14 481)	(9 528)	(9 528)
Taxation paid		(17 471)	(11 492)	(44 191)
Net cash flow (utilised in)/generated from operating activities		(5 644)	(10 505)	48 260
INVESTING ACTIVITIES				
Property and equipment acquired		(3 851)	(3 155)	(4 323)
Intangible assets acquired and developed		(1 003)	(1 684)	(6 084)
Proceeds on disposal of property and equipment		70	-	68
Net cash outflow on acquisition of subsidiaries	7.1	(129 927)	(33 606)	(63 877)
Net cash flows utilised in investment activities		(134 711)	(38 445)	(74 216)
FINANCING ACTIVITIES				
Proceeds from borrowings		227 478	69 036	132 120
Repayment of borrowings		(24 343)	(50 551)	(135 266)
Repayment of vendor loans		-	-	(439)
Issue of shares for cash		-	41 840	41 840
Net cash inflow from financing activities		203 135	60 325	38 255
Net increase in cash resources		62 780	11 375	12 299
Exchange differences on translation		3 841	(57)	756
Cash and cash equivalents at beginning of period		28 972	15 917	15 917
Cash and cash equivalents at end of period		95 593	27 235	28 972

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited	Share capital R'000	Share premium R'000	Other capital reserves R'000	Equity compensation reserve R'000	Asset revaluation reserve R'000	Foreign currency translation reserve R'000	Retained earnings R'000	Total equity R'000
Balance at 30 June 2014	11	23 926	51 056	–	1 602	1 889	106 617	185 101
Total comprehensive income for the period	–	–	–	–	–	(57)	20 133	20 076
Profit for the period	–	–	–	–	–	–	20 133	20 133
Other comprehensive income for the period	–	–	–	–	–	(57)	–	(57)
Shares issued during the period	2	104 894	(15 056)	–	–	–	–	89 840
Dividend paid	–	–	–	–	–	–	(9 528)	(9 528)
Balance at 31 December 2014*	13	128 820	36 000	–	1 602	1 832	117 222	285 489
Balance at 30 June 2015*	13	128 820	26 595	530	3 544	2 419	159 173	321 094
Total comprehensive income for the period	–	–	–	–	–	3 841	31 708	35 549
Profit for the period	–	–	–	–	–	–	31 708	31 708
Other comprehensive income for the period	–	–	–	–	–	3 841	–	3 841
Share-based payments	–	–	–	3 500	–	–	–	3 500
Issue of shares for business combination	1	69 795	(12 861)	–	–	–	–	56 935
Dividend paid	–	–	–	–	–	–	(14 481)	(14 481)
Balance at 31 December 2015	14	198 615	13 734	4 030	3 544	6 260	176 400	402 597

* Restated for measurement period adjustment, refer to note 7.2.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

	Unaudited 31 Dec 2015 R'000	Unaudited 31 Dec 2014 R'000	Audited 30 June 2015 R'000
1. FINANCE INCOME			
Imputed interest	543	689	1 707
Bank interest	283	241	929
CQS Investment Holdings Proprietary Limited	3 344	–	–
Other interest	–	–	89
Total finance income	4 170	930	2 725
2. FINANCE COSTS			
Borrowings	4 512	2 463	4 426
Financial liabilities (imputed)	3 352	3 134	6 821
Total finance cost	7 864	5 597	11 247

3. DIVIDENDS

Ordinary dividend number 13 of 10,90 cents per share was paid to shareholders on 14 September 2015.

It is Group policy to consider declaration of dividends at the end of the financial year and not at the interim reporting date.

	Unaudited 31 Dec 2015 R'000	Unaudited 31 Dec 2014* R'000	Audited 30 June 2015* R'000
4. GOODWILL			
Carrying amount at beginning of period	276 525	133 487	133 487
Acquisition of AspiviaUnison Companies	–	143 038	143 038
Acquisition of CQS Investments	250 941	–	–
Carrying amount at end of period	527 466	276 525	276 525
Comprising:			
Cost	527 466	276 525	276 525
Goodwill is allocated as follows:			
– Adapt IT Proprietary Limited	276 525	25 599	25 599
– ApplyIT Proprietary Limited	–	59	59
– Swicon360 Proprietary Limited	–	12 352	12 352
– Aquilon Companies	–	95 477	95 477
– AspiviaUnison Companies	–	143 038	143 038
– CQS Investment Holdings Proprietary Limited (CQS Investments)	250 941	–	–
Total	527 466	276 525	276 525

* Restated for measurement period adjustment, refer to note 7.2.

On 1 July 2015, ApplyIT Proprietary Limited, Swicon360 Proprietary Limited, Swicon360 HCM Spectrum Proprietary Limited, ITS Evula Proprietary Limited, Aquilon Proprietary Limited, Aquilon Evolution Holdings Proprietary Limited, Aquilon Evolution Consulting Proprietary Limited, AspiviaUnison Proprietary Limited, Unison Communications Holdings Proprietary Limited, Unison Communications Proprietary Limited and Aspivia Proprietary Limited were amalgamated into Adapt IT Proprietary Limited in accordance with the provisions of sections 113, 115 and 116 of the Companies Act, 2008, as amended. Accordingly, the goodwill of ApplyIT Proprietary Limited, Swicon360 Proprietary Limited, Aquilon Companies and AspiviaUnison Companies were transferred to Adapt IT Proprietary Limited.

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 12% (2014: 11%) (weighted average cost of capital); and
- Projected cash flows for the five years based on a 5% (2014: 5%) growth rate.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS CONTINUED

	Unaudited 31 Dec 2015 R'000	Unaudited 31 Dec 2014 R'000	Audited 30 June 2015 R'000
5. INTEREST-BEARING BORROWINGS			
Non-current borrowings	237 432	20 273	8 521
– Investec Private Bank Limited	199 611	20 273	8 521
– Sanlam Capital Markets Limited	37 821	–	–
Current borrowings	36 448	26 139	15 822
– Investec Private Bank Limited	27 867	13 639	8 740
– Sanlam Capital Markets Limited	8 581	–	–
– Chrysalis Capital Fund Proprietary Limited	–	12 500	5 000
– Uyandiswa Project Management Services Proprietary Limited	–	–	2 082
Total	273 880	46 412	24 343

The Investec Private Bank Limited loan was obtained in July 2015. The loan is a 60-month credit facility. R159,9 million was used to finance the CQS Investment Holdings Proprietary Limited acquisition. The interest is based on three-month JIBAR. The interest rate during the period ranged between 9,50% and 9,71%. The loan is secured by 100% of the shares held in Adapt IT Proprietary Limited 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.

CQS Investment Holdings Proprietary Limited has a loan with Sanlam Capital Markets Limited. The interest is charged at a fixed rate of 9,22% over a five-year loan period. The loan is repayable in variable bi-annual instalments ending 28 February 2018. The loan is secured by a pledge of issued share capital, a cession of trade receivables and a notarial bond over all moveable assets of CQS Investment Holdings Proprietary Limited.

	Unaudited 31 Dec 2015 R'000	Unaudited 31 Dec 2014 R'000	Audited 30 June 2015 R'000
6. DEFERRED INCOME			
Education segment	90 362	76 801	49 828
Manufacturing segment	9 666	17 524	13 741
Energy segment	3 258	2 037	1 486
Financial segment	375	70	232
Total	103 661	96 432	65 287

The Education segment relates to annual maintenance fees invoiced in advance for the year and usually collected end of January and February, the start of the education year.

Manufacturing sector includes long-term software projects in progress, ongoing upgrades and other software-related projects for clients.

7. BUSINESS COMBINATIONS

7.1 Acquisition of subsidiary

On 31 December 2015, the Group acquired the entire issued share capital of CQS Investment Holdings Proprietary Limited (CQS Investments). CQS Investments is South African registered.

With over 20 years in business and approximately 4 000 clients, CQS Investments is a value added distributor of a combination of its own and third party (being CaseWare, ACL and Confirmations.com) Intellectual Property software solutions for audit, data analytics, controls monitoring, risk management and financial reporting to financial professionals, corporates and the public sector. CQS Investments, which has the reputation of being a leader in this niche market, also services clients in Nigeria, Kenya, Zambia, Tanzania, Botswana and Zimbabwe through a direct and a distributor network.

The total purchase consideration of R216,8 million consists of R159,9 million in cash, funded from borrowings, paid on 14 December 2015 and R56,9 million in shares issued on 18 December 2015.

The fair value of the net liabilities acquired amounted to R80,9 million, resulting in goodwill of R250,9 million 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 acquisition, which is in line with Adapt IT's strategy of targeted acquisitive growth, will augment the Group's Financial Services and public sector markets' representation by providing diversification into the auditing and accounting professions and will enhance its technology diversification.

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS CONTINUED

	Fair value recognised on acquisition R'000
7. BUSINESS COMBINATIONS continued	
7.1 Acquisition of subsidiary continued	
Assets	
Property and equipment	4 413
Intangible assets	46
Deferred taxation	8 327
Trade and other receivable	35 608
Cash and cash equivalents	29 952
Total assets	78 346
Liabilities	
Shareholders' loan	46 774
Long-term portion of interest-bearing borrowings	37 821
Current portion of interest-bearing borrowings	8 581
Trade and other payables	57 556
Current tax payable	8 514
Total liabilities	159 246
Total identifiable net liabilities	(80 900)
Goodwill arising on acquisition	250 941
Fair value of consideration payable	170 041
Fair value of consideration paid:	
Cash paid	159 879
Shares issued in December 2015	56 936
Shareholders' loan acquired	(46 774)
Fair value of consideration paid	170 041
Cash outflow on acquisition:	
Net cash acquired with the subsidiary	29 952
Cash paid	(159 879)
Net cash outflow on acquisition	(129 927)

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

The initial accounting for this acquisition has been reported on a provisional basis and will only be finalised in the year ending 30 June 2016.

Acquisition related costs of R2,2 million have been expensed and are included in administrative, selling and other costs on the statement of profit or loss and other comprehensive income.

7. BUSINESS COMBINATIONS CONTINUED

7.2 Measurement period adjustment

In the business combination of AspiviaUnison Proprietary Limited, no fair value was placed on intangible assets as the valuation of these assets had not been completed.

The valuation of these assets, namely Customer Relationship and Internally Generated Software, has subsequently been finalised. The 31 December 2014 and 30 June 2015 comparative information have been restated retrospectively in this regard, to increase the value of intangible assets acquired to R82,6 million, and to increase the related deferred tax liability to R23,1 million, both offset by a decrease in goodwill of R59,5 million.

The effect on the business combination is as follows:

	As originally reported R'000	Measurement period adjustment R'000	Restated amount R'000
Assets			
Property and equipment	335	–	335
Intangible assets	33	82 676	82 709
Deferred taxation	381	(381)	–
Trade and other receivable	11 620	–	11 620
Cash and cash equivalents	2 394	–	2 394
Total assets	14 763	82 295	97 058
Liabilities			
Current portion of non-interest-bearing borrowings (previous shareholders)	439	–	439
Current portion of interest-bearing borrowings	20 194	–	20 194
Trade and other payables	6 013	–	6 013
Provisions	1 222	–	1 222
Current tax payable	7 057	–	7 057
Deferred tax liability	–	22 768	22 768
Total liabilities	34 925	22 768	57 693
Total identifiable net assets	(20 162)	59 527	39 365
Goodwill arising on acquisition	202 565	(59 527)	143 038
Fair value of consideration payable:	182 403	–	182 403
Cash paid	36 000	–	36 000
Shares issued in December 2014	48 000	–	48 000
Fair value at acquisition of cash paid on 3 March 2015	34 357	–	34 357
Fair value of contingent purchase consideration owing in respect of acquisition and settled through issue of shares and cash when relevant warranties have been fulfilled (non-current financial liabilities)	64 046	–	64 046
Fair value of consideration payable	182 403	–	182 403

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS CONTINUED

7. BUSINESS COMBINATIONS CONTINUED

7.2 Measurement period adjustment continued

The effect on 31 December 2014 Group results is as follows:

Condensed consolidated statement of profit or loss and other comprehensive income

	As disclosed R'000	Adjustment R'000	Restated R'000
Revenue	262 470	–	262 470
Turnover	261 346	–	261 346
Cost of sales	(144 267)	–	(144 267)
Gross profit	117 079	–	117 079
Administrative, selling and other costs	(79 371)	(2 927)	(82 298)
Sundry revenue	194	–	194
Profit from operations	37 902	(2 927)	34 975
Finance income	930	–	930
Finance costs	(5 597)	–	(5 597)
Profit before taxation	33 235	(2 927)	30 308
Income tax expense	(10 995)	820	(10 175)
Profit for the period	22 240	(2 107)	20 133
Other comprehensive income	(57)	–	(57)
Exchange differences arising from translation of foreign operations	(57)	–	(57)
Income tax effect	–	–	–
Total comprehensive income	22 183	(2 107)	20 076
Headline earnings:			
Profit attributable to ordinary shareholders	22 240	(2 107)	20 133
Loss on sale of property and equipment	7	–	7
Headline earnings	22 247	(2 107)	20 140
Number of ordinary shares in issue (000)	129 201	129 201	129 201
Weighted average number of ordinary shares in issue (000)	119 731	119 731	119 731
Diluted average number of ordinary shares in issue (000)	119 731	119 731	119 731
Basic earnings per share (cents)	18,57	(1,76)	16,81
Headline earnings per share (cents)	18,58	(1,76)	16,82
Diluted basic earnings per share (cents)	18,57	(1,76)	16,81
Diluted headline earnings per share (cents)	18,58	(1,76)	16,82

7. BUSINESS COMBINATIONS CONTINUED

7.2 Measurement period adjustment continued

Condensed consolidated statement of financial position

	As disclosed R'000	Adjustment R'000	Restated R'000
ASSETS			
Non-current assets	392 420	20 222	412 642
Property and equipment	31 698	–	31 698
Intangible assets	8 612	79 749	88 361
Goodwill	336 052	(59 527)	276 525
Deferred taxation asset	16 058	–	16 058
Current assets	208 111	–	208 111
Trade and other receivables	174 401	–	174 401
Inventory	130	–	130
Current tax receivable	6 345	–	6 345
Cash and cash equivalents	27 235	–	27 235
Total assets	600 531	20 222	620 753
EQUITY AND LIABILITIES			
Equity	287 596	(2 107)	285 489
Share capital	13	–	13
Share premium	128 820	–	128 820
Other capital reserves	36 000	–	36 000
Foreign currency translation reserve	1 832	–	1 832
Revaluation reserve	1 602	–	1 602
Retained earnings	119 329	(2 107)	117 222
Non-current liabilities	90 569	22 329	112 898
Interest-bearing borrowings	20 273	–	20 273
Financial liabilities	66 086	–	66 086
Deferred taxation liability	4 210	22 329	26 539
Current liabilities	222 366	–	222 366
Trade and other payables	45 792	–	45 792
Provisions	9 054	–	9 054
Deferred income	96 432	–	96 432
Current tax payable	9 498	–	9 498
Current portion of interest-bearing borrowings	26 139	–	26 139
Financial liabilities	35 451	–	35 451
Total equity and liabilities	600 531	20 222	620 753

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS CONTINUED

7. BUSINESS COMBINATIONS CONTINUED

7.2 Measurement period adjustment continued

The effect on 30 June 2015 Group results is as follows:

Condensed consolidated statement of profit or loss and other comprehensive income

	As disclosed R'000	Adjustment R'000	Restated R'000
Revenue	578 049	–	578 049
Turnover	575 324	–	575 324
Cost of sales	(299 109)	–	(299 109)
Gross profit	276 215	–	276 215
Administrative, selling and other costs	(182 398)	(7 317)	(189 715)
Sundry revenue	–	–	–
Profit from operations	93 817	(7 317)	86 500
Finance income	2 725	–	2 725
Finance costs	(11 247)	–	(11 247)
Share of profits of equity accounted investment after tax	168	–	168
Profit before taxation	85 463	(7 317)	78 146
Income tax expense	(27 516)	2 049	(25 467)
Profit for the period	57 947	(5 268)	52 679
Other comprehensive income			
Items that will not be reclassified to profit and loss	1 942	–	1 942
Revaluation of land and building	1 407	–	1 407
Income tax effect	535	–	535
Items that may be reclassified subsequently to profit and loss	530	–	530
Exchange differences arising from translation of foreign operations	530	–	530
Total comprehensive income	60 419	(5 268)	55 151
Headline earnings:			
Profit attributable to ordinary shareholders	57 947	(5 268)	52 679
(Profit)/loss on sale of property and equipment	(39)	–	(39)
Headline earnings	57 908	(5 268)	52 640
Number of ordinary shares in issue (000)	129 201	129 201	129 201
Weighted average number of ordinary shares in issue (000)	124 427	124 427	124 427
Diluted average number of ordinary shares in issue (000)	127 460	127 460	127 460
Basic earnings per share (cents)	46,57	(4,23)	42,34
Headline earnings per share (cents)	46,54	(4,23)	42,31
Diluted basic earnings per share (cents)	45,46	(4,13)	41,33
Diluted headline earnings per share (cents)	45,43	(4,13)	41,30

7. BUSINESS COMBINATIONS CONTINUED

7.2 Measurement period adjustment continued

Condensed consolidated statement of financial position

	As disclosed R'000	Adjustment R'000	Restated R'000
ASSETS			
Non-current assets	392 215	15 832	408 047
Property and equipment	31 706	–	31 706
Intangible assets	10 873	75 359	86 232
Goodwill	336 052	(59 527)	276 525
Equity accounted investment	168	–	168
Deferred taxation asset	13 416	–	13 416
Current assets	153 804	–	153 804
Trade and other receivables	112 112	–	112 112
Current tax receivable	12 720	–	12 720
Cash and cash equivalents	28 972	–	28 972
Total assets	546 019	15 832	561 851
EQUITY AND LIABILITIES			
Equity	326 362	(5 268)	321 094
Share capital	13	–	13
Share premium	128 820	–	128 820
Other capital reserves	26 595	–	26 595
Equity compensation reserve	530	–	530
Foreign currency translation reserve	2 419	–	2 419
Revaluation reserve	3 544	–	3 544
Retained earnings	164 441	(5 268)	159 173
Non-current liabilities	77 848	21 100	98 948
Interest-bearing borrowings	8 521	–	8 521
Financial liabilities	69 224	–	69 224
Deferred taxation liability	103	21 100	21 203
Current liabilities	141 809	–	141 809
Trade and other payables	33 615	–	33 615
Provisions	26 466	–	26 466
Deferred income	65 287	–	65 287
Current tax payable	619	–	619
Current portion of interest-bearing borrowings	15 822	–	15 822
Total equity and liabilities	546 019	15 832	561 851

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS CONTINUED

8. 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.

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 31 December 2015 and 31 December 2014, respectively:

	Education R'000	Manu- facturing R'000	Financial Services R'000	Energy R'000	Other R'000	Total R'000
Six months ended 31 December 2015						
Turnover	87 753	112 533	42 725	67 427	-	310 438
Segment profit from operations	15 032	16 456	6 004	18 479	(3 462)	52 509
Operating profit margin (%)	17	15	14	27	-	17
Six months ended 31 December 2014*						
Turnover	71 743	89 755	47 940	51 908	-	261 346
Segment profit from operations	12 052	11 547	6 581	11 593	(6 798)	34 975
Operating profit margin (%)	17	13	14	22	-	13

The following table presents segment assets and liabilities of the Group's operating segments as at 31 December 2015 and 31 December 2014, respectively:

	Education R'000	Manu- facturing R'000	Financial Services R'000	Energy R'000	Other R'000	Total R'000
Six months ended 31 December 2015						
Total assets	170 244	290 930	380 824	158 234	3 516	1 003 748
Total liabilities	130 306	104 987	120 006	15 268	230 584	601 151
Six months ended 31 December 2014*						
Total assets	142 208	216 564	129 653	129 717	2 612	620 754
Total liabilities	102 052	167 102	22 095	9 180	34 836	335 265

* Restated for measurement period adjustment, refer to note 7.2.

CORPORATE INFORMATION

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)

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*
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

Merchantec Capital
2nd Floor, North Wing
Hyde Park Corner Office Suites
Corner 6th Road and Jan Smuts Avenue
Hyde Park
Johannesburg
2196

CORPORATE BANKERS

The Standard Bank of South Africa Limited
ABSA Bank

LEGAL REPRESENTATIVES

Shepstone & Wylie
Read Hope Phillips Thomas Cadman Incorporated
Garlicke & Bousfield

ADAPT IT WEBSITE

www.adaptit.co.za

REGIONAL OFFICES

DURBAN

5 Rydall Vale Office Park
Rydall Vale Crescent
La Lucia Ridge
4019
KwaZulu-Natal

T +27 (0) 31 514 7300
F +27 (0) 86 602 8961

JOHANNESBURG

(Bryanston Office)
The Braes
Adapt IT House
193 Bryanston Drive
Bryanston
Johannesburg

T +27 (0) 11 460 5300
F +27 (0) 11 460 5301

(Illovo Office)
The Oval
West Block Ground Floor
Wanderers Office Park
52 Corlett Drive, Illovo
Johannesburg

T +27 (0) 11 460 5300
F +27 (0) 11 460 5301

PRETORIA

50 Bushbuck Lane
Monument Park
0181
Pretoria

T +27 (0) 12 425 5600
F +27 (0) 12 460 5377

CAPE TOWN

Great Westerford
3rd Floor
240 Main Road
Rondebosch
Cape Town

T +27 (0) 21 200 0480



www.adaptit.co.za