THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 5 of this Circular apply *mutatis mutandis* throughout this Circular.

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

1. If you have disposed of all of your Shares in Sebata, then this Circular, together with the attached notice of General Meeting and form of proxy should be forwarded to the purchaser to whom, or the broker, agent, CSDP or banker through whom you disposed of your Shares.
2. As a result of the impact of the COVID-19 pandemic and the restrictions placed on public gatherings, the General Meeting convened in terms of this Circular will be held at 10:00 on Wednesday, 15 July 2020 via electronic communication. Details in respect of the process for participation in the General Meeting are set out in the notice of General Meeting attached to this Circular.
3. **Certificated Shareholders and Dematerialised Shareholders with "own name" registration, who** are unable to attend the General Meeting and wish to be represented thereat, must complete and return the attached form of proxy in accordance with the instructions contained therein.

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

   - are unable to attend the General Meeting and wish to be represented thereat, must provide their CSDP or broker with their voting instructions, in terms of the Custody Agreement entered into between themselves and the CSDP or broker concerned, in the manner and within the time stipulated therein;
   - wish to attend the General Meeting, must instruct their CSDP or broker to issue them with the necessary letter of representation to attend, in the form of a letter of representation.
4. **Sebata does not accept any responsibility and will not be held liable for any failure on the part of any CSDP or broker of a Dematerialised Shareholder to notify such Shareholder of the General Meeting or any business to be concluded thereat**.

Sebata Holdings Limited

Incorporated in the Republic of South Africa
(Registration number 1998/003821/06)
Share code: SEB ISIN: ZAE000260493
("Sebata" or "the Company" or "the Group")

CIRCULAR TO SHAREHOLDERS OF SEBATA

regarding

– **the empowerment transaction relating to the section 112 disposal in terms of the Companies Act of the Software Group Companies, being the majority of Sebata's assets;**

and enclosing

– **the report prepared by the Independent Expert in terms of section 114(3) of the Companies Act and regulation 110(1) of the Takeover Regulations;**

– **a copy of sections 115 and 164 of the Companies Act;**

– **a notice convening the General Meeting; and**

– **a form of proxy for use by Certificated Shareholders of Sebata and "own name" registered Dematerialised Shareholders only.**

Corporate Advisor and Sponsor	Independent Expert	Independent Reporting Accountants and Auditors to Sebata
Merchantec capital	PSG CAPITAL	Nexia SAB&T accountants | auditors | consultants

Date of issue: 15 June 2020

Additional copies of this Circular, in its printed format, may be obtained from the registered office of the Company and the Sponsor at the addresses set out in the "Corporate information" section of this Circular during normal business hours from Monday, 15 June 2020 up to and including, Wednesday, 15 July 2020 subject to the lockdown restrictions imposed as a result of the COVID-19 pandemic, or on the Company's website at www.sebata.co.za. Copies of this Circular are available in the English language only.

CORPORATE INFORMATION

Sebata Holdings Limited
Date of incorporation: 2 March 1998
Place of incorporation: South Africa

Company Secretary and registered address of Sebata
Reegan Smith
Sebata House
66 Park Lane
Sandton, 2196
(Private Bag X9966, Sandton, 2146)

Corporate Advisor and Sponsor
Merchantec Capital
(Registration number 2008/027362/07)
13th Floor, Illovo Point
68 Melville Road
Illovo, Sandton, 2196
(PO Box 41480, Craighall, 2024)

Independent Expert
PSG Capital Proprietary Limited
(Registration number 2006/015817/07)
1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

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

Transfer secretaries
Singular Systems Proprietary Limited
(Registration number 2002/001492/07)
25 Scott Street
Waverley
Johannesburg, 2090
(PO Box 785261, Sandton, 2146)

FORWARD-LOOKING STATEMENT DISCLAIMER

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

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

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

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

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The definitions and interpretations commencing on page 5 of this Circular apply to this section.

IMPORTANT DATES AND TIMES

	2020
Record date to determine which Shareholders are entitled to receive the Circular	Friday, 5 June
Circular posted to Shareholders and announced on SENS on	Monday, 15 June
Last day to trade in respect of the General Meeting	Tuesday, 7 July
General Meeting record date	Friday, 10 July
Last day to lodge forms of proxy for the General Meeting by 10:00 on	Monday, 13 July
General Meeting to be held at 10:00 on	Wednesday, 15 July
Results of General Meeting released on SENS on	Wednesday, 15 July
Results of General Meeting published in the press on	Thursday, 16 July

Notes:

1. The above dates and times are subject to amendment. Any such amendment will be released on SENS.
2. Additional copies of this Circular in its printed format, may be obtained from the registered office of the Company and the Sponsor at the addresses set out in the "Corporate information" section of this Circular during normal business hours from Monday, 15 June 2020 up to and including, Wednesday, 15 July 2020 subject to the lockdown restrictions imposed as a result of the COVID-19 pandemic, or on the Company's website at http://sebataholdings.com.
3. Shareholders and their proxies must refer to the notes to the form of proxy and the paragraph entitled "Electronic Meeting" set out in the notice of General Meeting incorporated in this Circular with respect to the process relating to any form of proxy not delivered to the Transfer Secretaries by 10:00 on Monday, 13 July 2020.

DEFINITIONS AND INTERPRETATIONS

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

"Agreements"	collectively, the Sale of Shares Agreement and the Donation Agreement;
"Appraisal Rights"	the rights afforded to Shareholders under section 164 of the Companies Act, as set out in Annexure 14 to this Circular;
"BEE"	Broad-Based Black Economic Empowerment as defined in the Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), as amended;
"Board" or **"Directors"**	the board of directors of Sebata at the Last Practicable Date, whose details are set out in paragraph 9 of this Circular;
"Business Day"	any day other than a Saturday, Sunday or a public holiday in South Africa;
"Certificated Shareholder"	a Sebata Shareholder who holds Certificated Shares;
"Certificated Share"	a Sebata Share that has not been Dematerialised, title to which is evidenced by a Document of Title;
"Circular"	this bound document dated Monday, 15 June 2020, including the annexures hereto and incorporating a notice of General Meeting and a form of proxy;
"Closing Date"	the third Business Day after the last outstanding Suspensive Condition to the Disposal is fulfilled or waived, as the case may be;
"Companies Act"	the Companies Act, 2008 (Act 71 of 2008), as amended;
"Court"	any South African court with competent jurisdiction to approve the implementation of the special resolution set out in the notice convening the General Meeting pursuant to section 115 of the Companies Act and/or to determine the fair value of Shares and make an order pursuant to section 164(14) of the Companies Act;
"COVID-19"	the name given by the World Health Organisation on 11 February 2020 for the disease caused by the coronavirus SARS-CoV-2. COVID-19 is the acronym that stands for **co**rona**vi**rus **d**isease of 20**19**;
"CSDP"	a Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act, appointed by an individual shareholder for the purposes of, and in regard to dematerialisation;
"Custody Agreement"	the agreement which regulates the relationship between the CSDP or broker and each beneficial holder of dematerialised shares;
"Dematerialisation"	the process by which Certificated Shares are converted into electronic format as Dematerialised Shares and recorded in Sebata's Uncertificated Securities Register;
"Dematerialised Shareholder"	a Sebata Shareholder who holds Dematerialised Shares;
"Dematerialised Share"	a Sebata Share that has been Dematerialised or has been issued in Dematerialised form, and recorded in Sebata's Uncertificated Securities Register;

"Disposal"	the disposal by Sebata of 55% of the total issued share capital in each of the companies that collectively comprise the Software Group Companies to Inzalo;
"Dissenting Shareholders"	Shareholders who (i) validly exercise their Appraisal Rights by demanding, in accordance with the requirements of sections 164(5) to 164(8) of the Companies Act, that the Company pay them the fair value of all of their Shares; (ii) do not withdraw that demand before the Company makes an offer to them in accordance with the requirements of section 164(11) of the Companies Act; and (iii) do not, after an offer is made to them by Sebata in accordance with the requirements of section 164(11) of the Companies Act, allow such offer to lapse;
"Documents of Title"	share certificates, certified transfer deeds, balance receipts and/or any other form of acceptable documents of title acceptable to Sebata in respect of Sebata Shares;
"Donation"	the donation by Sebata of 5% of the total issued share capital in each of the companies that collectively comprise the Software Group Companies to Inzalo;
"Donation Agreement"	the donation of shares agreement entered into between Sebata and Inzalo on 24 February 2020, in terms of which the Donation is governed;
"Donation Shares"	5% of the total issued share capital in each of the companies that collectively comprise the Software Group Companies;
"EBITDA"	earnings before interest, taxes, depreciation and amortisation;
"Effective Date"	the effective date of the Transaction, being 1 February 2020;
"Excluded Dissenting Shareholders"	Dissenting Shareholders who accept an offer made to them by the Company in accordance with the requirements of section 164(11) of the Companies Act or who, pursuant to an order of Court, tender their Shares to the Company pursuant to section 164(15)(c)(v) of the Companies Act;
"Financial Markets Act"	Financial Markets Act, 2012 (Act 19 of 2012), as amended;
"General Meeting"	the general meeting of Sebata Shareholders to be held at 10:00 on Wednesday, 15 July 2020 via electronic communication, which meeting is convened in terms of the notice of General Meeting attached to this Circular;
"ICT"	Information and Communication Technology;
"IFRS"	International Financial Reporting Standards;
"Independent Board"	those members of the Board who have been appointed to fulfill the role of an "independent board", as contemplated in regulation 108 of the Takeover Regulations, consisting of Siphiwe Nodwele (Chairperson), Don Passmore, Ross Lewin and Deborah Di Siena, all of whom are independent as contemplated in regulation 108(8) of the Takeover Regulations;
"Independent Expert"	PSG Capital Proprietary Limited (Registration number 2006/015817/07), a private company duly incorporated in accordance with the laws of South Africa and appointed to provide external advice to the Independent Board in relation to the Transaction in accordance with the requirements of section 114(3) of the Companies Act and regulation 110(1) of the Takeover Regulations;

"Inzalo" or **"the Purchaser"**	Inzalo Capital Holdings Proprietary Limited (Registration number 2019/199492/07), a private company duly registered and incorporated in accordance with the laws of South Africa, the directors of which are Sihle Lloyd Ndlovu and Sbonelo Trinity Mazibuko, and the shareholders of which are Sihle Lloyd Ndlovu and his spouse (50%) and Sbonelo Trinity Mazibuko and his spouse (50%);
"JSE"	JSE Limited (Registration number 2005/022939/06), a public company duly incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act;
"Last Practicable Date"	Friday, 5 June 2020, being the last practicable date prior to the finalisation of this Circular;
"Listings Requirements"	the Listings Requirements of the JSE, as amended from time to time by the JSE;
"MAPS"	MICROmega Accounting and Professional Services Proprietary Limited (Registration number 1989/001017/07), a private company duly registered and incorporated in accordance with the laws of South Africa and a wholly-owned Subsidiary of Sebata;
"Merchantec Capital" or **"Sponsor"**	Merchantec Proprietary Limited (Registration number 2008/027362/07), a private company duly registered and incorporated under the laws of South Africa;
"Panel"	the Takeover Regulation Panel established in accordance with section 196 of the Companies Act;
"Purchase Price"	the purchase price of R501.9 million for the Sale Shares payable in cash subject to the aggregate achievement by the Software Group Companies of the EBITDA targets set out in paragraph 3.3.1.1 of this Circular;
"Rand" or **"R"**	South African Rand, the official currency of South Africa;
"R-Data"	R-Data Proprietary Limited (Registration number 1998/019111/07), a private company duly registered and incorporated in accordance with the laws of South Africa and a wholly-owned Subsidiary of Sebata;
"Register"	Sebata's securities register, including the Uncertificated Securities Register;
"Sale of Shares Agreement"	the sale of shares agreement entered into between Inzalo and Sebata on 24 February 2020 in terms of which the Disposal is governed;
"Sale Shares"	55% of the total issued share capital in each of the companies that collectively comprise the Software Group Companies;
"Sebata" or **"the Company"**	Sebata Holdings Limited (Registration number 1998/003821/06), a public company duly registered and incorporated in accordance with the laws of South Africa and listed on the main board of the JSE;
"Sebata Municipal Solutions"	Sebata Municipal Solutions Proprietary Limited (Registration number 1994/000005/07), a private company duly registered and incorporated in accordance with the laws of South Africa and a wholly-owned Subsidiary of Sebata;
"Sebata Shareholders" or **"Shareholders"**	holders of Sebata Shares;
"Sebata Shares" or **"Shares"**	ordinary shares currently with a par value of one cent each in the issued share capital of Sebata;
"SENS"	the Stock Exchange News Service;
"Signature Date"	the date of signature of the Agreements, being 24 February 2020;

"Software Group Companies"	collectively, Sebata Municipal Solutions, R-Data and MAPS;
"South Africa"	the Republic of South Africa;
"Strate"	the settlement and clearing system used by the JSE, managed by Strate Proprietary Limited (Registration number 1998/022242/07), a private company duly incorporated in accordance with the laws of South Africa and which company is a registered Central Securities Depository in terms of the Financial Markets Act;
"Subsidiary"	a subsidiary as defined in the Companies Act;
"Suspensive Conditions"	the suspensive conditions to the Transaction as set out in paragraph 3.3.2 of this Circular;
"Takeover Regulations"	the regulations published in terms of section 120 of the Companies Act;
"Transaction"	collectively, the Disposal and the Donation;
"Transfer Secretaries"	Singular Systems Proprietary Limited (Registration number 2002/001492/07), a private company duly incorporated in accordance with the laws of South Africa;
"Uncertificated Securities Register"	the record of Dematerialised Shares administered and maintained by a CSDP and which forms part of the Register; and
"VAT"	value added tax, levied in terms of the provisions of the Value-Added Tax Act, 1991 (Act 89 of 1991), as amended.

Sebata Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 1998/003821/06)
Share code: SEB ISIN: ZAE000260493
("Sebata" or "the Company" or "the Group")

Directors

Executive
I G Morris *(Chief Executive Officer)*
P van Eeden *(Financial Director)*
C A King *(Executive Director)*

Non-executive
D A Di Siena *(Chairperson)**
K Moses
T W Hamill
R C Lewin*
P H Duvenhage
D Passmore*
S Nodwele*

**Independent*

CIRCULAR TO SEBATA SHAREHOLDERS

1. INTRODUCTION

On 25 February 2020, it was announced on SENS that Sebata had entered into the Agreements with Inzalo for the disposal of 55%, and donation of 5%, of the total issued share capital in each of the Software Group Companies, comprising Sebata Municipal Solutions, R-Data and MAPS, to Inzalo in order to find a solution to the Software Group Companies' empowerment challenge. The Transaction constitutes a category 1 transaction in terms of section 9.5(b) of the Listings Requirements and a proposal to dispose of all or the greater part of the assets of Sebata in terms of section 112 of the Companies Act.

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

2. NATURE OF THE BUSINESS OF SEBATA

Sebata is an ICT company, listed on the main board of the JSE, with four key divisions, namely software solutions, water technologies, consulting and ICT support services. These are primarily focused on smart city technologies and support.

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

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

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

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

3. THE TRANSACTION

3.1 Nature of the businesses of the Software Group Companies

3.1.1 Sebata Municipal Solutions is a leading provider of enterprise management systems, integrated technology solutions and multi-disciplinary professional services, focusing on servicing municipalities and the provincial governments. Sebata Municipal Solutions' flagship product, SebataEMS was developed specifically to meet the requirements set out by National Treasury through its municipal standard chart of accounts (mSCOA) financial reporting framework and provides for full integration across the various required modules. Through its team of innovative and solutions-driven professionals, who are all specialists in their respective fields, Sebata Municipal Solutions' services extend to numerous local government institutions and public utilities.

3.1.2 R-Data specialises in providing public sector accounting system solutions throughout Southern Africa mainly through the development and subsequent enhancement of the PROMUN accounting system. This system-based solution is supplemented by system implementation, system training, system development and database design, carried out by R-Data's highly-skilled technical and support personnel. R-Data's consistent and market-leading delivery on these support functions, along with the robust and comprehensive nature of the development of the PROMUN system, has ensured long-term and valued relationships with its clients.

3.1.3 MAPS is an accredited training office, focusing on the upskilling and education of prospective accounting students as they complete their studies. MAPS, through its relationship with Sebata Municipal Solutions, facilitates the provision of key experiences to its candidates through secondments to municipalities as trainee accountants. MAPS holds accreditations from the South African Institute of Professional Accountants (SAIPA), the Chartered Institute of Management Accountants (CIMA) and the South African Institute of Chartered Accountants (SAICA) with a level 1 SAICA status. MAPS is one of few companies that holds accreditations with all three of these accounting bodies.

3.2 Rationale for the Transaction

The Software Group Companies are presently experiencing significant difficulty in attracting new customers and retaining existing customers as a result of their unacceptable empowerment status. As sole shareholder, Sebata wishes to find a solution to the Software Group Companies' empowerment challenge. However, this must be done in a manner that protects the value of the Software Group Companies for Sebata while recognising that it will not be possible at this time for Sebata to dispose of the Software Group Companies at their perceived economic value. It is considered that a transaction with Inzalo is the best solution as it will allow the Software Group Companies to immediately achieve an appropriate empowerment rating with a considerable immediate uplift in profitability. This Transaction is predicated upon an immediate improvement in profitability and offers Inzalo protection in the event that this does not materialise, as described in paragraph 3.3.1.5 below.

Over the last six months, Sebata has entered into two transactions with Inzalo namely, the disposal of 60% of the "Water Group" comprising of USC Metering Proprietary Limited ("**USC**") and Amanzi Meters Proprietary Limited ("**Amanz**i"), which disposal was approved by Shareholders of Sebata in January 2020, and the disposal of 100% of Inzalo Utility Management Services Proprietary Limited ("**UMS**") to USC Metering Proprietary Limited. All of the aforementioned businesses had encountered the same challenge of increasing their respective empowerment statuses to an acceptable level in order to operate within the public sector environment. Ultimately the Board has identified that Inzalo is best placed as the majority owner to take these businesses, including the Software Group Companies, forward.

3.3 **The Transaction**

3.3.1 **Consideration**

3.3.1.1 The purchase price of R501.9 million for the Sale Shares ("**Purchase Price**") is payable in cash on the aggregate achievement by the Software Group Companies of:

3.3.1.1.1 EBITDA of R35 million for the 12-month period beginning at the Effective Date, based on the finalised management accounts of the Software Group Companies for the period in question.

3.3.1.1.2 EBITDA of R45 million for the 12-month period beginning the day after the 12-month period set out in paragraph 3.3.1.1.1 above.

3.3.1.1.3 In the event that the EBITDA for the period set out in paragraph 3.3.1.1.1 above is not achieved, the shortfall which is not achieved will be added onto the requirements of paragraph 3.3.1.1.2 above, thereby increasing the required target for this period accordingly.

3.3.1.2 Achievement of the targets set out in paragraph 3.3.1.1 above and full settlement of the Purchase Price will constitute full settlement of the payment obligations in respect of the Sale Shares.

3.3.1.3 The Purchaser will have the right at any time to make accelerated payments in full or in part of the Purchase Price prior to the achievement of the EBITDA targets referred to in paragraph 3.3.1.1 above.

3.3.1.4 All dividends received by the Purchaser, through its ownership of the Sale Shares post the Effective Date, will be appropriated to the settlement of the Purchase Price until the Purchase Price has been fully settled.

3.3.1.4.1 In the event that the Software Group Companies fail to achieve the EBITDA targets set out in paragraph 3.3.1.1 above and the Transaction is terminated as envisaged in paragraph 3.3.1.5 below, any dividends appropriated by the Purchaser to the Company in terms of paragraph 3.3.1.4 above prior to such termination, will not be returned to the Purchaser.

3.3.1.5 In the event that the EBITDA targets set out in paragraph 3.3.1.1.1 and 3.3.1.1.2 above are not achieved, the Transaction will be terminated with neither party having any claim against the other in respect of the Agreements.

3.3.1.6 The Purchase Price will be payable in full by no later than 31 March 2022.

3.3.2 **Suspensive conditions to the Transaction**

3.3.2.1 The Disposal is subject to the fulfilment of the following suspensive conditions by no later than 31 July 2020, or such later date as the parties may agree in writing prior thereto:

3.3.2.1.1 Sebata obtaining the approval of the Transaction by the Board and Sebata Shareholders;

3.3.2.1.2 Inzalo obtaining the approval of the Transaction by the board and shareholders of Inzalo;

3.3.2.1.3 such statutory and regulatory approvals including, *inter alia*, approval by the Panel and the JSE that may be required are obtained and to the extent that the approval of such authorities is conditional, the parties agreeing in writing to such conditions; and

3.3.2.1.4 the execution by and between both parties of shareholder's agreements in respect of each Software Group Company.

3.3.2.2 Save for the approval of the Transaction by Sebata Shareholders which approval cannot be waived the conditions set out in paragraph 3.3.2.1 above are stipulated for the benefit of the Company which may in writing, on or before the day of fulfilment of such conditions, waive, where possible, any of such conditions.

3.3.2.3 Notwithstanding the provisions of paragraph 3.3.1 above, on full satisfaction of the conditions, as set out in paragraph 3.3.2.1 above, the documents of title will be held as a form of surety by the appointed lawyers of Sebata against full satisfaction of the payment obligations of Inzalo.

3.3.2.4 If the conditions referred to in paragraph 3.3.2.1 above are not fulfilled on or before the date referred to therein (and fulfilment thereof is not waived), the Sale of Shares Agreement will be of no further force and effect and, *inter alia*, to the extent that such agreement may have been partially implemented the parties will be restored to their status quo ante, except insofar as provided for in such agreement.

3.3.3 **Application of the sale proceeds**

It is intended that the majority of the net proceeds of the Transaction will be distributed to Sebata Shareholders as a dividend.

3.3.4 **The Donation**

3.3.4.1 In terms of the Donation Agreement, Sebata as the donor, will donate the Donation Shares to Inzalo. The Donation is made concurrently with the execution of the Sale of Shares Agreement in respect of the Disposal. The Donation Shares will be transferred to Inzalo as follows:

3.3.4.1.1 on the Effective Date, the documents of title in respect of 50% of the Donation Shares; and

3.3.4.1.2 on 1 February 2021, the documents of title in respect of remaining 50% of the Donation Shares.

3.3.4.1.2.1 In the event that the EBITDA targets set out in paragraph 3.3.1.1 above are not achieved, Sebata will purchase the Donation Shares from Inzalo for a consideration calculated as the difference between the net asset value per share of the Donation Shares at the Effective Date, and the net asset value per share of the Donation Shares at 31 January 2022, as evidenced by the management accounts.

3.3.4.1.2.2 In the event that the EBITDA targets set out in paragraph 3.3.1.1 above are not achieved and the difference between the net asset value per share of the Donation Shares at the Effective Date and the net asset value per share of the Donation Shares at 31 January 2022, as evidenced by the management accounts, is a negative value, the consideration payable by Sebata to Inzalo for the Donation Shares will be the par value of the Donation Shares.

3.3.5 **Rationale for the Donation**

The Donation Agreement is contingent on the Sale of Shares Agreement and in substance, the two agreements should be seen as one. The rationale for the Donation is to achieve BEE compliance from the first day of the Transaction, the Shares that are donated are unencumbered and deliver value to the new shareholders on day one.

3.3.6 **Effective Date**

The effective date of the Transaction is 1 February 2020.

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

The table below sets out the *pro forma* financial information of the Transaction on the Group results of Sebata for the six months ended 30 September 2019.

The *pro forma* financial information has been prepared to illustrate the impact of the Transaction had the Transaction occurred on 1 April 2019 for purposes of the statement of comprehensive income ("**SoCI**") and on 30 September 2019 for purposes of the statement of financial position ("**SoFP**").

The *pro forma* financial information has been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the audited Group results of Sebata for the year ended 31 March 2019. The *pro forma* financial information has been presented in accordance with the Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants and ISAE 3420: Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Circular.

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

The *pro forma* financial information should be read in conjunction with the Independent Reporting Accountants' assurance report thereon contained in Annexure 3.

	Before the Transaction[1]	***Pro forma* after the Transaction**[2]	**% Change**
Basic earnings per Share (cents)	(107.28)	614.17	672.49%
Headline earnings per Share (cents)	(48.87)	(111.26)	(127.67)
Net asset value per Share (cents)	558.79	1 083.05	93.82
Tangible net asset value per Share (cents)	149.95	1 034.10	589.62
Weighted average number of Shares in issue (millions)	113 130	113 130	–
Total number of Shares in issue (millions)	113 128	113 128	–

Notes:

1. Extracted from the reviewed Group results of Sebata for the six months ended 30 September 2019.
2. The "*Pro forma* after the Transaction" column reflects the unaudited *pro forma* financial effects of the Transaction on Sebata as if it had occurred on 1 April 2019 for statement of comprehensive income ("**SoCI**") purposes and on 30 September 2019 for statement of financial position purposes ("**SoFP**"), and are based on the following principle assumptions:
   - 3.1 The financial effects of the Water Group transaction (USC Metering Proprietary Limited and Amanzi Meters Proprietary Limited) have been included in the *pro forma* financial effects. The Water Group does not form part of the transaction under consideration. However, the disposal of the Water Group was approved in by Shareholders in January 2020 and is a material post balance-sheet transaction and is required to be included in the *pro forma* financial information. For the full information related to this transaction please refer to the circular distributed to Shareholders in December 2019;
   - 3.2 Profit on disposal of R2.6 million has been recognised after disposing of the net assets of UMS to the value of R14.7 million and derecognising goodwill to the value of R25.6 million;
   - 2.1 Profit on disposal of R410.3 million has been recognised after disposing of the net assets of Sebata Municipal Solutions to the value of R178.4 million, derecognising goodwill to the value of R11.6 million and recognising the fair value of the retained investment in Sebata Municipal Solutions of R252.8 million;
   - 2.2 Profit on disposal of R61.7 million has been recognised after disposing of the net assets of R-Data to the value of R24.1 million, derecognising goodwill to the value of R9.8 million and recognising the fair value of the retained investment in R-Data of R40.3 million;
   - 2.3 Profit on disposal of R19.4 million has been recognised after disposing of the net assets of MAPS to the value of (R5.3) million and recognising the fair value of the retained investment in MAPS of R5.9 million;
   - 2.4 Transaction costs of R2.2 million have been expensed;
   - 2.5 Interest is earned on the present value of the proceeds at the prime interest rate;
   - 2.6 Share based payment expense has been recognised in admin expenses for the Donation Shares;
   - 2.7 The applicable legislated tax rates utilised for South Africa for income tax purposes is 28% and capital gains tax is 22.4%;
   - 2.8 The proceeds have been recognised in other financial assets, as a loan receivable from the purchasers;
   - 2.9 Goodwill attributed to the acquisition of UMS to the value of R25.6 million is derecognised;
   - 2.10 Goodwill attributed to the acquisition of Sebata Municipal Solutions to the value of R11.6 million is derecognised;
   - 2.11 Goodwill attributed to the acquisition of R-Data to the value of R9.8 million is derecognised;
   - 2.12 It is assumed for the purposes of the *pro forma* financial effects that the profit targets set in the sale agreements will be met and have resulted in the recognition of proceeds on disposal at its respective present values in other financial assets;
   - 2.13 The balance of the investment in Sebata Municipal Solutions has been recognised at fair value of R252.8 million;
   - 2.14 The balance of the investment in R-Data has been recognised at fair value of R40.3 million; and
   - 2.15 The balance of the investment in MAPS has been recognised at fair value of R5.9 million.

5. **SHARE CAPITAL OF SEBATA**

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

	R'000
Authorised	
200 000 000 ordinary shares of 1 cent each	2 000
Issued	
113 127 757 ordinary shares of 1 cent each	1 131
Share premium	283 932
Total issued share capital	**285 063**

Sebata holds 1 787 332 Shares in treasury.

6. **PROSPECTS**

As stated in paragraph 3.3.3 above, the Board presently intends to declare a dividend of the majority of the net proceeds to Shareholders once the proceeds of the Transaction have been received. Furthermore, with the improved empowerment credentials of the businesses, the Board expects to see a significant increase in the earnings capabilities of these businesses. Post implementation, and in addition to the controlling interest (55%) in Freshmark Systems Proprietary Limited which offers technology project management, system design, software development, technology support, training, web services and related services for fresh producers, traders and retailers, Sebata will still have a reasonable spread of direct interests in the majority of its assets and the right to actively participate in the management thereof, whether by voting or through other rights which give it influence in the decisions relating to the assets. Sebata will still hold a 40% interest in the Software Group Companies, and a 40% interest in the Water Technologies Group of Companies, maintaining board representation and management involvement in the reduced investments of the Software and Water Technologies Group of Companies to ensure that the businesses are run in accordance with the best interests of the respective shareholders. The business landscape post COVID-19 has changed dramatically and there still remains a fair amount of uncertainty around how businesses will continue to be impacted by this pandemic. With the uncertainty surrounding the business environment, the Board presently intends on re-investing these improved earnings from these assets offshore to grow the current investment base within the United Kingdom. The Board remains committed to delivering value back to the Shareholders.

7. **IRREVOCABLE LETTERS OF UNDERTAKING**

To date, irrevocable undertakings to vote in favour of the Transaction have been received from certain Sebata Shareholders holding in aggregate 90 506 137 Sebata Shares, representing 80.00% of the voting rights at the General Meeting or any adjournment thereof. The following Sebata Shareholders have provided irrevocable undertakings to vote the stated number of Sebata Shares in favour of the Transaction:

Shareholder	**Date of irrevocable undertaking**	**Shares subject to undertaking**	**Percentage holding (%)**
Laird Investments (Pty) Limited	20 March 2020	76 397 757	67.53%
Kamberg Investment Holdings (Pty) Limited	20 March 2020	10 733 180	9.49%
Seratrix (Pty) Limited	20 March 2020	3 375 200	2.98%
		90 506 137	**80.00%**

8. **MAJOR SHAREHOLDERS**

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

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

Shareholder	Number of Shares	Percentage shareholding (%)
Laird Investments (Pty) Limited	76 397 757	67.53%
Total	**76 397 757**	**67.53%**

9. **DIRECTORS OF SEBATA**

9.1 **Directors' information**

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

Directors of Sebata	Capacity
I G Morris	Chief Executive Officer
P van Eeden	Financial Director
C A King	Executive Director
D A Di Siena	Independent Non-executive Chairperson
K Moses	Non-executive Director
T W Hamill	Non-executive Director
R C Lewin	Independent Non-executive Director
P H Duvenhage	Non-executive Director
D Passmore	Independent Non-executive Director
S Nodwele	Independent Non-executive Director

9.2 **Directors' interests**

At the Last Practicable Date, the Directors held, directly or indirectly, beneficial interests in 11 527 218 Shares in Sebata, representing approximately 10.19% of the total issued share capital of Sebata, net of treasury Shares, being 113 127 757 Sebata Shares. The direct and indirect beneficial interests of members of the Board are as follows:

	Beneficial			
Director	**Direct**	**Indirect**	**Total Shares**	**Total %**
Executive				
I G Morris	–	10 773 180	10 773 180	9.34
P van Eeden	–	–	–	–
C A King	111 196	–	111 196	0.1
Non-executive				
D A Di Siena	–	–	–	–
K Moses	–	–	–	–
T W Hamill	1 500	–	1 500	0.00
R C Lewin	–	641 342	641 342	0.56
P H Duvenhage	–	–	–	–
D Passmore	–	–	–	–
S Nodwele	–	–	–	–
	112 696	**11 414 522**	**11 527 218**	**10.19**

Notes:

1. There has been no change in the aforementioned interests of the Directors, between the financial year ended 31 March 2020 and the Last Practicable Date.
2. The Directors' interests will not change as a result of the Transaction.

9.3 **Former Directors' interests**

At the Last Practicable Date, no Directors holding beneficial interests in Shares in Sebata, directly or indirectly, had resigned during the last 18 months.

9.4 **Directors' interests in transactions**

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

9.5 **Directors' emoluments**

9.5.1 Shareholders are referred to Note 30 of the audited annual financial statements of the Company for the year ended 31 March 2019, which can be found on the Company's website at http://www.sebataholdings.com/wp-content/uploads/Annual%20consolidated%20 financial%20statements.pdf. There will be no change in the remuneration of any of the Directors as a consequence of the Transaction.

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

9.5.2.1 fees for services as a Director;

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

9.5.2.3 basic salaries;

9.5.2.4 bonuses and performance-related payments;

9.5.2.5 sums paid by way of expense allowance;

9.5.2.6 any other material benefits received;

9.5.2.7 contributions paid under any pension scheme;

9.5.2.8 any commission, gain or profit-sharing arrangements;

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

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

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

9.6 **Directors' service contracts**

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

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

10. MATERIAL CONTRACTS

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

10.1.1 On 6 May 2019, Sebata acquired the balance of the minority interest of 17% in USC from Emfuleni Trust for a consideration of R20 million.

10.1.2 On 1 May 2019, Sebata disposed of its 50% holding in Mubesko Africa Proprietary Limited ("**Mubesko**") to Mubesko for a consideration of R43.1 million.

10.1.3 On 22 January 2020, Shareholders approved the sale and donation of 55% and 5% respectively, of USC and Amanzi to Inzalo.

10.1.4 On 1 Febuary 2020, Sebata disposed of 100% of its investment in Inzalo-Utility Management Services to USC for a consideration of R43.1 million.

10.1.5 On 1 April 2020, Sebata disposed of its 73.2% holdings in Nerdworks Proprietary Limited and Turrito Networks Proprietary Limited to Growth Capital Partners Proprietary Limited for a consideration of R24.1 million.

10.2 There have been no acquisitions of material assets by the Software Group Companies during the three years prior to the date of this Circular.

11. MATERIAL LOANS

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

Lender	Security	Amount Rand	Terms	Rate
Laird Investments (Pty) Ltd	Unsecured	27 910 646	Loan granted 28 April 2019, no set repayment date	Prime
Kamberg (Pty) Ltd	Unsecured	6 110 764	Loan granted 19 July 2019, no set repayment date	Prime

The aforementioned loans, which arose in the ordinary course of business, were used to fund further investment into IP development and working capital funding.

12. MATERIAL CHANGES

Save for the effects of the Transaction which have been disclosed in the *pro forma* financial information set out in paragraph 4 above and in Annexure 2 to the Circular and the material contracts that have been entered into after 30 September 2019 set out in paragraph 10 above, at the Last Practicable Date, there have been no material changes in the financial or trading position of the Company since the reported financial information of the Group for the six months ended 30 September 2019.

13. WORKING CAPITAL STATEMENT

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

- the Group, as impacted by the Transaction, will in the ordinary course of business be able to pay its debts;
- the assets of the Group, as impacted by the Transaction, fairly valued, will be in excess of its liabilities. For this purpose the assets and liabilities are recognised and measured in accordance with the accounting policies applied to the latest audited financial results;
- the share capital and reserves of the Group, as impacted by the Transaction, will be adequate for ordinary business purposes; and
- the working capital of the Group, as impacted by the Transaction, will be adequate for ordinary business purposes.

14. LITIGATION STATEMENT

The Board reports that Sebata is currently engaged in legal and arbitration with the purchaser of the NOSA Group of companies. The dispute relates to the final purchase price, the dispute value is R29 million and this has been disclosed in the audited annual financial statements for the year ended 31 March 2019.

Other than the matter noted above, there are no legal or arbitration proceedings, pending or threatened, of which Sebata is aware, that may have or have had, in the 12-month period preceding the date of this Circular, a material effect on the financial position of the Group.

15. OPINIONS AND RECOMMENDATION

15.1 Appointment of an Independent Expert

The Independent Board has appointed the Independent Expert, an independent advisor who meets the requirements set out in section 114(2) of the Companies Act, to provide an independent professional expert's opinion regarding the Transaction and to make appropriate recommendations to the Independent Board in the form of a fair and reasonable opinion as contemplated in section 114(3) of the Companies Act and regulation 110(1) of the Takeover Regulations.

15.2 Report of the Independent Expert

The Independent Expert has, as contemplated in regulation 110(3) of the Takeover Regulations, performed a valuation on the Sale Shares and the Donation Shares.

The report of the Independent Expert also includes the items required by section 114(3) of the Companies Act.

Taking into consideration the terms and conditions of the Transaction, the Independent Expert is of the opinion that the Transaction and the Purchase Price are, in its opinion fair and reasonable to Sebata Shareholders.

Shareholders are referred to Annexure 1 to this Circular, which sets out the full text of the report of the Independent Expert regarding the Transaction.

15.3 Opinion of the Independent Board

The Independent Board, after due consideration of the report of the Independent Expert regarding the Transaction, and in accordance with its responsibilities in terms of regulation 110 of the Takeover Regulations, has formed a view of the range of the fair value of the Sale Shares and the Donation Shares, which accords with the valuation range contained in the Independent Expert's opinion.

The Independent Board, taking into account the report of the Independent Expert regarding the Transaction, has considered the terms and conditions thereof, and the members of the Independent Board are unanimously of the opinion that the terms and conditions of the Transaction and the Purchase Price are fair and reasonable to Sebata Shareholders and, accordingly, recommend that Shareholders vote in favour of the Transaction.

15.4 Voting of Directors

The Directors who holds Sebata Shares intend to vote such Shares in favour of the Transaction.

16. ADDITIONAL DISCLOSURE REQUIRED BY THE PANEL

16.1 Irrevocable undertakings

Sebata has, as set out in paragraph 7 above, obtained irrevocable undertakings from Shareholders to vote their Sebata Shares in favour of the Transaction.

16.2 No set-off

The total Purchase Price will be settled in full in accordance with the terms of the Agreements without regard to any lien, right of set-off, counterclaim or other analogous right to which the Purchaser may otherwise be, or claim to be, entitled against the Company.

16.3 Special arrangements, undertakings or agreements

Save for the Agreements, there are no arrangements, undertakings or agreements between the Company and the Purchaser and persons acting in concert with either of them in relation to the Transaction.

There are further no agreements, arrangements or understanding between the Purchaser or any person acting in concert with them and any of the Directors, or any persons who were Directors of the Company in the 12 months preceding the Agreements or with Sebata Shareholders or persons who were Shareholders in the 12 months preceding the Agreements, which has any connection with or dependence upon the Transaction.

17. RESPONSIBILITY STATEMENTS

17.1 Responsibility statement of the Independent Board

The Independent Board accepts responsibility for the information contained in this Circular and certify that, to the best of their knowledge and belief, the information contained in this Circular is true and that nothing has been omitted which is likely to affect the import of the information contained herein.

17.2 Responsibilty statement of the Directors

The Directors, whose names are given in paragraph 9.1 above, collectively and individually, accept full responsibility for the accuracy of the information contained in this Circular and certify that, to the best of their knowledge and belief, the information contained in this Circular is true and that nothing has been omitted which is likely to affect the import of the information contained herein or make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the Circular contains all information required by the Listings Requirements.

18. EXPERTS' CONSENTS

The Corporate Adviser and Sponsor, the Independent Expert, the Independent Reporting Accountants and Auditors and the Transfer Secretaries have consented in writing to act in the capacities stated and to their names being stated in this Circular and, where applicable, to the inclusion of their reports in the form and context in which they have been reproduced in this Circular in Annexures 1, 3, 4, 5 and 6 and have not, prior to the Last Practicable Date, withdrawn their consents prior to publication of this Circular.

19. COSTS

The total costs relating to the Transaction, which amounts to approximately R2 217 105 excluding VAT, are set out in the table below:

	Estimated amount R
Merchantec Capital – Corporate Adviser to Sebata	450 000
Merchantec Capital – Sponsor to Sebata	700 000
PSG Capital – Independent Expert	105 000
Nexia SAB&T – Reporting accountants	510 000
JSE – Documentation inspection fee	53 405
Panel – Documentation inspection fee	148 700
Ince – Printing and postage fees	150 000
Contingencies	100 000
Total	**2 217 105**

20. FINANCIAL INFORMATION INCORPORATED BY REFERENCE

In accordance with sections 11.61 and 11.62 of the Listings Requirements, the audited annual financial statements of the Company for the year ended 31 March 2019 and the reviewed financial results for the six months ended 30 September 2019 can be accessed on the Company's website, at:

– http://www.sebataholdings.com/wpcontent/uploads/Annual%20consolidated%20financial%20statements.pdf; and

– https://sebataholdings.com/wp-content/uploads/Sebata-Holdings-Interim-Results-Final-231219.pdf;

respectively and are also available for inspection as set out in paragraph 21 below.

21. **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, will be available for inspection at the registered office of Sebata and the office of the Sponsor which addresses are set out in the "Corporate information" section of the Circular, during normal business hours from Monday, 15 June 2020 up to and including Wednesday, 15 July 2020 subject to the lockdown restrictions imposed as a result of the COVID-19 pandemic, or on the Company's website at www.sebata.co.za, as the case may be:

- the Memorandum of Incorporation of the Company and its major Subsidiaries;
- a copy of the Sale of Shares Agreement;
- a copy of the Donation Agreement;
- copies of the irrevocable letters of undertaking referred to in paragraph 7 above;
- the agreements in respect of the material contracts and material loans referred to in paragraphs 10 and 11 above, respectively;
- the written consent letters referred to in paragraph 18 above;
- the opinion of the Independent Expert, the text of which is included as Annexure 1 to this Circular;
- the signed independent reporting accountant's limited assurance report on the compilation of *pro forma* financial information used in a circular of Sebata, the text of which is included as Annexure 3 to this Circular;
- the signed independent reporting accountant's report on the historical financial information of Sebata Municipal Solutions for the three financial years ended 31 March 2019, 31 March 2018, 31 March 2017 and the six months ended 30 September 2019, the text of which is included as Annexure 4, to this Circular;
- the signed independent reporting accountant's report on the historical financial information of R-Data for the three financial years ended 31 March 2019, 31 March 2018, 31 March 2017 and the six months ended 30 September 2019, the text of which is included as Annexure 5, to this Circular;
- the signed independent reporting accountant's report on the historical financial information of MAPS for the three financial years ended 31 March 2019, 31 March 2018, 31 March 2017 and the six months ended 30 September 2019, the text of which is included as Annexure 6, to this Circular;
- the audited annual financial statements of Sebata for the three financial years ended 31 March 2019, 31 March 2018, 31 March 2017 and the six months ended 30 September 2019; and
- a signed copy of this Circular.

22. **GENERAL MEETING**

A General Meeting of Sebata Shareholders will be held at 10:00 on Wednesday, 15 July 2020 via electronic communication, in order to consider and approve, with or without modification, the resolutions set out in the notice of General Meeting included in this Circular.

A notice convening the General Meeting and a form of proxy for use by Certificated Shareholders and Dematerialised Shareholders with "own name" registration who are unable to attend the General Meeting, form part of this Circular. This notice sets out the process required to be followed for participation in the General Meeting.

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

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

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

SIGNED ON BEHALF OF THE INDEPENDENT BOARD

S Nodwele
Chairperson
15 June 2020

SIGNED ON BEHALF OF THE SEBATA BOARD

I G Morris
Chief Executive Officer
15 June 2020

OPINION OF THE INDEPENDENT EXPERT

"9 June 2020

The Independent Board of Directors
Sebata Holdings Limited ("**Sebata**", the "**Client**" or the "**Company**")
Sebata House
66 Park Lane
Sandton
2196

Dear Sirs,

INDEPENDENT EXPERTS REPORT IN RESPECT OF THE EMPOWERMENT TRANSACTION RELATING TO THE SECTION 112 DISPOSAL OF THE SOFTWARE GROUP COMPANIES

1. **Introduction**

As announced on SENS on 25 February 2020, Sebata has entered into a Sale of Shares Agreement and a Donation Agreement ("**Agreements**") with Inzalo Capital Holdings Proprietary Limited ("**Inzalo**" or "**the Purchaser**"), for:

– the disposal of 55% of the total issued share capital in each of the companies that collectively comprise the "Software Group Companies" ("**Sale Shares**") to Inzalo ("**Disposal**"); and
– the donation of 5% of the total issued share capital in each of the companies that collectively comprise the "Software Group Companies" ("**Donation Shares**") to Inzalo ("**Donation**"),

collectively referred to hereinafter as the "**Transaction**".

The "Software Group Companies" comprise Sebata Municipal Solutions Proprietary Limited ("**Sebata Municipal Solutions**"), R-Data Proprietary Limited ("**R-Data**") and MICROmega Accounting and Professional Services Proprietary Limited ("**MAPS**"), which are all wholly owned subsidiaries of the Company.

The effective date of the Transaction is 1 February 2020 ("**Effective Date**"), with the purchase price of the Sale Shares of R501.9 million ("**Purchase Price**") being payable in full by no later than 31 March 2022. The circular to Sebata shareholders ("**Circular**"), of which this opinion forms part of, references the remaining applicable terms and conditions of the Transaction.

We refer to our appointment as independent professional expert to Sebata to provide a fair and reasonable opinion on the Transaction.

The Transaction constitutes a Category 1 transaction in terms of section 9.5(b) of the Listings Requirements of the JSE ("**Listings Requirements**") and a proposal to dispose of all or the greater part of the assets of Sebata in terms of section 112 of the Companies Act, 2008 (Act 71 of 2008), as amended ("**Companies Act**").

Accordingly, the Sebata board of independent directors (the "**Independent Board**") must retain an independent expert to compile a report on the terms and conditions of the Transaction and opine as to the fair and reasonableness in respect of the Transaction as a Section 112 Disposal, in terms of Regulation 90 of the Companies Regulations (the "**Regulations**") (the "**Opinion**").

2. **Scope**

PSG Capital Proprietary Limited ("**PSG Capital**") has been appointed by the Independent Board as the independent expert to advise, in accordance with the Companies Act on whether the terms and conditions of the Transaction are fair and reasonable as far as Sebata shareholders are concerned.

3. **Responsibility**

Compliance with the Companies Act is the responsibility of the Independent Board. PSG Capital's responsibility is to report on the terms and conditions of the Transaction as they relate to Sebata shareholders.

We confirm that our Opinion has been provided to the Independent Board, and that it will be distributed to shareholders in connection with the Transaction. We understand that the results of our work will be used by the Independent Board to satisfy the requirements of the Companies Act.

4. **Definition of the terms "fair" and "reasonable"**

A transaction will generally be considered fair to a company's shareholders if the benefits received by shareholders, as a result of a corporate action, are equal to or greater than the value surrendered by a company.

The assessment of fairness is primarily based on quantitative considerations. The Transaction may be considered fair if the Purchase Price is equal or higher than the value attributable to the Software Group of Companies interest being disposed of.

In terms of the Companies Regulations, a transaction will be considered reasonable if the value received by the shareholders in terms of the corporate action is higher than the market price of the company's securities at the time that the corporate action was announced, if same is applicable. In addition, the assessment of reasonableness is also based on qualitative considerations surrounding a transaction. Even though the consideration may differ from the market value of the assets being acquired, a transaction may still be reasonable after considering other significant qualitative factors.

We have applied the aforementioned principles in preparing our Opinion. This fair and reasonable opinion does not purport to cater for an individual shareholder's position but rather the general body of shareholders subject to the Transaction. A shareholder's decision regarding fair and reasonableness of the terms of the Transaction may be influenced by their particular circumstances (for example taxation and the original price paid for the shares).

5. **Sources of information**

In the course of our valuation analysis, we relied upon financial and other information, including prospective financial information, obtained from Sebata management ("**Management**") and from various public, financial and industry sources. Our conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in formalising our Opinion include:

- The audited annual financial statements of the Software Group Companies for the financial years ended 31 March 2017 to 31 March 2019;
- Management accounts for the periods ending 31 March 2017 to 29 February 2020;
- The Software Group Companies budget and forecast for the years ending 31 March 2020 to 31 March 2025, including forecasted material contracts that may be received given the improved empowerment level of the Software Group Companies ("**Potential Material Contracts**");
- The Transaction agreements entered into between the various parties ("**Transaction Agreements**");
- Other financial and non-financial information provided by Management;
- Discussions with Management, including directors of the Board regarding the financial information relating to prevailing market, economic, legal and other conditions which may affect the underlying value and the rationale for the Transaction;
- Publicly available information relating to the Software Group Companies that we deemed to be relevant; and
- Publicly available information relating to the industry in which the Software Group Companies operates that we deemed relevant, including company announcements, analysts' reports and media articles.

6. **Assumptions**

We have arrived at our Opinion based on the following assumptions:

- That the terms and conditions of the Transaction are legally enforceable and suspensive conditions to the Transaction, as set out in the Transaction Agreements, will be duly fulfilled;
- That reasonable reliance can be placed on the financial information provided;
- The current economic, regulatory and market conditions will not change materially;
- That the Software Group Companies are not involved in any material legal proceedings;
- That the Software Group Companies have no material outstanding disputes with any regulatory body, including the South African Revenue Service;
- There are no undisclosed contingencies that could affect the value of the relevant securities;
- The structure of the Transaction will not give rise to any undisclosed tax liabilities; and
- Reliance can be placed on the representations made by Management during the course of forming this Opinion.

7. **Appropriateness and reasonableness of underlying information and assumptions**

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our Opinion by:

- Considering the historical trends of provided information and assumptions;
- Comparing and corroborating such information and assumptions with external sources of information, if such information is available; and
- Determining the extent to which representations from Management and other industry experts were confirmed by documentary evidence as well as our understanding of the Software Group Companies and the economic environment in which it operates.

8. **Procedures**

In arriving at our Opinion, we relied upon financial and other information, obtained from Management together with industry-related and other information in the public domain. Our conclusion is dependent on such information being accurate in all material respects.

In arriving at our Opinion, we have, *inter alia,* undertaken the following procedures in reporting on the Transaction:

- Reviewed and analysed the aforementioned financial information;
- Reviewed the terms and conditions of the Transaction Agreements;
- Reviewed the reasonableness of the information made available by and from discussions held with Management, such as, *inter alia*:
  - the rationale for the Transaction;
  - the likelihood and probability of Potential Material Contracts being received by the Software Group Companies;
  - the events leading up to the Transaction;
  - the current market conditions relating to the Software Group Companies; and
  - such other matters as we considered necessary;
- Where relevant, corroborated representations made by Management to source documents;
- Calculated the present value of the Purchase Price at the Company's (assuming that the Purchase Price will be paid in full on 31 March 2022);
- Reviewed certain publicly available information relating to Sebata and the Software Group Companies that we have deemed relevant;
- Obtained letters of representation from Management asserting that we have been provided with all relevant material information and that no material information was omitted and that all such information provided to us is accurate in all material respects; and
- Considered other relevant facts and information relevant to concluding this Opinion.

9. **Valuation approach**

In considering the Transaction, PSG Capital performed an independent valuation of the Software Group Companies.

For the purposes of our valuation we have applied the discounted cash flow valuation method as our primary valuation methodology and valued the Software Group Companies as a going-concern on a non-marketable basis. We furthermore applied a market multiple approach as a secondary valuation approach.

Key external and internal value drivers identified in the valuation of the Software Group Companies include, *inter alia*:

- revenue growth, EBITDA margins, net profit/loss margins, expected growth rates in revenue and EBITDA, additional value attributable to the Potential Material Contracts, capital expenditure requirements, working capital requirements and the optimal weighted average cost of capital.

The key value drivers as set out above are influenced by various factors, including, *inter alia*:

- the growth opportunities in the industry in which the Software Group Companies operate; and
- the ability of the Software Group Companies to achieve the forecasted revenue and EBITDA growth.

Sensitivity analyses were conducted, where practical, utilising key value drivers, which included, *inter alia*:

- a variance range of 0.5% in the discount rate applied and a 0.5 variance range in the exit multiple applied in the DCF, which analysis resulted in a variation range on the calculated value of the Software Group Companies of 1.6% and 9.6% respectively; and
- the additional value forecasted to be realised through securement of Potential Material Contracts, which is estimated to add between R177.6 million and R204.6 million value to the Software Group Companies.

10. **Opinion**

We have considered the terms and conditions of the Transaction as set out in the Transaction Agreements, and based on the aforementioned, we are of the opinion, subject to the limiting conditions as set out below, that the indicative market value of the Sale Shares and Donation Shares combined, including the additional value attributable to the Potential Material Contracts, amounts to between R305.2 million and R382.4 million, with the likely core value of R343.3 million being the midpoint of the value range, compared to the present value of the Purchase Price equating to R370.9 million.

In considering the values listed above, Sebata shareholders should take particular notice of the following factors:

i) The actual market value achieved in a specific transaction may be higher or lower than our estimate of the market value depending upon the circumstances of the transaction (for example strategic considerations of the purchaser) and the nature of the business (for example the purchaser's perception of potential synergies); and

ii) The above market value represents a standalone valuation of the Software Group Companies under current management and improved strategies and business plans as a result of increased opportunities through an improved empowerment status.

We considered the terms of conditions of the Transaction and, based upon and subject to the conditions set out herein, are of the opinion that the Transaction is fair and reasonable to Sebata shareholders.

11. **Limiting conditions**

This Opinion is provided to the Independent Board in connection with and for the purpose of the Transaction, for the sole purpose of assisting the Independent Board in forming and expressing an opinion for the benefit of Sebata shareholders. This Opinion is prepared solely for the Independent Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights.

The forecasted probabilities relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently, this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely actual results will correspond to those forecasts by Management.

We relied upon the accuracy of the information used by us in deriving our Opinion, albeit that, where practicable, we have corroborated the reasonableness of such information and assumptions through, amongst other things, reference to historic precedent and our knowledge and understanding. Whilst our work has involved an analysis of the annual financial statements and other information provided to us, our engagement does not constitute, nor does it include an audit conducted in accordance with applicable auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us in respect of the Transaction.

The Opinion expressed is necessarily based upon information available to us, the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us as at the date hereof. We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals required in connection with the Transaction have been or will be properly fulfilled. Subsequent developments may affect our Opinion; however, we are under no obligation to update, revise or re-affirm such.

12. **Sections 115 and 164 of the Companies Act**

Sections 115 and 164 of the Companies Act have been included as Annexures 13 and 14, respectively to the Circular.

13. **Material interest of Sebata Directors**

The effective interests of Sebata directors, who hold Sebata shares before the Transaction, are set out in paragraph 9.2 of the Circular.

14. **Independence and additional regulatory disclosures**

We confirm that PSG Capital holds no shares in Sebata, directly or indirectly. We have no interest, direct or indirect, beneficial or non-beneficial, and to the best of our knowledge, we are not related to a person who has or has had such interest in Sebata within the immediately preceding two years or in the outcome of the Transaction.

The directors, partners, officers and employees of PSG Capital allocated to this assignment have the necessary qualifications, expertise and competencies to (i) understand the Transaction; (ii) evaluate the consequences of the Transaction; and (iii) assess the effect of the Transaction on the value of the shares and on the rights and interests of Sebata shareholders, or a creditor of Sebata and are able to express opinions, exercise judgement and make decisions impartially in carrying out this assignment.

Furthermore, we confirm that our professional fee for the Opinion is R105 000 (excluding VAT), payable in cash, and is not contingent on the outcome of the Transaction.

15. **Consent**

We hereby consent to the inclusion of this Opinion and references thereto, in whole or in part, in the form and context in which they appear to be included in any required regulatory announcement or documentation regarding the Transaction.

Yours faithfully

RIAAN VAN HEERDEN

PSG CAPITAL PROPRIETARY LIMITED
1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)”

PRO FORMA FINANCIAL INFORMATION OF SEBATA

Basis of Preparation

The tables below set out the *pro forma* financial information of the Transaction on the reviewed Group results of Sebata for the six months ended 30 September 2019.

The *pro forma* financial information has been prepared to illustrate the impact of the Transaction had the Transaction occurred on 1 April 2019 for purposes of the *pro forma* statement of comprehensive income ("**SoCI**") and on 30 September 2019 for purposes of the *pro forma* statement of financial position ("**SoFP**").

The *pro forma* financial information has been prepared using accounting policies that comply with International Financial Reporting Standards ("**IFRS**") and that are consistent with those applied in the audited results of Sebata for the year ended 31 March 2019, with the exception of the application of IFRS 16: Leases which has been implemented with effect from 1 April 2019. The *pro forma* financial information has been presented in accordance with the Johannesburg Stock Exchange Limited ("**JSE**") Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants ("**SAICA**").

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

The *pro forma* financial information presented below does not purport to be indicative of the financial results and effects of the Transaction if they had been implemented on a different date.

The *pro forma* financial information has been prepared based on the assumptions indicated in this Annexure. The *pro forma* financial information should be read in conjunction with the Independent Reporting Accountants' assurance report thereon contained in Annexure 3.

Pro forma Statement of Profit and Loss for the six months ended 30 September 2019

Figures in R'000	Before the Disposal Note 1	Financial Information for Water Group Note 2	Disposal of Water Group Note 3	Financial Information for UMS Note 4	Adjustments UMS Note 5	Sub-total Before the Software Transaction	Financial Information for Sebata Municipal Solutions Note 6	Disposal of partial interest in Sebata Municipal Solutions Note 7	Financial Information for R-Data Note 8	Disposal of partial interest in R-Data Note 9	Financial Information for MAPS Note 10	Disposal of partial interest in MAPS Note 11	Financial information after Disposal
Revenue	261 213	–	–	(51 184)	132	210 162	(119 411)	895	(16 614)	–	(2 217)	–	72 815
Cost of sales	(115 155)	–	–	27 858	(508)	(87 805)	50 020	(11 283)	1 632	(775)	3 470	–	(44 741)
Gross profit	146 058	–	–	(23 325)	(376)	122 357	(69 391)	(10 388)	(14 982)	(775)	1 252	–	28 074
Other net income/(expenses)	578	–	481 548	(160)	2 644	484 610	(53)	410 328	(33)	61 795	(23)	19 426	976 050
Administration expenses	(282 319)	–	(17 658)	22 300	–	(277 677)	127 773	(18 018)	11 605	(2 521)	12 902	(372)	(146 308)
Distribution expenses	(2 248)	–	–	707	–	(1 541)	1 268	–	10	–	36	–	(227)
Operating profit	(137 931)	–	463 890	(478)	2 268	327 749	59 596	381 922	(3 401)	58 500	14 168	19 054	857 589
Finance income	3 270	–	15 916	(61)	2 150	21 275	–	17 381	(170)	2 938	–	410	41 834
Finance costs	(6 314)	–	–	886	(224)	(5 652)	1 233	(47)	1	–	–	–	(4 465)
Share of profit in investments accounted for using the equity method	1 081	–	6 594	–	(226)	7 449	–	(24 807)	–	1 054	–	(4 097)	(20 401)
(Loss)/profit before taxation	(139 894)	–	486 400	347	3 968	350 822	60 829	374 449	(3 570)	62 492	14 168	15 367	874 558
Tax expense	3 453	–	(65 212)	217	(2 500)	(64 041)	(17 081)	(81 656)	934	(11 504)	(3 926)	(1 064)	(178 338)
(Loss)/profit for the year from continuing operations	(136 441)	–	421 188	565	1 468	286 780	43 748	292 793	(2 635)	50 989	10 242	14 303	696 220
Profit for the year from discontinued operations	17 393	(17 393)	–	–	–	–	–	–	–	–	–	–	–
(Loss)/profit for the year	(119 048)	(17 393)	421 188	565	1 468	286 780	43 748	292 793	(2 635)	50 989	10 242	14 303	696 220

Figures in R'000	Before the Disposal Note 1	Financial Information for Water Group Note 2	Disposal of Water Group Note 3	Financial Information for UMS Note 4	Adjustments UMS Note 5	Sub-total Before the Software Transaction	Financial Information for Sebata Municipal Solutions Note 6	Disposal of partial interest in Sebata Municipal Solutions Note 7	Financial Information for R-Data Note 8	Disposal of partial interest in R-Data Note 9	Financial Information for MAPS Note 10	Disposal of partial interest in MAPS Note 11	Financial information after Disposal
Profit for the year attributable to:													
Owners of the parent – continuing operations	(137 849)	–	421 188	565	1 468	285 372	43 748	292 793	(2 635)	50 989	10 242	14 303	694 812
Non-controlling interests – continuing operations	1 407	–	–	–	–	1 407.00	–	–	–	–	–	–	1 407
Owners of the parent – discontinued operations	16 485	(16 485)	–	–	–	–	–	–	–	–	–	–	–
Non-controlling interests – discontinued operations	909	(909)	–	–	–	–	–	–	–	–	–	–	–
	(119 048)	(17 394)	421 188	565	1 468	286 779	43 748	292 793	(2 635)	50 989	10 242	14 303	696 219
Earnings per share (cents)													
Basic	(107.28)												614.17
Continuing	(121.85)												614.17
Discontinued	14.57												–
Diluted Basic	(107.20)												613.74
Continuing	(121.76)												613.74
Discontinued	14.56												–
Headline	(48.87)												(111.26)
Continuing	(63.44)												(111.26)
Discontinued	14.57												–
Diluted headline	(48.84)												(111.18)
Continuing	(63.40)												(111.18)
Discontinued	14.56												–
Issued third party shares	113 127 757												113 127 757
WANOS	113 130 068												113 130 068
Diluted WANOS	113 208 812												113 208 812
NAV per Share	558.79												1 083.05
Tangible NAV per share	149.95												1 034.10

Reconciliation of Headline Earnings (Net of Tax) for continuing operations

Figures in R'000	Before the Disposal Note 1	Financial Information for Water Group Note 2	Disposal of Water Group Note 3	Financial Information for UMS Note 4	Adjustments UMS Note 5	Sub-total Before the Software Transaction	Financial Information for Sebata Municipal Solutions Note 6	Disposal of partial interest in Sebata Municipal Solutions Note 7	Financial Information for R-Data Note 8	Disposal of partial interest in R-Data Note 9	Financial Information for MAPS Note 10	Disposal of partial interest in MAPS Note 11	Financial information after Disposal
Profit attributable to owners of the parent	(137 849)	–	421 188	565	1 468	285 372	43 748	292 793	(2 635)	50 989	10 242	14 303	694 812
Loss/(profit) on disposal of property, plant and equipment	(137)	–	–	48	–	(89)	17	–	–	–	–	–	(72)
Loss/(profit) on disposal of investments in subsidiaries and businesses	(994)	–	(416 337)	–	(149)	(417 48)	–	(333 539)	–	(51 114)	–	(18 477)	(820 610)
Impairment of Intangible Asset	67 205	–	–	–		67 205	(67 205)	–	–	–	–		–
Headline Earnings	(71 775)	–	4 852	613	1 319	(64 991)	(23 440)	(40 745)	(2 635)	(125)	10 242	(4 174)	(125 870)

Reconciliation of Headline Earnings (Net of Tax) for discontinued operations

Profit attributable to owners of the parent	16 485	(16 485)	–	–	–	–	–	–	–	–	–	–	–
Loss/(profit) on disposal of property, plant and equipment	–	–	–	–	–	–	–	–	–	–	–		–
Loss/(profit) on disposal of investments in subsidiaries and businesses	–	–	–	–	–	–	–	–	–	–	–	–	–
Headline Earnings	16 485	(16 485)	–	–	–	–	–	–	–	–	–	–	–

Notes to the *Pro forma* Statement of Profit and Loss:

1. The figures included in the "Before Disposal" column have been extracted without adjustment from the reviewed condensed consolidated results of Sebata for the six months ended 30 September 2019.
2. The financial information for the Water Group (USC Metering Proprietary Limited and Amanzi Meters Proprietary Limited) has been extracted from the results of the Water Group for the six months ended 30 September 2019. The Water Group does not form part of the transaction under consideration. However, the disposal of the Water Group was approved in by Shareholders in January 2020 and is a material post balance-sheet transaction and is required to be included in the *pro forma* financial information. For the full information related to this transaction please refer to the circular distributed to Shareholders in December 2019.
3. The *pro forma* adjustments made to the Water Group financial information referred to in Note 2 above comprise adjustments based on the following principle assumptions:
   a. Profit on disposal of R481.5 million has been recognised after disposing of the net assets of the Water Group.
   b. Share based payment expense has been recognised in admin expenses for the Donation Shares that form part of this Transaction.
   c. The applicable legislated tax rates utilised for South Africa for income tax purposes is 28% and capital gains tax is 22.4%.
   d. All adjustments are expected to have a continuing effect, save for the transaction fees incurred for the implementation of the Transaction.
4. The financial information for UMS has been extracted from the results of UMS for the six months ended 30 September 2019. UMS does not form part of the transaction under consideration. However, the disposal of UMS is a material post balance-sheet transaction and is required to be included in the *pro forma* financial information.
5. The *pro forma* adjustments made to the UMS financial information referred to in Note 4 above comprise adjustments based on the following principle assumptions:
   a. Profit on disposal of R2.6 million has been recognised after disposing of the net assets of UMS to the value of R14.7 million and derecognising goodwill to the value of R25.6 million.
   b. Interest is earned at the prime interest rate, on the loan advanced to purchasers of UMS in to fund the purchase.
   c. The applicable legislated tax rates utilised for South Africa for income tax purposes is 28% and capital gains tax is 22.4%.
   d. Elimination of intercompany transactions related to intercompany sales and interest earned to the value of R0.6 million.
   e. All adjustments are expected to have a continuing effect, save for the transaction fees incurred for the implementation of the Transaction.
6. The financial information for Sebata Municipal Solutions has been extracted from the Historical Financial Information for Sebata Municipal Solutions presented in Annexure 8, for the six months ended 30 September 2019.
7. The *pro forma* adjustments made to the Sebata Municipal Solutions financial information referred to in Note 6 above comprise adjustments based on the following principle assumptions:
   a. Prior to this Transaction Sebata Municipal Solutions was controlled by Sebata and consolidated into the Group results, post the Transaction the investment in Sebata Municipal Solutions will be equity accounted. Thus, the share of losses from investments in associates of R24.8 million has been recognised.
   b. Profit on disposal of R410 million has been recognised after disposing of the net assets of Sebata Municipal Solutions to the value of R178.4 million, derecognising goodwill to the value of R11.6 million and recognising the fair value of the retained investment in Sebata Municipal Solutions of R252.8 million.
   c. The applicable legislated tax rates utilised for South Africa for income tax purposes is 28% and capital gains tax is 22.4%.
   d. Elimination of intercompany transactions related to intercompany sales and interest earned to the value of R1.4 million.
   e. Share-based payment expense has been recognised in admin expenses for the Donation Shares.
   f. Transaction costs of R2.2 million have been expensed and reflected in admin expenses.
   g. Interest is earned on the present value of the proceeds at the prime rate.
   h. All adjustments are expected to have a continuing effect, save for the transaction fees incurred for the implementation of the Transaction.
8. The financial information for R-Data has been extracted from the Historical Financial Information for R-data presented in Annexure 10, for the six months ended 30 September 2019.
9. The *pro forma* adjustments made to the R-Data financial information referred to in Note 8 above comprise adjustments based on the following principle assumptions:
   a. Prior to this Transaction R-Data was controlled by Sebata and consolidated into the Group results, post the Transaction the investment in R-Data will be equity accounted. Thus, the share of profits from investments in associates of R1 million has been recognised.
   b. Profit on disposal of R61.7 million has been recognised after disposing of the net assets of R-Data to the value of R24.1 million, derecognising goodwill to the value of R9.8 million and recognising the fair value of the retained investment in R-Data of R40.3 million.
   c. The applicable legislated tax rates utilised for South Africa for income tax purposes is 28% and capital gains tax is 22.4%.
   d. Elimination of intercompany transactions related to intercompany sales and interest earned to the value of R0.6 million.

e. Share-based payment expense has been recognised in admin expenses for the Donation Shares.

f. Interest is earned on the present value of the proceeds at the prime rate.

g. All adjustments are expected to have a continuing effect, save for the transaction fees incurred for the implementation of the Transaction.

10. The financial information for MAPS has been extracted from the Historical Financial Information for MAPS presented in Annexure 12, for the six months ended 30 September 2019.

11. The *pro forma* adjustments made to the MAPS financial information referred to in Note 10 above comprise adjustments based on the following principle assumptions:

    a. Prior to this Transaction MAPS was controlled by Sebata and consolidated into the Group results, post the Transaction the investment in MAPS will be equity accounted. Thus, the share of losses from investments in associates of R4 million has been recognised.

    b. Profit on disposal of R19.4 million has been recognised after disposing of the net assets of MAPS to the value of R5.3 million and recognising the fair value of the retained investment in MAPS of R5.9 million.

    c. The applicable legislated tax rates utilised for South Africa for income tax purposes is 28% and capital gains tax is 22.4%.

    d. Share-based payment expense has been recognised in admin expenses for the Donation Shares.

    e. Interest is earned on the present value of the proceeds at the prime rate.

    f. All adjustments are expected to have a continuing effect, save for the transaction fees incurred for the implementation of the Transaction.

Pro forma Statement of Financial Position as at 30 September 2019

Figures in R'000	Before the Disposal Note 1	Financial Informa-tion for Water Group Note 2	Disposal of Water Group Note 3	Financial Informa-tion for UMS Note 4	Disposal of UMS Note 5	Sub-total Before the Software Transac-tion	Financial Informa-tion for Sebata Municipal Solutions Note 6	Disposal of partial interest in Sebata Municipal Solutions Note 7	Financial Informa-tion for R-Data Note 8	Disposal of partial interest in R-Data Note 9	Financial Informa-tion for MAPS Note 10	Disposal of partial interest in MAPS Note 11	Financial informa-tion after Disposal
Assets													
Non-current assets													
Property, plant and equipment	45 981	–	–	(4 764)	–	41 217	(14 941)	–	(532)	–	–	–	25 744
Intangible assets	462 521	–	–	–	(25 656)	436 865	(338 080)	(11 663)	(21 850)	(9 886)	–	–	55 385
Other financial assets	–	–	318 327	–	43 000	361 327	(11 298)	347 617	–	55 451	–	8 194	761 291
Investments in associates	20 783	–	267 534	–	–	288 317	–	252 812	–	40 328	–	5 959	587 416
Deferred tax assets	15 857	–	–	(2 238)	–	13 619	–	–	–	–	(5 749)	–	7 870
	545 142	–	585 861	(7 001)	17 344	1 141 346	(364 319)	588 765	(22 382)	85 893	(5 749)	14 153	1 437 707
Current assets													
Inventories	6 264	–	–	(71)	–	6 192	(2 117)	–	–	–	–	–	4 076
Current tax	5 477	–	–	(70)	–	5 407	–	–	(372)	–	(672)	–	4 363
Other financial assets	35 142	–	–	–	–	35 142	–	–	(8 732)	8 732	–	–	35 142
Trade and other receivables	191 316	–	–	(24 113)	149	167 352	(111 932)	74	(6 880)	–	(206)	–	48 408
Cash and cash equivalents	18 234	–	–	(1 391)	–	16 843	–	–	(16)	–	(42)	–	16 785
	256 433	–	–	(25 646)	149	230 937	(114 049)	74	(16 001)	8 732	(920)	–	108 773
Assets held for sale	218 599	(218 599)	–	–	–	–	–	–	–	–	–	–	–
Total assets	1 020 174	(218 599)	585 861	(32 647)	17 493	1 372 282	(478 369)	588 839	(38 382)	94 625	(6 670)	14 153	1 546 480

Figures in R'000	Before the Disposal Note 1	Financial Information for Water Group Note 2	Disposal of Water Group Note 3	Financial Information for UMS Note 4	Disposal of UMS Note 5	Sub-total Before the Software Transaction	Financial Information for Sebata Municipal Solutions Note 6	Disposal of partial interest in Sebata Municipal Solutions Note 7	Financial Information for R-Data Note 8	Disposal of partial interest in R-Data Note 9	Financial Information for MAPS Note 10	Disposal of partial interest in MAPS Note 11	Financial information after Disposal
Equity and liabilities													
Equity													
Issued capital	285 063	–	–	–	–	285 063	–	–	–	–	–	–	285 063
Other reserves	8 465	–	–	(482)	–	7 983	–	–	–	–	–	–	7 983
Retained earnings	338 634	(163 377)	525 106	(14 218)	7 261	693 407	(197 156)	362 844	(24 098)	83 944	5 273	8 000	932 215
	632 162	(163 377)	525 106	(14 700)	7 261	986 453	(197 156)	362 844	(24 098)	83 944	5 273	8 000	1 225 261
Non-controlling interest	(1 713)	–	–	–	–	(1 713)	–	–	–	–			(1 713)
Non-current liabilities													
Other financial liabilities	12 987	–	–	–	–	12 987	(1 021)	–	–	–	–	–	11 966
Deferred tax liabilities	81 812	–	60 755	–	–	142 567	(56 618)	76 789	(889)	10 681	–	949	173 479
	94 799	–	60 755	–	–	155 554	(57 639)	76 789	(889)	10 681	–	949	185 446
Current liabilities													
Trade and other payables	102 974	–	–	(8 131)	227	95 070	(34 748)	152	(13 395)	–	(6 739)	–	40 340
Current tax	42 174	–	–	–	2 494	44 668	–		–	–	–	–	44 668
Other financial liabilities	68 393	–	–	(9 816)	7 510	66 087	(170 220)	149 054	–	–	(5 204)	5 204	44 921
Deferred vendor payments	7 059	–	–	–		7 059	–		–	–	–	–	7 059
Bank overdraft	19 104	–	–	–		19 104	(18 606)		–	–	–	–	498
	704	–	–	(17 947)	10 231	231 988	(223 574)	149 206	(13 395)	–	(11 943)	5 204	137 487
Liabilities directly associated with assets held for sale	55 222	(55 222)	–	–	–	–	–	–	–	–	–	–	–
Total equity and liabilities	1 020 174	(218 599)	585 861	(32 647)	17 493	1 372 282	(478 369)	588 839	(38 382)	94 625	(6 670)	14 153	1 546 480

Notes to the Statement of Financial Position:

1. The figures included in the "Before Disposal" column have been extracted without adjustment from the reviewed condensed consolidated results of Sebata for the six months ended 30 September 2019.
2. The financial information for the Water Group (USC Metering Proprietary Limited and Amanzi Meters Proprietary Limited) has been extracted from the results of the Water Group for the six months ended 30 September 2019. The Water Group does not form part of the transaction under consideration. However, the disposal of the Water Group was approved in by Shareholders in January 2020 and is a material post balance-sheet transaction and is required to be included in the *pro forma* financial information. For the full information related to this transaction please refer to the circular distributed to Shareholders in December 2019.
3. The *pro forma* adjustments for the financial information of Water Group referenced in Note 2 above comprise adjustments based on the following principle assumptions:
   a. The proceeds have been recognised in Other financial assets, at the present value of the deferred purchase consideration.
   b. The balance of the investment has been recognised at fair value.
   c. The applicable legislated tax rates utilised for South Africa for income tax purposes is 28% and capital gains tax is 22.4%.
4. The financial information for UMS has been extracted from the results of UMS for the six months ended 30 September 2019. UMS does not form part of the transaction under consideration. However, the disposal of UMS is a material post balance-sheet transaction and is required to be included in the *pro forma* financial information.
5. The *pro forma* adjustments for the financial information of UMS referenced in Note 4 above comprise adjustments based on the following principle assumptions:
   a. The proceeds have been recognised in Other financial assets, as a loan to the purchasers.
   b. Goodwill attributed to the acquisition of UMS to the value of R25.6 million is derecognised.
   c. The applicable legislated tax rates utilised for South Africa for income tax purposes is 28% and capital gains tax is 22.4%.
6. The financial information for Sebata Municipal Solutions has been extracted from the Historical Financial Information for Sebata Municipal Solutions presented in Annexure 8, for the six months ended 30 September 2019.
7. The *pro forma* adjustments include both the sale of shares and donation agreements, for the financial information of Sebata Municipal Solutions referenced in Note 6 above comprise adjustments based on the following principle assumptions:
   a. Prior to this Transaction Sebata Municipal Solutions was controlled by Sebata and consolidated into the Group results, post the Transaction Sebata Municipal Solutions will be an investment in an associate and equity accounted. The disposal and donation shares are seen as part of the same transaction as the Donation Shares are contingent on the Sales Shares.
   b. It is assumed for the purposes of the *pro forma* financial effects that the profit targets set in the Agreements will be met and have recognised the present value of the proceeds in other financial assets.
   c. Goodwill recognised at acquisition of Sebata Municipal Solutions to the value of R11.6 million is derecognised.
   d. The balance of the investment in Sebata Municipal Solutions has been recognised at a fair value of R252.8 million.
   e. The applicable legislated tax rates utilised for South Africa for income tax purposes is 28% and capital gains tax is 22.4%.
8. The financial information for R-Data has been extracted from the Historical Financial Information for R-Data presented in Annexure 10, for the six months ended 30 September 2019.
9. The *pro forma* adjustments include both the sale of shares and donation agreements, for the financial information of R-Data referenced in Note 9 above comprise adjustments based on the following principle assumptions:
   a. Prior to this Transaction R-Data was controlled by Sebata and consolidated into the Group results, post the Transaction R-Data will be an investment in an associate and equity accounted. The disposal and donation shares are seen as part of the same transaction as the Donation Shares are contingent on the Sales Shares.
   b. It is assumed for the purposes of the *pro forma* financial effects that the profit targets set in the Agreements will be met and have recognised the present value of the proceeds in other financial assets.
   c. Goodwill recognised at acquisition of R-Data to the value of R9.8 million is derecognised.
   d. The balance of the investment in R-Data has been recognised at a fair value of R40.3 million.
   e. The applicable legislated tax rates utilised for South Africa for income tax purposes is 28% and capital gains tax is 22.4%.
10. The financial information for MAPS has been extracted from the Historical Financial Information for MAPS presented in Annexure 12, for the six months ended 30 September 2019.
11. The *pro forma* adjustments include both the sale of shares and donation agreements, for the financial information of MAPS referenced in Note 10 above comprise adjustments based on the following principle assumptions:
    a. Prior to this Transaction MAPS was controlled by Sebata and consolidated into the Group results, post the Transaction MAPS will be an investment in an associate and equity accounted. The disposal and donation shares are seen as part of the same transaction as the Donation Shares are contingent on the Sales Shares.
    b. It is assumed for the purposes of the *pro forma* financial effects that the profit targets set in the Agreements will be met and have recognised the present value of the proceeds in other financial assets.
    c. The balance of the investment in MAPS has been recognised at a fair value of R5.9 million.
    d. The applicable legislated tax rates utilised for South Africa for income tax purposes is 28% and capital gains tax is 22.4%.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN A CIRCULAR OF SEBATA

"The Directors
Sebata Holdings Limited
66 Park Lane
Sandton, 2196
Johannesburg

9 June 2020

Report on the Assurance Engagement on the Compilation of Pro Forma Financial information of Sebata Holdings Limited ("Sebata") Included in a Circular

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Sebata by the directors. The *pro forma* financial information, as set out in paragraph 4 and Annexure 2 of the Circular to be issued by Sebata on or about 15 June 2020 ("the Circular"), consists of the *pro forma* statement of financial position ("*Pro forma* SoFP") , the *pro forma* statement of profit or loss ("*Pro forma* SoPL") and related notes. The applicable criteria for the basis on which the directors have compiled the *pro forma* financial information are specified in the Johannesburg Stock Exchange Limited ("JSE") Listings Requirements and described in the Basis of Preparation paragraph of Annexure 2 of the Circular.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in paragraph 3 and Annexure 2, on Sebata's financial position as at 30 September 2019, and Sebata's financial performance for the six month period then ended, as if the corporate action or event had taken place at 1 April 2019 for the period then ended.

As part of this process, information about Sebata's financial position and financial performance has been extracted by the directors from Sebata's reviewed condensed consolidated interim financial results as referred to in paragraph 20 and Annexure 2 of the Circular, on which a review conclusion was issued on 30 April 2020.

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the Basis of Preparation paragraph of Annexure 2 of the Circular.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of Sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018) and parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes), which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively.

Nexia SAB&T applies the International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed.

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

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

The purpose of *pro forma* financial information included in a Circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of Sebata as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2019 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the *pro forma* financial information provide a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

– the related *pro forma* adjustments give appropriate effect to those criteria; and
– the *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of Sebata, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

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

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in the Basis of Preparation paragraph of Annexure 2 of the Circular.

Nexia SAB&T

Director: J. Engelbrecht
Registered Auditor and Reporting Accountant Specialist

119 Witch-Hazel Avenue
Highveld Technopark
Centurion"

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF SEBATA MUNICIPAL SOLUTIONS FOR THE THREE FINANCIAL YEARS ENDED 31 MARCH 2019, 31 MARCH 2018 AND 31 MARCH 2017 AND THE SIX MONTHS ENDED 30 SEPTEMBER 2019

"The Directors
Sebata Holdings Limited
66 Park Lane
Sandton, 2196
Johannesburg

9 June 2020

Dear Sir(s)/Madam(s)

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF SEBATA MUNICIPAL SOLUTIONS PROPRIETARY LIMITED ("SEBATA MUNICIPAL") INCLUDED IN THE CIRCULAR TO SEBATA HOLDINGS LIMITED ("SEBATA") SHAREHOLDERS

Introduction

At your request, and for the purpose of the Circular to be dated on or about 15 June 2020 ("the Circular"), we have:

– audited the historical financial information of Sebata Municipal in respect of the years ended 31 March 2019, 31 March 2018 and 31 March 2017 as presented in Annexure 7 of the Circular; and
– reviewed the historic interim financial information of Sebata Municipal in respect of the six month period ended 30 September 2019 as presented in Annexure 8 to the Circular.

The historical financial information includes the statement of financial position as at 31 March 2019, 31 March 2018 and 31 March 2017 and the related statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes, comprising a summary of significant accounting policies which is prepared in accordance with the International Financial Reporting Standards, statement of compliance and basis of preparation paragraph included in the historic financial information and the Johannesburg Stock Exchange Limited ("JSE") Listings Requirements.

The historical interim financial information includes the condensed statement of financial position as at 30 September 2019 and the related condensed statements of comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes which is prepared in accordance with with the basis of preparation paragraph included in the historic interim financial information and the Johannesburg Stock Exchange Limited ("JSE") Listings Requirements.

The directors of Sebata ("Directors") are responsible for the preparation of the historical financial information. The directors are responsible for the compilation, contents and preparation of the Circular which includes the historical financial information for the years ended 31 March 2019, 31 March 2018 and 31 March 2017 and the six months ended 30 September 2019 in accordance with the JSE Listings Requirements.

Independent Reporting Accountant's Audit Report on the historic financial information for the years ended 31 March 2019, 31 March 2018 and 31 March 2017

Opinion

We have audited the historic financial information of Sebata Municipal set out on Annexure 7 to the Circular, which comprise the statement of financial position as at 31 March 2019, 31 March 2018 and 31 March 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the years then ended, and notes to the historic financial information, including a summary of significant accounting policies.

In our opinion, the historic financial information present fairly, in all material respects, the financial position of the Company as at 31 March 2019, 31 March 2018 and 31 March 2017, and its financial performance and cash flows for the years then ended in accordance with the International Financial Reporting Standards, statement of compliance and basis of preparation paragraph included in the historic financial information and the JSE Limited Listings Requirements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Historic Financial Information for the years ended 31 March 2019, 31 March 2018 and 31 March 2017 section of our report. We are independent of the Company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Directors Responsibility for the Historical Financial Information

The directors are responsible for the preparation and fair presentation of the historic financial information for the years ended 31 March 2019, 31 March 2018 and 31 March 2017 in accordance with International Financial Reporting Standards, the statement of compliance and basis of preparation paragraph included in the historic financial information and the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of historic financial information that are free from material misstatement, whether due to fraud or error.

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

Independent Reporting Accountant's Responsibilities for the Audit of the historical financial information

Our objectives are to obtain reasonable assurance about whether the historic financial information for the years ended 31 March 2019, 31 March 2018 and 31 March 2017 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the historic financial information.

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

- Identify and assess the risks of material misstatement of the historic financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going-concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the historic financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern.
- Evaluate the overall presentation, structure and content of the historic financial information, including the disclosures, and whether the historic financial information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Independent Reporting Accountant's Review Report on the historic interim financial information for the six months ended 30 September 2019

We have reviewed the historic interim financial information of Sebata Municipal, set out on Annexure 8 to the Circular, which comprise the statement of financial position as at 30 September 2019 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes.

Director's Responsibility for the historic interim financial information

The directors are responsible for the preparation and fair presentation of the historic interim financial information in accordance with the statement of compliance and basis of preparation paragraph included in the historic interim financial information and the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of historic interim financial information that are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

Our responsibility is to express a conclusion on the historic interim financial information. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the historic interim financial information is not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of historic interim financial information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these historic interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the historic interim financial information of Sebata Municipal for the six months ended 30 September 2019 is not prepared, in all material respects, in accordance with the statement of compliance and basis of preparation paragraph included in the historic interim financial information and the JSE Listings Requirements.

Consent

We consent to the inclusion of this report in the Circular in the form and context in which it appears.

Yours faithfully

Nexia SAB&T
Director: J. Engelbrecht
Registered Auditor

119 Witch-Hazel Avenue
Highveld Technopark
Centurion"

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF R-DATA FOR THE THREE FINANCIAL YEARS ENDED 31 MARCH 2019, 31 MARCH 2018 AND 31 MARCH 2017 AND THE SIX MONTHS ENDED 30 SEPTEMBER 2019

"The Directors
Sebata Holdings Limited
66 Park Lane
Sandton, 2196
Johannesburg

9 June 2020

Dear Sir(s)/Madam(s)

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF R-DATA PROPRIETARY LIMITED ("R-DATA") INCLUDED IN THE CIRCULAR TO SEBATA HOLDINGS LIMITED ("SEBATA") SHAREHOLDERS

Introduction

At your request, and for the purpose of the Circular to be dated on or about 15 June 2020 ("the Circular"), we have:

– audited the historical financial information of R-Data in respect of the years ended 31 March 2019, 31 March 2018 and 31 March 2017 as presented in Annexure 9 of the Circular; and
– reviewed the historic interim financial information of R-Data in respect of the six month period ended 30 September 2019 as presented in Annexure 10 to the Circular.

The historical financial information includes the statement of financial position as at 31 March 2019, 31 March 2018 and 31 March 2017 and the related statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes, comprising a summary of significant accounting policies which is prepared in accordance with the International Financial Reporting Standards, statement of compliance and basis of preparation paragraph included in the historic financial information and the Johannesburg Stock Exchange Limited ("JSE") Listings Requirements.

The historical interim financial information includes the condensed statement of financial position as at 30 September 2019 and the related condensed statements of comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes which is prepared in accordance with with the basis of preparation paragraph included in the historic interim financial information and the Johannesburg Stock Exchange Limited ("JSE") Listings Requirements.

The directors of R-Data ("Directors") are responsible for the preparation of the historical financial information. The directors are responsible for the compilation, contents and preparation of the Circular which includes the historical financial information for the years ended 31 March 2019, 31 March 2018 and 31 March 2017 and the six months ended 30 September 2019 in accordance with the JSE Listings Requirements.

Independent Reporting Accountant's Audit Report on the historic financial information for the years ended 31 March 2019, 31 March 2018 and 31 March 2017

Opinion

We have audited the historic financial information of R-Data set out on Annexure 9 to the Circular, which comprise the statement of financial position as at 31 March 2019, 31 March 2018 and 31 March 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the years then ended, and notes to the historic financial information, including a summary of significant accounting policies.

In our opinion, the historic financial information present fairly, in all material respects, the financial position of the Company as at 31 March 2019, 31 March 2018 and 31 March 2017, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards, the statement of compliance and basis of preparation paragraph included in the historic financial information and the JSE Limited Listings Requirements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Historic Financial Information for the years ended 31 March 2019, 31 March 2018 and 31 March 2017 section of our report. We are independent of the Company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Directors Responsibility for the Historical Financial Information

The directors are responsible for the preparation and fair presentation of the historic financial information for the years ended 31 March 2019, 31 March 2018 and 31 March 2017 in accordance with the International Financial Reporting Standards, statement of compliance and basis of preparation paragraph included in the historic financial information and the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of historic financial information that are free from material misstatement, whether due to fraud or error.

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

Independent Reporting Accountant's Responsibilities for the Audit of the historical financial information

Our objectives are to obtain reasonable assurance about whether the historic financial information for the years ended 31 March 2019, 31 March 2018 and 31 March 2017 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the historic financial information.

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

– Identify and assess the risks of material misstatement of the historic financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
– Conclude on the appropriateness of the director's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going-concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the historic financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern.

– Evaluate the overall presentation, structure and content of the historic financial information, including the disclosures, and whether the historic financial information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Independent Reporting Accountant's Review Report on the historic interim financial information for the six months ended 30 September 2019

We have reviewed the historic interim financial information of R-Data, set out on Annexure 10 to the Circular, which comprise the statement of financial position as at 30 September 2019 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes.

Director's Responsibility for the historic interim financial information

The directors are responsible for the preparation and fair presentation of the historic interim financial information in accordance with the statement of compliance and basis of preparation paragraph included in the historic interim financial information and the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of historic interim financial information that are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

Our responsibility is to express a conclusion on the historic interim financial information. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the historic interim financial information is not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of historic interim financial information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these historic interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the historic interim financial information of R-Data for the six months ended 30 September 2019 is not prepared, in all material respects, in accordance with the statement of compliance and basis of preparation paragraph included in the historic interim financial information and the JSE Listings Requirements.

Consent

We consent to the inclusion of this report in the Circular in the form and context in which it appears.

Yours faithfully

Nexia SAB&T
Director: J. Engelbrecht
Registered Auditor

119 Witch-Hazel Avenue
Highveld Technopark
Centurion"

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF MAPS FOR THE THREE FINANCIAL YEARS ENDED 31 MARCH 2019, 31 MARCH 2018 AND 31 MARCH 2017 AND THE SIX MONTHS ENDED 30 SEPTEMBER 2019

"The Directors
Sebata Holdings Limited
66 Park Lane
Sandton, 2196
Johannesburg

9 June 2020

Dear Sir(s)/Madam(s)

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF MICROMEGA ACCOUNTING AND PROFESSIONAL SERVICES PROPRIETARY LIMITED ("MAPS") INCLUDED IN THE CIRCULAR TO SEBATA HOLDINGS LIMITED ("SEBATA") SHAREHOLDERS

Introduction

At your request, and for the purpose of the Circular to be dated on or about 15 June 2020 ("the Circular"), we have:

- audited the historical financial information of MAPS in respect of the years ended 31 March 2019, 31 March 2018 and 31 March 2017 as presented in Annexure 11 of the Circular; and
- reviewed the historic interim financial information of MAPS in respect of the six month period ended 30 September 2019 as presented in Annexure 12 to the Circular.

The historical financial information includes the statement of financial position as at 31 March 2019, 31 March 2018 and 31 March 2017 and the related statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes, comprising a summary of significant accounting policies which is prepared in accordance with the International Financial Reporting Standards, statement of compliance and basis of preparation paragraph included in the historic financial information and the Johannesburg Stock Exchange Limited ("JSE") Listings Requirements.

The historical interim financial information includes the condensed statement of financial position as at 30 September 2019 and the related condensed statements of comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes which is prepared in accordance with with the basis of preparation paragraph included in the historic interim financial information and the Johannesburg Stock Exchange Limited ("JSE") Listings Requirements.

The directors of MAPS ("Directors") are responsible for the preparation of the historical financial information. The directors are responsible for the compilation, contents and preparation of the Circular which includes the historical financial information for the years ended 31 March 2019, 31 March 2018 and 31 March 2017 and the six months ended 30 September 2019 in accordance with the JSE Listings Requirements.

Independent Reporting Accountant's Audit Report on the historic financial information for the years ended 31 March 2019, 31 March 2018 and 31 March 2017

Opinion

We have audited the historic financial information of MAPS set out on Annexure 11 to the Circular, which comprise the statement of financial position as at 31 March 2019, 31 March 2018 and 31 March 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the years then ended, and notes to the historic financial information, including a summary of significant accounting policies.

In our opinion, the historic financial information present fairly, in all material respects, the financial position of the Company as at 31 March 2019, 31 March 2018 and 31 March 2017, and its financial performance and cash flows for the years then ended in accordance with the International Financial Reporting Standards, statement of compliance and basis of preparation paragraph included in the historic financial information and the JSE Limited Listings Requirements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Historic Financial Information for the years ended 31 March 2019, 31 March 2018 and 31 March 2017 section of our report. We are independent of the Company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Directors Responsibility for the Historical Financial Information

The directors are responsible for the preparation and fair presentation of the historic financial information for the years ended 31 March 2019, 31 March 2018 and 31 March 2017 in accordance with the International Financial Reporting Standards, statement of compliance and basis of preparation paragraph included in the historic financial information and the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of historic financial information that are free from material misstatement, whether due to fraud or error.

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

Independent Reporting Accountant's Responsibilities for the Audit of the historical financial information

Our objectives are to obtain reasonable assurance about whether the historic financial information for the years ended 31 March 2019, 31 March 2018 and 31 March 2017 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the historic financial information.

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

- Identify and assess the risks of material misstatement of the historic financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going-concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the historic financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern.

– Evaluate the overall presentation, structure and content of the historic financial information, including the disclosures, and whether the historic financial information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Independent Reporting Accountant's Review Report on the historic interim financial information for the six months ended 30 September 2019

We have reviewed the historic interim financial information of MAPS, set out on Annexure 12 to the Circular, which comprise the statement of financial position as at 30 September 2019 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes.

Director's Responsibility for the historic interim financial information

The directors are responsible for the preparation and fair presentation of the historic interim financial information in accordance with the statement of compliance and basis of preparation paragraph included in the historic interim financial information and the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of historic interim financial information that are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

Our responsibility is to express a conclusion on the historic interim financial information. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the historic interim financial information is not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of historic interim financial information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these historic interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the historic interim financial information of MAPS for the six months ended 30 September 2019 is not prepared, in all material respects, in accordance with the statement of compliance and basis of preparation paragraph included in the historic interim financial information and the JSE Listings Requirements.

Consent

We consent to the inclusion of this report in the Circular in the form and context in which it appears.

Yours faithfully

Nexia SAB&T

Director: J. Engelbrecht
Registered Auditor

119 Witch-Hazel Avenue
Highveld Technopark
Centurion"

HISTORICAL FINANCIAL INFORMATION OF SEBATA MUNICIPAL SOLUTIONS FOR THE THREE FINANCIAL YEARS ENDED 31 MARCH 2019, 31 MARCH 2018 AND 31 MARCH 2017

Statement of financial position

Figures in R	Note(s)	2019	2018	2017
Assets				
Non-current assets				
Property, plant and equipment	6	5 041 311	7 691 547	9 058 965
Intangible assets	7	392 274 467	342 718 275	212 172 264
Investment in subsidiaries	9	11 298 622	11 298 622	11 298 622
		408 614 400	**361 708 444**	**232 529 851**
Current assets				
Inventories		2 026 470	1 727 029	2 139 271
Current tax		–	2 095 700	2 277 552
Other financial assets		–	137 139	648 373
Related party loans	8	30 910 735	54 239 315	44 811 769
Trade and other receivables	10	107 971 299	145 571 486	112 374 704
Cash and cash equivalents	11	6 022 167	1 326 670	2 448 645
		146 930 671	**205 097 339**	**164 700 314**
Total Assets		**555 545 071**	**566 805 783**	**397 230 165**
Equity and liabilities equity				
Issued capital	12	7 931 095	7 931 095	7 931 095
Retained earnings		232 972 685	174 438 858	111 848 793
		240 903 708	**182 369 953**	**119 779 888**
Non-current liabilities				
Other financial liabilities	13	275 163	1 225 699	2 784 821
Deferred tax liability	14	73 250 780	52 010 080	29 489 473
		73 525 943	**53 235 779**	**32 274 294**
Current liabilities				
Trade and other payables	15	42 270 197	84 122 192	71 289 391
Current tax	16	–	327 408	–
Related party loans	9	189 724 108	244 940 699	171 735 626
Other financial liabilities	13	928 350	1 809 659	2 150 966
Bank overdraft	11	8 192 693	93	–
		241 115 348	**331 200 051**	**245 175 983**
Total equity and liabilities		**555 545 071**	**566 805 783**	**397 230 165**

Statement of profit and loss

Figures in R	Note(s)	2019	2018	2017
Revenue	17	152 900 775	234 481 941	216 016 433
Cost of sales		(68 767 965)	(69 806 561)	(79 793 871)
Gross profit		84 132 810	164 675 380	136 222 562
Other net income	18	107 374 252	5 826 848	171 148
Administration expenses	19	(108 296 948)	(82 786 962)	(75 610 443)
Distribution expenses	20	(1 728 481)	(1 825 868)	(1 419 366)
Operating profit		**81 481 633**	**85 889 398**	**59 363 901**
Finance income		151 599	318 917	636 104
Finance costs		(1 175 272)	(442 825)	(627 872)
Profit before taxation		**80 457 960**	**85 765 490**	**59 372 133**
Tax expense	21	(20 913 294)	(23 175 425)	(14 923 597)
Profit for the year		**59 544 666**	**62 590 065**	**44 448 536**

Statement of changes in equity

Figures in R	Share capital	Share premium	Retained earnings	Total
Balance at 1 April 2016	392	7 930 703	67 400 257	75 331 352
Total comprehensive income for the year				
Profit for the year	–	–	44 448 536	44 448 536
Balance at 31 March 2017	**392**	**7 930 703**	**111 848 793**	**119 779 888**
Balance at 1 April 2017	392	7 930 703	111 848 793	119 779 888
Total comprehensive income for the year				
Profit for the year	–	–	62 590 065	62 590 065
Balance at 31 March 2018	**392**	**7 930 703**	**174 438 858**	**182 369 953**
Balance at 1 April 2018 as previously reported	392	7 930 703	174 438 858	182 369 953
Adjustment on intial application of IFRS 9 and IFRS 15 net of taxes	–	–	(1 010 839)	(1 010 839)
Balance at 1 April 2018 as adjusted	392	7 930 703	173 428 019	181 359 114
Total comprehensive income for the year				
Profit for the year	–	–	59 544 666	59 544 666
Balance at 31 March 2019	**392**	**7 930 703**	**232 972 685**	**240 913 780**

Statement of Cash Flow

Figures in R	Note(s)	2019	2018	2017
Cash flow from operating activities				
Cash (used in)/generated from operations	22	(6 785 744)	69 662 980	19 055 187
Finance income		151 599	318 917	636 104
Finance costs		(1 175 272)	(442 825)	(627 872)
Income tax received/(paid)	21	2 213 266	–	(546 431)
Net cash (used in)/generated from operating activities		**(5 596 151)**	**69 539 072**	**18 516 988**
Cash flow from investing activities				
Property, plant and equipment acquired		(635 418)	(2 482 394)	(4 522 922)
Intangible assets internally developed		(62 669 451)	(130 546 011)	(126 170 800)
Proceeds on disposals of property, plant and equipment		115 036	124 486	324 172
Proceeds on disposals of intangible assets		–	–	6 157 407
Other financial assets receivable repaid		–	511 234	456 775
		(63 189 833)	**(132 392 685)**	**(123 755 368)**
Cash flow from financing activities				
Other financial liabilities received	23	2 060 638	1 900 429	1 658 263
Loans from related parties received	23	39 899 663	68 760 466	113 714 531
Loans to related parties repaid/(advanced)	23	23 328 580	(8 929 350)	(12 053 033)
		65 288 881	**61 731 545**	**103 319 761**
Decrease in cash and cash equivalents		(3 497 103)	(1 122 068)	(1 918 619)
Cash and cash equivalents at beginning of the year		1 326 577	2 448 645	4 367 264
Cash and cash equivalents at end of the year	11	**(2 170 526)**	**1 326 577**	**2 448 645**

ACCOUNTING POLICIES

1. **STATEMENT OF COMPLIANCE**

The historic financial information (hereinafter referred to as “financial statements”) has been prepared in accordance with the JSE Limited Listings Requirements, the conceptual framework, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

2. **BASIS OF PREPARATION**

The financial statements are presented in South African Rand, which is the company’s functional currency.

The historic financial information have been prepared under the historical cost convention.

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

The historical financial information is the responsibility of the directors.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied.

3.1 **PROPERTY, PLANT AND EQUIPMENT**

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

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within ‘Other income’ in the statement of profit and loss. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Depreciation is provided on the straight-line basis which, will reduce the carrying amount of the property, plant and equipment to their residual values at the end of their useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the group will obtain ownership by the end of the lease term. Land is not depreciated. Items of property, plant and equipment are depreciated from the date that they are installed and available for use.

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

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

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

3.2 INTANGIBLE ASSETS

Computer software, internally generated

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

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

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

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

Amortisation

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

Computer software, internally generated and computer software externally purchased	5 – 15 years

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

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

3.3 IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amount of the company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generated units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the group on a pro rata basis.

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

3.4 INVENTORIES

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

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

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

3.5 FINANCIAL ASSETS

Financial assets comprise trade and other receivables (excluding prepayments); cash and cash equivalents and other financial assets.

Financial assets are recognised in the company's statement of financial position when the Company becomes a party to the contractual provisions of the instruments. Financial assets are classified as current if expected to be realised or settled within 12 months from the reporting date; if not, they are classified as non-current.

Classification

The Company classifies financial assets on initial recognition as measured at amortised cost as the company's business model and objective is to hold the financial asset in order to collect the contractual cash flow and the contractual terms allows for cash flows on specified dates for the payment of the principal amounts outstanding.

Financial Assets	Classification in 2019 (IFRS 9)	Classification in 2018 and 2017 (IAS 32)
Trade and other receivables	Financial asset at amortised cost	Loans and receivables at amortised cost
Cash and cash equivalents	Financial asset at amortised cost	Loans and receivables at amortised cost
Other financial assets	Financial asset at amortised cost	Loans and receivables at amortised cost

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

Assets carried at amortised cost (IFRS 9)

Under IFRS 9 the Company calculates its allowance for credit losses as expected credit losses (ECLs) for financial assets measured at amortised cost. ECLs are a probability weighted estimate of credit losses. To calculate ECLs the Company segments/groups trade receivables by customer type and ageing. The Company applies the simplified approach to determine the ECL for trade receivables. This results in calculating lifetime expected credit losses for trade receivables. ECLs for trade receivables are calculated using a provision matrix. The provision matrix is determined by using reference to the credit quality of the assets, the customers ability to pay, historical default rates and credit losses incurred along with reference to forward-looking information such as macroeconomic factors and future forecasts. The Company has defined a default as a significant deviation to the contractual payment terms and accepted historical payment rates from customers which has impacted on the ability of the customers' ability to settle current and future debt. If there have been significant defaults from a specific customer and these have given rise to indications that the customer has a decreased ability to settle the debt when due these expected credit losses are provided for in full and not with reference to the provision matrix. In determining whether there has been a significant increase in credit risk the Company has rebutted the presumption that this occurs once contractual payments extend past 30 days, this is due to the segment in which the Group operates in which it is common practice for payment terms to extend past 30 days.

ECLs for other financial assets are assessed on an individual basis based on a credit risk assessment of the borrower, this credit risk comprises historical defaults by the borrower, the borrower's ability to repay the debt and security that is in place over the debt.

Assets carried at amortised cost (IAS 32)

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

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

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

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

Trade and other receivables

Trade and other receivables comprises trade receivables, deposits, prepayments, advances and other receivables.

Trade and other receivables are initially measured at fair value and, after initial recognition, at amortised cost less impairment losses for bad and doubtful debts, if any, except for the following receivables:

– Interest-free loans made to related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost less impairment losses for bad and doubtful debt, if any; and
– Short-term receivables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount less impairment losses for bad and doubtful debt, if any.

Cash and cash equivalents

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

Cash and cash equivalents are initially recognised at fair value and subsequently measured at amortised cost.

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

Other financial assets

Other financial assets comprise of deferred payments due on the disposal of subsidiaries and loans receivable extended. These are initially measured at fair value and, after initial recognition, at amortised cost less impairment losses.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

3.6 **FINANCIAL LIABILITIES**

Financial liabilities comprise trade and other payables (excluding indirect taxation payable), other financial liabilities and bank overdrafts.

Recognition

Financial liabilities are recognised in the company's statement of financial position when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as non-current if the group has an unconditional right to defer payment for more than 12 months from the reporting date otherwise they are classified as current.

Classification

All financial liabilities are classified at amortised cost except for deferred vendor payments that are measured at fair value through profit and loss.

Financial Liabilities	Classification in 2019 (IFRS 9)	Classification in 2018 (IAS 32)
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost
Other financial liabilities	Financial liability at amortised cost	Financial liability at amortised cost

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

Borrowings

Borrowings comprises loans from shareholders, loans from directors, loans from third parties and instalment sale obligations.

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

Derecognition

Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire. On derecognition of a financial liability, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

3.7 LEASES

Finance Leases – Lessee

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the Company are classified as finance leases. Assets acquired in terms of finance leases are capitalised at the lower of the fair value of the asset and the present value of the minimum lease payments at inception of the lease, and depreciated over the shorter of the estimated useful life of the asset or the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term. The capital element of future obligations under these leases is included as a liability in the balance-sheet. Lease payments are allocated using the effective interest method to determine the lease finance cost, which is recognised in profit or loss over the lease period, and the capital repayment, which reduces the liability to the lessor.

Operating Leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the period of the lease.

3.8 EMPLOYEE BENEFITS

Defined contribution plans

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

Short-term employee benefits

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

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

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

3.9 INCOME TAX

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

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

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

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

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

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

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

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

3.10 REVENUE RECOGNITION

Revenue contracts with customers

Revenue is measured at the fair value of the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or services to a customer. The following indicators are used by the Company in determining when control has passed to the customer:

- the Company has the right to payment for the product or service;
- the customer has legal title to the product;
- the Company has transferred physical possession of the product to the customer;

- the customer has the significant risks and rewards of ownership of the product; and
- the customer has accepted the product.

The transaction price is allocated to specific performance obligations within the contract, these prices are specifically linked and disclosed in accordance to the performance obligations. Hence there is no need for management to make any assumptions as it relates to allocating the transaction price to the various performance obligations.

Nature of significant revenue streams

The company's revenue streams consists of the major products and services lines set out below, which includes a description of the principle activities from which the Company generates its revenue, significant judgements applied in assessing the timing of measurement of performance obligation and the transaction price allocated to performance obligations.

Major product lines over a point in time

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Software licence with Support and maintenance	Software licensing programs include on-premises licenses combined with continuous Software Support and Maintenance. Software licence with support and maintenance conveys rights to use of the licenced software and upgrades released over the contract period and provides support, tools, and training to help customers deploy and use products more efficiently. Revenue allocated to software licence as a service with support and maintenance offered as a service over time, is generally recognised over the contract period as customers simultaneously consume and receive benefits from control over the software licence together with periodic support and maintenance services.

Major product lines at a point in time

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Support and maintenance	Revenue from support and maintenance services is recognised as ad-hoc services are provided and the necessary repairs, maintenance or equivalent services has been completed to the customer's satisfaction.
Installation and implementation services	Revenue from installation and implementation services is recognised once the installation and implementation is complete, and the customer can make use of the product.
Consulting	Revenue related to consulting services comprises mostly specialised resources based on consumption. Revenue from consulting services is recognised as services are provided.
Physical goods	Revenue from physical goods is recognised at the point in time when ownership of the goods are transferred, and the customer takes control of the goods.

Contract Assets

Timing of revenue recognition may differ from the timing of invoicing to customers. We record a contract asset when revenue is recognised prior to invoicing.

Contract Liabilities

Timing of revenue recognition may differ from the timing of invoicing to customers. We record a contract liability where the consideration relating to the revenue has been received prior to the performance obligation having been met.

Sales of goods (IAS18)

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

Rendering of Services (IAS18)

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Residual values and useful lives of tangible and intangible assets

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

Estimated impairment of goodwill and intangible assets with indefinite useful lives

The Company tests annually whether intangible assets with indefinite lives have suffered any impairment, in accordance with the accounting policy stated in note 3.3. The recoverable amounts of certain cash-generating units have been determined based on the value-in use calculations. The Company assessed on an annual basis whether the classification of indefinite life intangible assets is appropriate.

Measurement of the recoverable amount of trade receivables

Management utilised estimates to determine the recoverable amount if the company's trade receivables, which focuses on the ability of the customer to settle outstanding debt when it becomes due and payable. The Company uses judgement in making these estimations and selecting the inputs to the credit loss calculations, based on the company's past payment history, historical write-offs, existing market conditions as well as forward-looking estimates at the end of the reporting period estimations on future default rates translated into expected credit losses.

Percentage of completion

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

5. **NEW STANDARDS AND INTERPRETATIONS**

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

The amendments as set out below have been assessed are considered not to have a material impact on the financial statements:

IFRS 10 Consolidated Financial Statements	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	The effective date of this amendment has been deferred indefinitely until further notice.
IFRS 16 Leases	New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows. IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. IFRS 16 supersedes the following Standards and Interpretations: (a) IAS 17 Leases; (b) IFRIC 4 Determining whether an Arrangement contains a Lease; (c) SIC-15 Operating Leases – Incentives; and (d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Company expects to adopt IFRS16 in the 2020 financial year. The Company had embarked on a project to consider the impact of the changes in the standard on the company's financial statements. The project is still ongoing as at the date of this report.	01-Jan-19

6. **PROPERTY, PLANT AND EQUIPMENT**

2019	**Cost**	**Accumulated depreciation**	**Carrying value**
Owned assets			
Motor vehicles	8 327 124	(6 692 888)	1 634 236
Furniture and fittings	893 973	(273 271)	620 702
Office equipment	1 482 082	(1 057 321)	424 761
IT equipment	6 742 999	(4 392 053)	2 350 946
Computer software	208 271	(197 605)	10 666
	17 654 449	(12 613 138)	5 041 311

2018	**Cost**	**Accumulated depreciation**	**Carrying value**
Owned assets			
Motor vehicles	8 987 028	(6 184 188)	2 802 840
Furniture and fittings	1 597 460	(1 179 071)	418 389
Office equipment	2 156 790	(1 443 325)	713 465
IT equipment	11 574 967	(7 841 545)	3 733 422
Computer software	1 539 098	(1 515 667)	23 431
Capitalised leased assets			
Land and buildings	109 893	(109 893)	–
	25 965 236	(18 273 689)	7 691 547

2017	**Cost**	**Accumulated depreciation**	**Carrying value**
Owned assets			
Motor vehicles	8 916 837	(5 091 477)	3 825 360
Furniture and fittings	1 228 901	(1 107 044)	121 857
Office equipment	2 009 304	(1 144 068)	865 236
IT equipment	10 167 649	(6 004 989)	4 162 660
Computer software	1 515 826	(1 449 198)	66 628
Capitalised leased assets			
Land and buildings	109 893	(92 669)	17 224
	23 948 410	(14 889 445)	9 058 965

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

2019	**Carrying value at beginning of year**	**Additions**	**Disposals**	**Other**	**Deprecia-tion**	**Carrying value at end of year**
Owned assets						
Motor vehicles	2 802 840	–	(105 402)	–	(1 063 202)	1 634 236
Furniture and fittings	418 389	329 811	–	–	(127 498)	620 702
Office equipment	713 465	–	(972)	–	(287 732)	424 761
IT equipment	3 733 422	305 607	(8 662)	–	(1 679 421)	2 350 946
Computer software	23 431	–	–	–	(12 765)	10 666
	7 691 547	635 418	(115 036)	–	(3 170 618)	5 041 311

2018	Carrying value at beginning of year	Additions	Disposals	Other	Deprecia-tion	Carrying value at end of year
Owned assets						
Motor vehicles	3 825 360	479 236	(85 336)	–	(1 416 419)	2 802 841
Furniture and fittings	121 857	368 558	–	–	(72 027)	418 388
Office equipment	865 236	147 486	–	–	(299 257)	713 465
IT equipment	4 162 660	1 463 843	(39 150)	–	(1 853 931)	3 733 422
Computer software	66 628	23 271	–	–	(66 469)	23 430
Capitalised leased assets						
Land and buildings	17 224	–	–	–	(17 224)	–
	9 058 965	2 482 394	(124 486)	–	(3 725 326)	7 691 547

2017	Carrying value at beginning of year	Additions	Disposals	Other	Deprecia-tion	Carrying value at end of year
Owned assets						
Motor vehicles	4 888 136	772 826	(175 394)	–	(1 660 210)	3 825 358
Furniture and fittings	88 573	59 441	–	–	(26 157)	121 857
Office equipment	223 096	857 416	–	–	(215 276)	865 236
IT equipment	3 120 466	2 652 639	(68 558)	–	(1 541 885)	4 162 662
Computer software	66 340	128 929	(11 940)	–	(116 701)	66 628
	8 386 611	4 522 922	(255 892)	–	(3 594 676)	9 058 965

Assets acquired under instalment sale liabilities are encumbered as security for repayment of these borrowings. Carrying amount of motor vehicles held under instalment sale liabilities R 943 081 (2018: R2.8 million). Refer to note 16.

A register containing the information required by Section 24 of the Companies Act of 2008 is available for inspection at the registered of the Company.

7. INTANGIBLE ASSETS

2019	Cost	Accumulated depreciation	Carrying value
Computer software, internally generated	408 632 481	(16 358 014)	392 274 467
	408 632 481	(16 358 014)	392 274 467

2018	Cost	Accumulated depreciation	Carrying value
Computer software, internally generated	345 963 031	(3 244 756)	342 718 275
	345 963 031	(3 244 756)	342 718 275

2017	Cost	Accumulated depreciation	Carrying value
Computer software, internally generated	215 417 020	(3 244 756)	212 172 264
	215 417 020	(3 244 756)	212 172 264

2019	Carrying value at beginning of year	Additions	Disposals	Other	Amortisation	Carrying value at end of year
Computer software, internally generated	342 718 275	62 669 451	–	–	(13 113 259)	392 274 467
	342 718 275	62 669 451	–	–	(13 113 259)	392 274 467

2018	Carrying value at beginning of year	Additions	Disposals	Other	Amortisation	Carrying value at end of year
Computer software, internally generated	212 172 264	130 546 011	–	–	–	342 718 275
	212 172 264	130 546 011	–	–	–	342 718 275

2017	Carrying value at beginning of year	Additions	Disposals	Other	Amortisation	Carrying value at end of year
Computer software, internally generated	92 158 871	126 170 800	(6 157 407)	–	–	212 172 264
	92 158 871	126 170 800	(6 157 407)	–	–	212 172 264

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

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

Value-in use calculations use pre-tax cash flow projections based on financial forecast, approved by management, and cover a five year period. The estimated growth rates applied are in line with that of the industry in which the cash-generating unit operates and are materially similar to assumptions of external market sources. The cash-generating units' recoverable amount is most sensitive to the growth rate assumptions applied. Assumptions were based on management's past experience and best estimates regarding forecasts. Management determined forecasted gross margin based on past performance and its expectations of market developments. The discount rates used are pre-tax and reflect the appropriate risk associated with the industry and respective businesses. Growth rate for the 5 year period is 12.5%–21%, the growth rate into perpetuity is 6% and the discount rates used ranged between 9% and 14.62%.

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

The sensitivity analysis did not result in any impairment.

	2019	2018	2017

8. **RELATED PARTY LOANS**

Interest free loans			
Amanzi Meters Proprietary Limited	22 583 903	23 530 552	22 353 031
Intermap Proprietary Limited	–	3 935 472	3 766 106
MICROmega Accounting and Professional Services Proprietary Limited	2 663 917	3 533 359	399 848
Sebata Holdings Limited	(186 142 303)	(243 370 854)	(169 474 896)
MICROmega Investment Portfolio Proprietary Limited	356 481	355 676	–
MICROmega Revenue Management Solutions Proprietary Limited	422 687	22 884 256	18 292 784
Sebata Municipal Solutions Proprietary Limited (Namibia)	(3 581 805)	(1 569 845)	(2 260 730)
Stable-Net Proprietary Limited	4 883 747	–	–
	(158 813 373)	(190 701 384)	(126 923 857)
Loans to related parties – net	30 910 735	54 239 315	44 811 769
Loans from related parties – net	(189 724 108)	(244 940 699)	(171 735 626)
	(158 813 373)	(190 701 384)	(126 923 857)

The credit quality of loans to related parties is considered to be high as there has been no significant default historically.

The carrying amount of related party loans approximate their fair value due to the short term nature thereof.

The carrying amounts of related party loans are denominated in South African Rand only.

The loan from Sebata Holdings Limited has been subordinated in favour and for the benefit of other creditors until such a time that the current assets exceed its current liabilities.

	2019	2018	2017

9. **INVESTMENTS IN SUBSIDIARIES**

Cost of investments			
Freshmark Systems Proprietary Limited	10 476 125	10 476 125	10 476 125
Intermap Proprietary Limited	244 732	244 732	244 732
MICROmega Revenue Management Solutions Proprietary Limited	577 665	577 665	577 665
Sebata Municipal Solutions Proprietary Limited (Namibia)	100	100	100
	11 298 622	11 298 622	11 298 622

	2019	2018	2017

10. TRADE AND OTHER RECEIVABLES

Trade debtors	111 552 056	144 546 845	103 611 345
Prepaid expenses	413 712	1 041 346	3 885 587
Deposits	253 070	253 548	344 952
Staff Advances	24 172	13 666	117 601
Value Added Tax	447 622	–	–
Other	15 746 965	8 821 545	12 328 977
	128 437 597	154 676 950	120 288 462
Credit loss allowance	(20 466 298)	(9 105 464)	(7 913 758)
	107 971 299	145 571 486	112 374 704
Items included in trade and other receivables not classified as financial instruments			
Prepaid expenses	413 712	1 041 346	3 885 587
Value Added Tax	447 622	–	–
	861 334	1 041 346	3 885 587
Trade and other receivables net of non-financial instruments	107 109 965	144 530 140	108 489 117

The average credit period is less than 60 days with no interest charged on late payment. The amounts presented above include amounts that are past due at the end of the reporting period for which the Company has not recognised an allowance for credit loss because there has not been significant change in the credit quality of the receivables and the amounts are considered to still be recoverable. The credit quality of trade and other receivables is considered to be high as there has been no significant default historically.

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

* Allowance for credit losses has been calculated under IAS39 for the 2018 financial period and IFRS 9 for the 2019 period.

The carrying amounts of trade and other receivables are denominated in South African Rand only.

	2019	2018	2017

11. CASH AND CASH EQUIVALENTS

Cash on hand	6 530	1 024	11 114
Current accounts	6 015 637	1 325 646	2 410 340
Credit Cards	–	–	27 191
	6 022 167	1 326 670	2 448 645
Overdraft			
Bank overdraft	8 192 693	93	–
Current assets	6 022 167	1 326 670	2 448 645
Current liabilities	(8 192 693)	(93)	–
	(2 170 526)	1 326 577	2 448 645

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

The credit quality of cash and cash equivalents is considered to be high as there has been no significant default historically.

The carrying amounts of cash and cash equivalents are denominated in South African Rand only.

	2019	2018	2017

12. **SHARE CAPITAL**

Authorised			
1000 Ordinary shares of no par value	–	–	–
Issued			
1000 Ordinary shares of no par value	392	392	392
Share premium	7 930 703	7 930 703	7 930 703

13. **OTHER FINANCIAL LIABILITIES**

Non-current liabilities			
Instalment sale liabilities	275 163	1 225 699	2 784 821
	275 163	1 225 699	2 784 821
Current liabilities			
Instalment sale liabilities	928 350	1 809 659	2 150 966
	928 350	1 809 659	2 150 966
	1 203 513	3 035 358	4 935 787

Other financial liabilities are denominated in South African Rand.

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

Instalment sale liabilities

Liabilities under instalment sale agreements are repayable over periods between two and five years, at an average effective rate of 8.5%. These liabilities are secured by property, plant and equipment with a carrying value of R943 081 (2018: R 2.8 million), together with revenue streams associated with revenue-generating equipment financed by the instalment sale agreements.

Gross instalment sale liabilities – minimum payments

No later than one year	997 919	2 026 547	2 507 726
Later than one year no later than five years	294 613	1 316 884	3 014 153
Later than five years	–	–	–
	1 292 532	3 343 431	5 521 879
Future finance charges	(89 019)	(308 073)	(586 092)
Present value of instalment liabilities	1 203 513	3 035 358	4 935 787

14. **DEFERRED TAX ASSETS/(LIABILITY)**

Deferred tax assets/(liabilities) are only offset when the income tax relates to the same legal entity or the same fiscal authority or they intend to settle the assets and liabilities on a net basis. The directors assessed that the deferred tax assets will be recovered based on profitability forecasts, the estimations that were made in this regard were the accuracy of prior year forecasts and the achievement thereof, macro economic factors in determining growth rates of the business units and current events that impact on future forecasts. Management has stress tested these inputs by decreasing the forecasts by 10% and not identified any triggers that suggest the deferred tax assets are not recoverable.

	2019	2018	2017
Reconciliation of deferred tax:			
Balance at beginning of year	(52 010 800)	(29 489 473)	(14 605 125)
Movements consisting of:			
Temporary differences recognised in profit and loss			(14 884 348)
Intangible assets	(13 131 230)	(23 152 828)	
Credit loss allowance	2 385 776	250 258	
Provision for bonuses	(434 815)	716 863	
Provision for leave pay	(24 573)	64 244	
Contract liability	(412 482)	(930 268)	
Assessed loss	(10 185 579)	530 404	
Unallocated deposits	113 732	–	
Balance at end of year	(73 699 971)	(52 010 800)	(29 489 473)
The deferred tax asset and liability arises from the following temporary differences:			
Intangible assets	15 215	15 215	15 215
Contract liability	(86 097 960)	(72 966 730)	(57 824 678)
Credit loss allowance	725 154	1 137 636	2 067 904
Provision for bonuses	5 111 205	3 071 085	2 039 720
Provision for leave pay	6 546 415	16 731 994	24 212 366
Assessed loss	(73 699 971)	(52 010 800)	(29 489 473)
Deferred tax liability	(73 250 780)	(52 010 800)	(29 489 473)

15. TRADE AND OTHER PAYABLES

Trade Creditors	34 623 738	67 211 710	59 704 349
Unallocated deposits	406 185	276 526	342 963
Accrued expenses	400 000	859 928	–
Leave Pay accrual	1 491 079	1 578 841	1 349 398
Income received in advance	–	4 062 984	7 385 371
Contract liabilities	2 589 836	–	–
Payroll Accruals	2 579 482	4 241 431	1 761 160
Value Added Tax	–	4 514 682	746 150
Sundry Creditors	179 878	1 376 090	–
	42 270 198	84 122 192	71 289 391

Items included in trade and other payables not classified as financial instruments

Value Added Tax	–	4 514 682	746 150
Leave Pay accrual	1 491 079	1 578 841	1 349 398
Income received in advance	–	4 062 984	–
Contract liabilities	2 589 836	–	–
Trade and other payables net of non-financial instruments	38 189 283	78 480 367	69 193 843

Creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken is less than 60 days. The carrying amounts approximate fair value due to the short term nature thereof.

The carrying amounts of trade and other payables are denominated in South African Rand only.

	2019	2018	2017

16. **CURRENT TAX RECEIVABLE/(PAYABLE)**

Current year			
Taxation for the year	–	(1)	–
Provisional tax paid	–	–	546 431
Prior years			
For tax relating to previous years	2 095 700	2 277 552	1 741 121
Final tax payments during the year relating to previous years	(2 213 266)	–	–
Over provision in prior years	–	(327 408)	(10 000)
Interest and penalties received/(incurred)	117 566	145 557	–
	–	2 095 700	2 277 552
Tax receivable	–	2 095 700	2 277 552
Tax Payable	–	(327 408)	–
Total tax payments	(2 213 266)	–	546 431

17. **REVENUE**

Sale of goods	19 930 885	40 566 736	37 676 413
Services rendered	132 969 890	193 915 205	178 340 020
	152 900 775	234 481 941	216 016 433
Disaggregation of Revenue			
Major product lines over a point in time			
Software license with support and maintenance	28 604 063	49 388 377	27 738 148
	28 604 063	49 388 377	27 738 148
Major product lines at a point in time			
Consulting	46 329 074	43 661 884	79 642 105
Support Services	58 069 321	100 864 944	70 959 767
Goods	19 898 318	40 566 736	37 676 413
	124 296 713	185 093 564	188 278 285
Total Revenue from contracts with customers	152 900 777	234 481 941	216 016 433

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried forward contract liabilities and how much relates to performance obligations that were satisfied previously.

	Income billed in advance	**Contract liability**
Opening Balance	(4 062 984)	12 435 864
Movement for the year	16 498 848	(15 025 701)
Closing Balance	12 435 864	(2 589 836)

At the beginning of the year, R4 million was recognised as a contract liability. The total amount was recognised as revenue during the current year, due to the short term nature of the contracts entered into. The closing balance represents new contracts entered into where the performance obligations have not yet been met at year-end. The contract liability will to be recognised as revenue in the next financial year.

	2019	2018	2017

18. OTHER NET INCOME

	2019	2018	2017
Derecognition of liability payable	100 000 000	–	
Government grants	285 205	16 473	115 897
Loss on foreign exchange	–	(11 314)	(13 029)
Management fees received	6 989 372	5 652 266	–
Profit on sale of property, plant and equipment	94 597	157 114	68 280
Sundry income	5 078	12 309	–
	107 374 252	5 826 848	171 148

19. EXPENDITURE BY NATURE

	2019	2018	2017
Auditors' remuneration			
Fees for the current year audit	420 105	375 556	312 218
	420 105	375 556	312 218
Depreciation and amortisation			
Depreciation of property, plant and equipment	3 170 618	3 725 326	3 594 676
Amortisation of intangible assets	13 113 259	–	–
	16 283 877	3 725 326	3 594 676
Operating lease charges			
Premises	1 466 529	1 100 099	1 383 513
Equipment	183 557	335 134	137 363
Other	45 414	50 849	53 851
	1 695 500	1 486 082	1 574 727
Other expenses			
Employee compensation and benefit expense	42 451 063	45 045 555	39 214 315
Motor vehicle expenses	1 728 481	1 825 868	1 419 366
Repairs and maintenance	420 040	558 363	329 750
Telephone and fax	4 165 545	3 984 573	3 866 967
Security	134 086	167 094	126 254
Insurance	1 179 874	926 330	1 065 341
Computer expense	7 420 734	3 675 326	3 997 236
Advertising expense	184 784	546 016	615 142
Courier and postage	65 272	105 836	97 937
Printing and stationary	482 515	623 055	856 437
Travel – Local	3 118 322	5 061 927	3 008 072
Travel – International	1 006	239 099	–
Consulting fees	294 071	56 582	44 337
Electricity	45 760	15 022	–
Bank charges	441 992	180 495	194 040
Legal fees	325 419	997 895	841 515
Administration and management fee	–	6 228 444	6 509 798
Bad debt and credit loss allowance	26 099 989	1 330 246	1 373 909
Cleaning	302 144	339 779	213 335
Sponsorship, enterprise development and donations	164 122	2 014 970	1 319 005
Entertainment	523 208	632 338	701 892
Fines and penalties	150 000	250	(587)
Other	1 927 520	4 470 803	5 754 127
	91 625 947	79 025 866	71 548 188
Total operating expenses	110 025 429	84 612 830	77 029 809
Administration expenses	108 296 948	82 786 962	75 610 443
Distribution expenses	1 728 481	1 825 868	1 419 366
	110 025 429	84 612 830	77 029 809

	2019	2018	2017

20. **INCOME TAX EXPENSE**

Current tax			
Current year	–	1	–
Under/(over) provision in prior year	–	654 816	39 249
Deferred taxation			
Current year	20 913 294	22 520 608	14 884 348
	20 913 294	23 175 425	14 923 597
Reconciliation of rate of taxation	%	%	%
South African normal taxation rate	28.0	28.0	28.0
Adjusted for:			
Permanent differences	(2.0)	(1.8)	(2.9)
Current tax – prior year adjustment	–	0.5	0.1
Net reduction	(2.0)	(1.3)	(2.8)
Effective rate of taxation	26.0	26.7	25.2

21. **CASH GENERATED FROM OPERATIONS**

Profit before tax			
Adjusted for:	80 457 960	85 765 490	59 372 133
Depreciation and amortisation	16 283 877	3 725 326	3 594 676
Loans forgiven	(100 000 000)	–	–
Finance income	(151 599)	(318 917)	(636 104)
Finance costs	1 175 272	442 825	627 872
Movement in working capital			
(Increase)/decrease in inventories	(299 441)	412 242	(511 490)
Decrease/(increase) in trade and other recievables	37 600 187	(33 196 782)	(14 974 173)
(Decrease)/increase in trade and other payables	(41 852 000)	12 832 796	(28 417 727)
	(6 785 744)	69 662 980	19 055 187

22. **CASH FLOW ON FINANCING ACTIVITIES**

Movement on other financial liabilities				
Other financial liabilities raised	Cash flow	–	484 028	728 339
Other financial liabilities repaid	Cash flow	(2 060 638)	(2 764 061)	(2 928 799)
Finance cost	Non cash	217 233	379 603	542 197
		(1 843 405)	(1 900 430)	(1 658 263)
Movement on loans to related parties				
Related party loans repaid	Cash flow	23 328 580	(19 255 766)	2 908 464
Related party loans advanced	Cash flow	39 899 663	73 205 073	113 714 531
Loans forgiven	Non cash	(100 000 000)	–	–
Management fee	Non cash	4 883 746	–	–
Borrowing costs	Non cash	–	9 828 220	5 720 621
		(31 888 011)	63 777 527	122 343 616

23. FINANCIAL INSTRUMENTS

2019	Amortised cost	Total
Related party loans	30 910 735	30 910 735
Trade and other receivables	107 109 965	107 109 965
Cash and cash equivalents	6 022 167	6 022 167
	144 042 867	144 042 867

2018	Loans and receivables held at amortised cost	Total
Other financial assets	137 139	137 139
Related party loans	54 239 315	54 239 315
Trade and other receivables	144 530 140	144 530 140
Cash and cash equivalents	1 326 670	1 326 670
	200 233 264	200 233 264

2017	Loans and receivables held at amortised cost	Total
Other financial assets	648 373	648 373
Related party loans	44 811 769	44 811 769
Trade and other receivables	108 489 117	108 489 117
Cash and cash equivalents	2 448 645	2 448 645
	156 397 904	156 397 904

The Company has classified its financial liabilities in the following categories

2019	Amortised cost	Total
Other financial liabilities	1 203 513	1 203 513
Related party loans	189 724 108	189 724 108
Trade and other payables	38 189 283	38 189 283
Bank overdraft	8 192 693	8 192 693
	237 309 597	237 309 597

2018	Amortised cost	Total
Other financial liabilities	3 035 358	3 035 358
Related party loans	244 940 699	244 940 699
Trade and other payables	78 480 367	78 480 367
Bank overdraft	93	93
	326 456 517	326 456 517

2017	Amortised cost	Total
Other financial liabilities	4 935 787	4 935 787
Related party loans	171 735 626	171 735 626
Trade and other payables	69 193 843	69 193 843
	245 865 256	245 865 256

The estimated fair values of financial assets and financial liabilities as at 31 March 2019 have been determined using available market information and appropriate valuation methodologies. The fair value of almost all financial instruments equals their carrying value, either because of the short term nature and normal trade terms thereof, or the market-related interest rates attached to it.

24. RELATED PARTY TRANSACTIONS

Transactions with related parties are effected on a commercial basis and related party debts are repayable on a commercial basis unless otherwise stated.

The following transactions were carried out with related parties:

	2019	2018	2017
Revenue (Sale of goods and services rendered)			
Action Training Academy Proprietary Limited	–	–	170 544
Amanzi Proprietary Limited	–	6 000	495
Freshmark Systems Proprietary Limited	–	–	134 150
MICROmega Holdings Limited	268 808	246 888	260 932
MICROmega Professional and Accounting Services Proprietary Limited	–	–	
Mubesko Africa Proprietary Limited	–	–	5 745
NOSA Proprietary Limited	–	–	4 674
NOSA Travel Agency Proprietary Limited	–	–	600
R-Data Proprietary Limited	1 003 449	678 510	68 188
Stable-Net Proprietary Limited	–	–	
Yonke Proprietary Limited	–	–	182 600
	1 272 257	931 398	827 928
Purchases			
Action Training Academy Proprietary Limited	–	–	14 632
Amanzi Proprietary Limited	1 901 526	5 056 115	5 591 894
Aspirata Auditing Testing and Certification Proprietary Limited	–	72 667	–
Freshmark Systems Proprietary Limited	–	–	–
MICROmega Financial Services Proprietary Limited	1 175 124	–	1 206 096
MICROmega Holdings Limited	955 128	816 047	
MICROmega Professional and Accounting Services Proprietary Limited	–	–	–
Mubesko Africa Proprietary Limited	736 508	2 339 426	2 356 883
Nerdworks Proprietary Limited	986 592	330 238	426 967
NOSA Auditing and Inspection Services Proprietary Limited	–	13 000	10 680
NOSA Proprietary Limited	–	1 898 183	31 507
NOSA Travel Agency Proprietary Limited	5 367 847	13 605 730	8 971 506
R-Data Proprietary Limited	466 050	1 601 055	1 136 242
Stable-Net Proprietary Limited	–	–	30 000
Turrito Networks Proprietary Limited	14 780 128	14 176 321	10 173 152
Utility Management Services Proprietary Limited	–	357 182	–
USC Metering Proprietary Limited	1 069 917	6 538 906	11 988 226
	27 438 820	46 804 870	41 937 785

	2019	2018	2017
Management fees received			
Sebata Municipal Solutions Proprietary Limited	–	–	–
Stable-Net Proprietary Limited	–	(5 652 266)	–
	–	(5 652 266)	–
Management fees paid			
Sebata Holdings Limited	–	8 400 000	8 400 000
	–	8 400 000	8 400 000
Rent paid – premises			
Sebata Holdings Limited	780 878	565 331	813 204
NOSA Proprietary Limited	–	50 000	30 000
	780 878	615 331	843 204

Balances with related parties were as follows:

	2019	2018	2017
Trade receivables			
Amanzi Proprietary Limited	–	–	34 507
Freshmark Systems Proprietary Limited	–	–	1 043 674
MICROmega Holdings Limited	–	94 110	1 669 048
MICROmega Professional and Accounting Services Proprietary Limited	373 910	743 068	1 464 542
Nerdworks Proprietary Limited	1 652 842	532 950	–
NOSA Proprietary Limited	–	51 722	–
R-Data Proprietary Limited	–	150 857	1 565 186
Stable-Net Proprietary Limited	1 996 341	8 787 573	1 759 667
Utility Management Services Proprietary Limited	367 738	–	–
Turrito Networks Proprietary Limited	–	–	93 166
Yonke Proprietary Limited	–	–	208 164
	4 390 831	10 360 280	7 837 954
Trade payables			
Action Training Academy Proprietary Limited	–	–	4 113
Amanzi Proprietary Limited	–	–	114 570
Freshmark Systems Proprietary Limited	–	1 500	27 014
MICROmega Holdings Limited	–	1 919 151	2 976 563
MICROmega Professional and Accounting Services Proprietary Limited	18 304 457	25 378 632	17 850 436
Mubesko Africa Proprietary Limited	–	2 427 912	855 941
Nerdworks Proprietary Limited	681 222	137 112	207 169
NOSA Auditing and Inspection Services Proprietary Limited	–	–	12 175
NOSA Proprietary Limited	–	4 640	28 418
NOSA Travel Agency Proprietary Limited	–	1 025 474	2 678 308
R-Data Proprietary Limited	358 501	83 414	295 663
Stable-Net Proprietary Limited	4 061 313	3 174 343	–
Turrito Networks Proprietary Limited	162 253	993 349	–
Utility Management Services Proprietary Limited	374 516	407 187	–
USC Metering Proprietary Limited	–	2 720	1 392 276
	23 942 262	35 555 434	26 442 646
Instalment Sale			
MICROmega Financial Services Proprietary Limited	1 203 513	3 035 358	4 935 787
	1 203 513	3 035 358	4 935 787

Loans receivable/(payable)

The detail on related party loans is disclosed in note 11.

25. **RISK MANAGEMENT**

Overview

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

- credit risk
- liquidity risk
- interest rate risk

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

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

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

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

25.1 **Credit risk**

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

Customer credit risk is managed by each business unit subject to the company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits and historical default rates. Outstanding customer receivables are regularly monitored to ensure exposure to credit risk is maintained within the defined parameters.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if there is an indication that these are impaired. The Company does not hold collateral as security.

Set out below is the information about the credit risk exposure on the company's trade receivables using a provision matrix:

2019			
Trade debtors carrying amount:	**Carrying value**	**ECL rate**	**Expected credit loss**
Current	26 719 969	0.66%	177 011
30 Days	13 328 358	0.96%	127 657
60 Days	8 407 610	1.18%	99 362
90 Days	6 091 954	0.91%	55 558
+120 Days	57 004 167	0.83%	474 250
Total	111 552 058		933 837

2018			
Trade debtors carrying amount:	**Carrying value**	**ECL rate**	**Expected credit loss**
Current	49 346 539	0.51%	251 451
30 Days	11 838 069	1.27%	150 363
60 Days	6 126 905	1.72%	105 550
90 Days	6 965 030	1.19%	82 850
+120 Days	54 002 327	0.78%	420 631
Total	128 278 870		1 010 844

Trade and other receivables	**2019**	**2018**	**2017**
Credit quality of trade and other receivables can be analysed as follows:			
Group 1	–	51 139 749	9 104 042
Group 2	40 069 982	13 523 911	77 571 861
Group 3	71 482 074	70 777 721	9 021 684
Total	111 552 056	135 441 381	95 697 587

Group 1– new customers (less than six months)

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

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

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

Performance categories of trade and other receivables

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

Performance categories:			
Fully performing	40 069 982	51 139 749	47 245 661
Past due and not impaired	30 549 478	84 301 632	48 451 926
Impaired and provided for	20 466 298	9 105 464	7 913 758
	91 085 758	144 546 845	103 611 345
The ageing of amounts past due but not impaired is as follows:			
Three months past due	14 499 563	29 375 889	25 026 385
More than three months past due	16 049 915	54 925 743	23 425 541
	30 549 478	84 301 632	48 451 926

	2019	2018	2017

Credit loss allowance

As at year-end trade receivables were provided for as follows:

Movement on the doubtful debt allowance is as follows:

Balance at the beginning of the year	(9 105 464)	(7 913 758)	(16 263 133)
Credit loss allowance raised during the period	(11 898 723)	(180 862)	2 567 469
Reversal of credit loss from prior year	(933 837)	(1 010 844)	10 916 844
Bad debt written off	1 471 726	–	–
Balance at the end of the year	(20 466 298)	(9 105 464)	7 913 758

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

25.2 **Liquidity risk**

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

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

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

	Less than 1 year	Between 1 and 5 years	Over 5 years	Undated	Total
2019					
Other financial liabilities	997 920	294 612	–	–	1 292 532
Related party loans	189 724 108	–	–	–	189 724 108
Trade and other payables	38 189 283	–	–	–	38 189 283
Bank overdraft	8 192 693	–	–	–	8 192 693
	237 104 004	294 612	–	–	237 398 616
2018					
Other financial liabilities	1 809 659	1 225 699	–	–	3 035 358
Related party loans	244 940 699	–	–	–	244 940 699
Trade and other payables	78 480 367	–	–	–	78 480 367
Bank overdraft	93	–	–	–	93
	325 230 818	1 225 699	–	–	326 456 517

	Less than 1 year	Between 1 and 5 years	Over 5 years	Undated	Total
2017					
Other financial liabilities	2 150 966	2 784 821	–	–	4 935 787
Related party loans	171 735 626	–	–	–	171 735 626
Trade and other payables	69 193 843	–	–	–	69 193 843
	243 080 435	2 784 821	–	–	245 865 256

25.3 **Interest rate risk**

The Company exposure on fair value interest rate risk mainly arises from its fixed deposits with banks and investments in fixed rate debt securities, which are classified as loans and receivables. It also has exposure on cash flow interest rate risk which is mainly arising from its deposits with banks and interest-bearing borrowings with the banks. It is a common practice in South Africa to have floating rate borrowings with the banks.

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

Sensitivity analysis

	2019	2018	2017
Other financial assets	–	137 139	648 373
Cash and cash equivalents	6 022 167	1 326 670	2 448 645
Bank Over darft	(8 192 693)	(93)	–
Other financial liabilities	(1 203 513)	(3 035 358)	(4 935 787)
Net interest-bearing assets/(liabilities)	(3 374 039)	(1 571 642)	(1 838 769)
Interest rate change	2 %	2 %	2 %
Potential after tax impact on earnings	(48 586)	(22 632)	(26 478)

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

26. **GOING-CONCERN**

The annual financial statements have been prepared on the basis of accounting policies applicable to a going-concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The related parties have subordinated their claims against Sebata Municipal Solutions Proprietary Limited in favour and for the benefit of other creditors of Sebata Municipal Solutions Proprietary Limited, until such time that the current assets exceed the current liabilities.

27. **EVENTS AFTER REPORTING DATE**

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the Company.

HISTORICAL FINANCIAL INFORMATION OF SEBATA MUNICIPAL SOLUTIONS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

Statement of financial position

Figures in R	**2019**
Assets	
Non-current assets	
Property, plant and equipment	14 941 316
Intangible assets	338 080 162
Investment in subsidiaries	11 298 622
	364 320 097
Current assets	
Inventories	2 117 068
Trade and other receivables	111 931 972
Cash and cash equivalents	–
	114 049 040
Total assets	**478 369 140**
Equity and liabilities equity	
Issued capital	7 931 095
Retained earnings	189 224 174
	197 155 269
Non-current liabilities	
Other financial liabilities	1 020 760
Deferred tax liability	56 618 620
	57 639 380
Current liabilities	
Trade and other payables	34 748 397
Current tax	–
Related party loans	160 352 209
Other financial liabilities	9 868 363
Bank overdraft	18 605 522
	223 574 491
Total equity and liabilities	**478 369 140**

Statement of profit and loss

Figures in R	2019
Revenue	119 410 524
Cost of sales	(50 019 722)
Gross profit	**69 390 802**
Other net income	53 446
Administration expenses	(127 773 452)
Distribution expenses	(1 267 641)
Operating profit	**(59 596 845)**
Finance income	21 673
Finance costs	(1 254 690)
Profit before taxation	**(60 829 862)**
Tax expense	17 081 351
Profit for the year	**(43 748 511)**

Statement of changes in equity

Figures in R	Share capital	Share premium	Retained earnings	Total
Balance at 1 April 2019	**392**	**7 930 703**	**232 972 685**	**240 903 780**
Total comprehensive income for the year				
Profit for the year	–	–	(43 748 511)	(43 748 511)
Balance at 31 March 2019	**392**	**7 930 703**	**189 224 174**	**197 155 269**

Statement of cash flow

Figures in R	2019
Cash flow from operating activities	
Cash generated from operations	13 412 648
Finance income	54 806
Finance costs	(701 381)
Income tax received	–
Net cash from operating activities	**12 766 074**
Cash flow from investing activities	
Property, plant and equipment acquired	(13 294 763)
Intangible assets internally developed	(26 653 921)
	(39 948 685)
Cash flow from financing activities	
Other financial liabilities received	9 208 779
Loans to related parties repaid/(advanced)	1 538 836
	10 747 615
Decrease in cash and cash equivalents	(16 434 996)
Cash and cash equivalents at beginning of the year	(2 170 526)
Cash and cash equivalents at end of the year	**(18 605 522)**

NOTES TO THE GROUP FINANCIAL INFORMATION

1. BASIS OF PREPARATION

These reviewed condensed interim financial statements for the six months ended 30 September 2019 are prepared in accordance with International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statement. The reviewed condensed interim financial statements are prepared in accordance with the going-concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS. The fair value of financial instruments approximates their carrying value. The reviewed consolidated interim financial statements have been prepared under the supervision of Pierre Van Eeden, CA(SA), the Financial Director.

All financial information presented in South African Rand.

2. SIGNIFICANT ACCOUNTING POLICIES

These reviewed interim financial statements have been prepared using accounting policies that comply with IFRS and are consistent with those used in the audited annual consolidated financial statements for the year ended 31 March 2019, except for the new accounting standards adopted as disclosed in note 4 below.

3. REVIEW

A review has been performed on the condensed interim financial statements in terms of the JSE Limited Listings Requirements. These condensed interim financial statements for the period ended 30 September 2019 have been reviewed by Nexia SAB&T, who expressed an unmodified review conclusion.

The review was performed in accordance with ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

Any reference to future financial performance included in this announcement has not been reviewed or reported on by the company's external auditors. A copy of the auditor's review report is available for inspection at the company's registered office together with the condensed interim financial statements identified in the auditor's report.

4. ADOPTION OF NEW ACCOUNTING POLICIES

The Company has adopted all new accounting standards that became effective in the current reporting period. The following standard had an impact on the Company.

– IFRS 16 Leases

The Company has adopted IFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The right-of-use asset was measured at the value of the lease liability and adjusted by the amount of any previously recognised prepaid or accrued lease payments. The reclassifications and the adjustments arising from the adoption of IFRS 16 are therefore recognised in the opening statement of financial position on 1 April 2019. IFRS 16 introduced a single, on-balance-sheet accounting model for leases. As a result, the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. After the adoption of IFRS 16, the Company recognised a depreciation expense on the right-of-use assets and an interest expense accruing on the lease liabilities.

From 1 April 2019, the Company recognises right-of-use assets and lease liabilities at the lease commencement date for most leases. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Interest costs are charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The associated right-of-use assets were measured at the amount equal to the lease liability and are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

On adoption of IFRS 16, the Company recognised right-of-use assets and lease liabilities. The impact on adoption is summarised below:

	1 April 2019
Right-of-use assets	477 803
Adjusted by previously recognised lease smoothing accruals	(24 010)
Total Assets	**453 793**
Non-current lease liabilities	190 304
Current lease liabilities	287 493
Total Liabilities	**477 803**

5. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

The carrying amount of all financial assets and liabilities approximates the fair value. Directors consider the carrying value of financial instruments of a short-term nature, that mature in 12 months or less, to approximate the fair value of such assets or liability classes. The carrying value of longer-term assets are considered to approximate their fair value as these instruments bear interest at interest rates appropriate to the risk profile of the asset or liability class. The Company does not carry any financial instruments measured in the statement of financial position at fair value at 30 September 2019.

6. COMMITMENTS AND CONTINGENCIES

Capital commitments

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

Contingencies

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

7. GOING-CONCERN

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

The related parties have subordinated their claims against the Company in favour and for the benefit of the other creditors.

8. SUBSEQUENT EVENTS

On 21 March 2020 South Africa was placed into lockdown as a result of the Corona virus. This has resulted in decreased trading across the portfolio of businesses and put an instant strain of the short-term liquidity. We have been fortunate to be granted essential services status in some cases and in most other cases been able to continue supporting clients remotely. The long-term impact of the lockdown and resultant down turn in the economy is still being assessed.

9. **COMMENTARY**

We have experienced an accelerated slowdown in government spending. There are two main reasons for this. First, there is increased scrutiny on all public sector spending as Government tries to reverse the endemic corruption that we have witnessed for a number of years (A number of our competitors have been named recently in corruption investigations but our strong ethics and governance ensured that we rather lost business than gain it through corrupt practices). Secondly, the local economy is not growing and that is unlikely to change in the near term without a major coordinated effort by Government agencies – which is not visible at this time.

The forced withdrawal, due to long-standing non-payment, of our services from our largest municipal client necessitated a significant once off impairment to the value of R66 million of our internally generated software solutions. This period is also the first full financial year where our software division has amortised its intellectual property.

The only mildly bright note is that, once we strip out the non-trading adjustments, Sebata delivered a decent operational performance in an economy that is struggling to keep itself out of a recession.

HISTORICAL FINANCIAL INFORMATION OF R-DATA FOR THE THREE FINANCIAL YEARS ENDED 31 MARCH 2019, 31 MARCH 2018 AND 31 MARCH 2017

Statement of financial position

Figures in R	Note(s)	2019	2018	2017
Assets				
Non-current assets				
Property, plant and equipment	6	703 201	1 165 061	1 332 208
Intangible assets	7	20 211 081	15 121 077	7 131 932
		20 914 282	**16 286 138**	**8 464 140**
Current assets				
Current tax	14	1 561 747	–	22 798
Related party loans	8	4 840 144	2 396 085	1 120 632
Trade and other receivables	9	7 138 678	13 035 610	11 511 881
Cash and cash equivalents	10	202 239	969 339	650 738
		13 742 808	**16 401 034**	**13 306 049**
Total assets		**34 657 090**	**32 687 172**	**21 770 189**
Equity and liabilities equity				
Issued capital	11	1 000	1 000	1 000
Retained earnings		21 461 341	20 032 193	11 574 229
		21 462 341	**20 033 193**	**11 575 229**
Non-current liabilities				
Deferred tax liability	12	1 753 671	1 697 513	346 115
Current liabilities				
Trade and other payables	13	11 441 078	10 267 769	9 824 417
Current tax	14	–	688 697	–
Related party koans	8	–	–	24 428
		11 441 078	**10 956 466**	**9 848 845**
Total equity and liabilities		**34 657 090**	**32 687 172**	**21 770 189**

Statement of profit and loss

Figures in R	Note(s)	2019	2018	2017
Revenue	15	**29 947 551**	**34 052 138**	**26 148 801**
Cost of sales		(3 402 835)	(5 956 452)	(4 705 457)
Gross profit		**26 544 716**	**28 095 686**	**21 443 344**
Other net income		533 351	480 000	80 000
Administration expenses	16	(25 217 380)	(17 995 071)	(14 642 406)
Distribution expenses	16	(41 805)	(75 359)	(303 862)
Operating profit		**1 818 882**	**10 505 256**	**6 577 076**
Finance income		185 438	26 365	208 372
Finance costs		(138)	(8 574)	(14 973)
Profit before taxation		**2 004 182**	**10 523 047**	**6 770 475**
Tax expense	17	(439 554)	(2 065 083)	(1 050 185)
Profit for the year		**1 564 628**	**8 457 964**	**5 720 290**

Statement of changes in equity

Figures in R	Share capital	Retained earnings	Total
Balance at 1 April 2016	1 000	5 853 939	5 854 939
Total comprehensive income for the year			
Profit for the year		5 720 290	5 720 290
Balance at 31 March 2017	**1 000**	**11 574 229**	**11 575 229**
Balance at 1 April 2017	1 000	11 574 229	11 575 229
Total comprehensive income for the year			
Profit for the year		8 457 964	8 457 964
Balance at 31 March 2018	**1 000**	**20 032 193**	**20 033 193**
Balance at 1 April 2018 as previously reported	1 000	20 032 193	20 033 193
Adjustment on initial application of IFRS 9 and IFRS 15 net of taxes		(135 480)	(135 480)
Balance at 1 April 2018 as adjusted	1 000	19 896 713	19 897 713
Total comprehensive income for the year			
Profit for the year		1 564 628	1 564 628
Balance at 31 March 2019	**1 000**	**21 461 341**	**21 462 341**

Statement of cash flow

Figures in R	Note(s)	2019	2018	2017
Cash flow from operating activities				
Cash generated from operations	18	10 573 138	9 899 831	6 414 178
Finance income		185 438	26 365	208 372
Finance costs		(138)	(8 574)	–
Income tax paid	14	(1 934 934)	–	(932 852)
Net cash from operating activities		**8 823 504**	**9 917 622**	**5 689 698**
Cash flow from investing activities				
Property, plant and equipment acquired		(43 356)	(307 809)	(1 343 390)
Intangible assets internally developed		(6 308 870)	(7 989 145)	(5 224 216)
Proceeds on disposals of property, plant and equipment		–	–	273 353
		(6 352 226)	**(8 296 954)**	**(6 294 253)**
Cash flow from financing activities				
Loans to related parties (advanced)/repaid		(3 238 378)	(1 302 067)	1 100 654
Loans from related parties advanced		–	–	24 428
Other financial liabailities		–	–	(33 748)
		(3 238 378)	**(1 302 067)**	**1 091 334**
(Decrease)/increase in cash and cash equivalents		(767 100)	318 601	486 779
Cash and cash equivalents at beginning of the year		969 339	650 738	163 959
Cash and cash equivalents at end of the year	10	**202 239**	**969 339**	**650 738**

ACCOUNTING POLICIES

1. **STATEMENT OF COMPLIANCE**

The historic financial information (hereinafter referred to as “financial statements”) has been prepared in accordance with the JSE Limited Listings Requirements, the conceptual framework, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

2. **BASIS OF PREPARATION**

The financial statements are presented in South African Rand, which is the company’s functional currency.

The historic financial information have been prepared under the historical cost convention.

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

The historical financial information is the responsibility of the directors.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied.

3.1 **PROPERTY, PLANT AND EQUIPMENT**

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

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within ‘Other income’ in the statement of profit and loss. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Depreciation is provided on the straight-line basis which, will reduce the carrying amount of the property, plant and equipment to their residual values at the end of their useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the group will obtain ownership by the end of the lease term. Land is not depreciated. Items of property, plant and equipment are depreciated from the date that they are installed and available for use.

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

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

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

3.2 INTANGIBLE ASSETS

Computer software, internally generated

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

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

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

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

Amortisation

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

Computer software, internally generated and computer software externally purchased	5 – 15 years

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

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

3.3 IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amount of the company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generated units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the group on a pro rata basis.

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

3.4 INVENTORIES

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

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

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

3.5 FINANCIAL ASSETS

Financial assets comprise trade and other receivables (excluding prepayments); cash and cash equivalents and other financial assets.

Financial assets are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instruments. Financial assets are classified as current if expected to be realised or settled within 12 months from the reporting date; if not, they are classified as non-current.

Classification

The Company classifies financial assets on initial recognition as measured at amortised cost as the company's business model and objective is to hold the financial asset in order to collect the contractual cash flow and the contractual terms allows for cash flows on specified dates for the payment of the principal amounts outstanding.

Financial Assets	Classification in 2019 (IFRS 9)	Classification in 2018 and 2017 (IAS 32)
Trade and other receivables	Financial asset at amortised cost	Loans and receivables at amortised cost
Cash and cash equivalents	Financial asset at amortised cost	Loans and receivables at amortised cost
Other financial assets	Financial asset at amortised cost	Loans and receivables at amortised cost

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

Assets carried at amortised cost (IFRS 9)

Under IFRS 9 the Company calculates its allowance for credit losses as expected credit losses (ECLs) for financial assets measured at amortised cost. ECLs are a probability weighted estimate of credit losses. To calculate ECLs the Company segments/groups trade receivables by customer type and ageing. The Company applies the simplified approach to determine the ECL for trade receivables. This results in calculating lifetime expected credit losses for trade receivables. ECLs for trade receivables are calculated using a provision matrix. The provision matrix is determined by using reference to the credit quality of the assets, the customers ability to pay, historical default rates and credit losses incurred along with reference to forward-looking information such as macroeconomic factors and future forecasts. The Company has defined a default as a significant deviation to the contractual payment terms and accepted historical payment rates from customers which has impacted on the ability of the customers' ability to settle current and future debt. If there have been significant defaults from a specific customer and these have given rise to indications that the customer has a decreased ability to settle the debt when due these expected credit losses are provided for in full and not with reference to the provision matrix. In determining whether there has been a significant increase in credit risk the Company has rebutted the presumption that this occurs once contractual payments extend past 30 days, this is due to the segment in which the Group operates in which it is common practice for payment terms to extend past 30 days.

ECLs for other financial assets are assessed on an individual basis based on a credit risk assessment of the borrower, this credit risk comprises historical defaults by the borrower, the borrower's ability to repay the debt and security that is in place over the debt.

Assets carried at amortised cost (IAS 32)

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

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

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

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

Trade and other receivables

Trade and other receivables comprises trade receivables, deposits, prepayments, advances and other receivables.

Trade and other receivables are initially measured at fair value and, after initial recognition, at amortised cost less impairment losses for bad and doubtful debts, if any, except for the following receivables:

– Interest-free loans made to related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost less impairment losses for bad and doubtful debt, if any; and
– Short-term receivables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount less impairment losses for bad and doubtful debt, if any.

Cash and cash equivalents

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

Cash and cash equivalents are initially recognised at fair value and subsequently measured at amortised cost.

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

Other financial assets

Other financial assets comprise of deferred payments due on the disposal of subsidiaries and loans receivable extended. These are initially measured at fair value and, after initial recognition, at amortised cost less impairment losses.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

3.6 FINANCIAL LIABILITIES

Financial liabilities comprise trade and other payables (excluding indirect taxation payable), other financial liabilities and bank overdrafts.

Recognition

Financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as non-current if the Group has an unconditional right to defer payment for more than 12 months from the reporting date otherwise they are classified as current.

Classification

All financial liabilities are classified at amortised cost except for deferred vendor payments that are measured at fair value through profit and loss.

Financial Liabilities	Classification in 2019 (IFRS 9)	Classification in 2018 (IAS 32)
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost
Other financial liabilities	Financial liability at amortised cost	Financial liability at amortised cost

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

Borrowings

Borrowings comprises loans from shareholders, loans from directors, loans from third parties and instalment sale obligations.

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

Derecognition

Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire. On derecognition of a financial liability, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

3.7 LEASES

Finance Leases – Lessee

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the Company are classified as finance leases. Assets acquired in terms of finance leases are capitalised at the lower of the fair value of the asset and the present value of the minimum lease payments at inception of the lease, and depreciated over the shorter of the estimated useful life of the asset or the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term. The capital element of future obligations under these leases is included as a liability in the balance-sheet. Lease payments are allocated using the effective interest method to determine the lease finance cost, which is recognised in profit or loss over the lease period, and the capital repayment, which reduces the liability to the lessor.

Operating Leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the period of the lease.

3.8 EMPLOYEE BENEFITS

Defined contribution plans

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

Short-term employee benefits

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

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

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

3.9 INCOME TAX

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

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

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

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

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

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

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

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

3.10 REVENUE RECOGNITION

Revenue contracts with customers

Revenue is measured at the fair value of the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or services to a customer. The following indicators are used by the Company in determining when control has passed to the customer:

- the Company has the right to payment for the product or service;
- the customer has legal title to the product;

- the Company has transferred physical possession of the product to the customer;
- the customer has the significant risks and rewards of ownership of the product; and
- the customer has accepted the product.

The transaction price is allocated to specific performance obligations within the contract, these prices are specifically linked and disclosed in accordance to the performance obligations. Hence there is no need for management to make any assumptions as it relates to allocating the transaction price to the various performance obligations.

Nature of significant revenue streams

The company's revenue streams consists of the major products and services lines set out below, which includes a description of the principle activities from which the Company generates its revenue, significant judgements applied in assessing the timing of measurement of performance obligation and the transaction price allocated to performance obligations.

Major product lines at a point in time

Products and services	**Nature, timing of satisfaction of performance obligations and significant payment terms**
Support and maintenance	Revenue from support and maintenance services is recognised as ad-hoc services are provided and the necessary repairs, maintenance or equivalent services has been completed to the customer's satisfaction.
Physical goods	Revenue from physical goods is recognised at the point in time when ownership of the goods are transferred, and the customer takes control of the goods.

Contract Assets

Timing of revenue recognition may differ from the timing of invoicing to customers. We record a contract asset when revenue is recognised prior to invoicing.

Contract Liabilities

Timing of revenue recognition may differ from the timing of invoicing to customers. We record a contract liability where the consideration relating to the revenue has been received prior to the performance obligation having been met.

Sales of goods (IAS18)

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

Rendering of Services (IAS18)

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

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

Residual values and useful lives of tangible and intangible assets

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

Estimated impairment of goodwill and intangible assets with indefinite useful lives

The Company tests annually whether intangible assets with indefinite lives have suffered any impairment, in accordance with the accounting policy stated in note 3.3. The recoverable amounts of certain cash-generating units have been determined based on the value-in use calculations. The Company assessed on an annual basis whether the classification of indefinite life intangible assets is appropriate.

Measurement of the recoverable amount of trade receivables

Management utilised estimates to determine the recoverable amount if the company's trade receivables, which focuses on the ability of the customer to settle outstanding debt when it becomes due and payable. The Company uses judgement in making these estimations and selecting the inputs to the credit loss calculations, based on the company's past payment history, historical write-offs, existing market conditions as well as forward-looking estimates at the end of the reporting period estimations on future default rates translated into expected credit losses.

Percentage of completion

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

5. NEW STANDARDS AND INTERPRETATIONS

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

The amendments as set out below have been assessed are considered not to have a material impact on the financial statements:

IFRS 10 Consolidated Financial Statements	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	The effective date of this amendment has been deferred indefinitely until further notice

IFRS 16 Leases	New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows. IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. IFRS 16 supersedes the following Standards and Interpretations: (a) IAS 17 Leases; (b) IFRIC 4 Determining whether an Arrangement contains a Lease; (c) SIC-15 Operating Leases – Incentives; and (d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Company expects to adopt IFRS16 in the 2020 financial year. The Company had embarked on a project to consider the impact of the changes in the standard on the company's financial statements. The project is still ongoing as at the date of this report.	01-Jan-19

6. **PROPERTY, PLANT AND EQUIPMENT**

	Cost	Accumulated depreciation	Carrying value
2019			
Owned assets			
Furniture and fittings	393 021	(167 059)	225 962
Office equipment	7 790	(2 597)	5 193
IT equipment	546 400	(315 987)	230 413
Capitalised leased assets			
Leasehold Improvements	882 094	(640 461)	241 633
	1 829 305	(1 126 104)	703 201
2018			
Owned assets			
Furniture and fittings	521 753	(218 874)	302 879
Office equipment	68 481	(61 989)	6 492
IT equipment	653 565	(333 539)	320 026
Capitalised leased assets			
Leasehold Improvements	882 094	(346 430)	535 664
	2 125 893	(960 832)	1 165 061
2017			
Owned assets			
Furniture and fittings	503 040	(161 516)	341 524
Office equipment	60 691	(60 691)	–
IT equipment	475 246	(196 965)	278 281
Capitalised leased assets			
Leasehold Improvements	779 107	(66 704)	712 403
	1 818 084	(485 876)	1 332 208

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

	Carrying value at beginning of year	Additions	Disposals	Other	Deprecia-tion	Carrying value at end of year
2019						
Owned assets						
Furniture and fittings	302 879	–	(19 313)	–	(57 604)	225 962
Office equipment	6 492	–	–	–	(1 299)	5 193
IT equipment	320 026	43 356	(20 751)	–	(112 218)	230 413
Leasehold Improvements	535 664	–	–	–	(294 031)	241 633
	1 165 061	43 356	(40 064)	–	(465 152)	703 201
2018						
Owned assets						
Furniture and fittings	341 524	18 713	–	–	(57 358)	302 879
Office equipment	–	7 790	–	–	(1 298)	6 492
IT equipment	278 281	178 319	–	–	(136 574)	320 026
Leasehold Improvements	712 403	102 987	–	–	(279 726)	535 664
	1 332 208	307 809	–	–	(474 956)	1 165 061

	Carrying value at beginning of year	Additions	Disposals	Other	Deprecia-tion	Carrying value at end of year
2017						
Owned assets						
Furniture and fittings	32 513	319 636	–	–	(10 625)	341 524
Office equipment	–	–	–	–	–	–
IT equipment	100 438	244 647	–	–	(66 804)	278 281
Leasehold Improvements	–	779 107	–	–	(66 704)	712 403
	444 293	1 343 390	(273 353)	–	(182 122)	1 332 208

7. **INTANGIBLE ASSETS**

	Cost	Accumu-lated depreciation	Carrying value
2019			
Computer software, internally generated	21 429 947	(1 218 866)	20 211 081
	21 429 947	(1 218 866)	20 211 081
2018			
Computer software, internally generated	15 121 077	–	15 121 077
	15 121 077	–	15 121 077
2017			
Computer software, internally generated	7 131 932	–	7 131 932
	7 131 932	–	7 131 932

	Carrying value at beginning of year	Additions	Disposals	Other	Amortisa-tion	Carrying value at end of year
2019						
Computer software, internally generated	15 121 077	6 308 870	–	–	(1 218 866)	20 211 081
	15 121 077	6 308 870	–	–	(1 218 866)	20 211 081
2018						
Computer software, internally generated	7 131 932	7 989 145	–	–	–	15 121 077
	7 131 932	7 989 145	–	–	–	15 121 077
2017						
Computer software, internally generated	1 907 716	5 224 216	–	–	–	7 131 932
	1 907 716	5 224 216	–	–	–	7 131 932

	2019	2018	2017

8. RELATED PARTY LOANS

	2019	2018	2017
Interest free loans			
Sebata Holdings Limited	419 513	470 597	(24 428)
Interest-bearing loans			
Sebata Holdings Limited	4 420 631	1 925 488	1 120 632
Loans to related parties – gross	4 840 144	2 396 085	1 120 632
Credit loss allowance on loans to related parties	–	–	–
Loans to related parties – net	4 840 144	2 396 085	1 120 632
Loans from related parties – net	–	–	(24 428)
	4 840 144	2 396 085	1 096 204

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

The credit quality of loans to related parties is considered to be high as there has been no significant default historically.

The carrying amount of related party loans approximate their fair value due to the short term nature thereof.

The carrying amounts of related party loans are denominated in South African Rand only.

9. TRADE AND OTHER RECEIVABLES

	2019	2018	2017
Trade debtors	12 319 812	12 068 133	10 658 694
Prepaid expenses	428 274	790 474	503 515
Deposits	400 000	400 000	434 400
	13 148	13 258 607	11 596 609
Credit loss allowance	(6 009 408)	(222 997)	(84 728)
	7 138 678	13 035 610	11 511 881
Items included in trade and other receivables not classified as financial instruments			
Prepaid expenses	428 274	790 474	503 515
	428 274	790 474	503 515
Trade and other receivables net of non-financial instruments	6 710 404	12 245 136	11 008 366

The average credit period is less than 60 days with no interest charged on late payment. The amounts presented above include amounts that are past due at the end of the reporting period for which the Company has not recognised an allowance for credit loss because there has not been significant change in the credit quality of the receivables and the amounts are considered to still be recoverable. The credit quality of trade and other receivables is considered to be high as there has been no significant default historically.

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

* Allowance for credit losses has been calculated under IAS39 for the 2018 financial period and IFRS 9 for the 2019 period.

The carrying amounts of trade and other receivables are denominated in South African Rand only.

	2019	2018	2017

10. CASH AND CASH EQUIVALENTS

Current Accounts	202 232	969 332	636 668
Call Accounts	7	7	14 070

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

The credit quality of cash and cash equivalents is considered to be high as there has been no significant default historically.

The carrying amounts of cash and cash equivalents are denominated in South African Rand only.

11. SHARE CAPITAL

Authorised			
1 000 Ordinary shares of no par value	–	–	–
Issued			
1 000 Ordinary shares of no par value	1 000	1 000	1 000

12. DEFERRED TAX ASSETS/(LIABILITY)

Deferred tax assets/(liabilities) are only offset when the income tax relates to the same legal entity or the same fiscal authority or they intend to settle the assets and liabilities on a net basis. The directors assessed that the deferred tax assets will be recovered based on profitability forecasts and their review of business plans.

Reconciliation of deferred tax:			
Balance at beginning of year	(1 697 513)	(346 115)	363 554
Movements consisting of:			
Temporary differences recognised in profit and loss			(709 669)
Intangible assets	(1 425 201)	(2 009 018)	–
Credit loss allowance	1 187 277	29 036	–
Provision for bonuses	(313 663)	396 418	–
Provision for leave pay	(18 827)	43 409	–
Provision for smoothing of leases	(14 616)	35 875	–
Contract liability	528 872	138 104	–
Temporary differences recognised in equity	–	14 778	–
Balance at end of year	(1 753 671)	(1 697 513)	(346 115)
The deferred tax asset and liability arises from the following temporary differences:			
Intangible assets	(4 925 112)	(3 499 911)	(1 490 893)
Contract liability	1 636 305	1 107 434	969 330
Credit loss allowance	1 234 106	46 829	–
Provision for bonuses	97 533	411 196	175 448
Provision for leave pay	182 237	201 064	–
Provision for smoothing of leases	21 260	35 875	–
	(1 753 671)	(1 697 513)	(346 115)
Deferred tax liability	(1 753 671)	(1 697 513)	(346 115)

	2019	2018	2017

13. TRADE AND OTHER PAYABLES

Trade creditors	3 480 280	2 871 438	4 806 448
Accrued expenses	38 000	34 250	36 600
Leave pay accrual	650 846	718 087	563 053
Income received in advance	–	3 955 118	3 461 892
Contract liabilities	5 843 948	–	–
Lease straight lining accrual	75 926	128 124	52 779
Payroll accruals	1 090 381	2 015 363	336 982
Value Added Tax	244 083	447 170	566 659
Sundry creditors	17 610	98 219	–
	11 441 074	10 267 769	9 824 413
Items included in trade and other payables not classified as financial instruments			
Value Added Tax	244 083	447 170	566 659
Leave pay accrual	650 846	718 087	563 053
Lease straight lining accrual	75 926	128 124	52 779
Trade and other payables net of non-financial instruments	10 470 219	8 974 388	8 641 922

Creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken is less than 60 days. The carrying amounts approximate fair value due to the short term nature thereof.

The carrying amounts of trade and other payables are denominated in South African Rand only.

14. CURRENT TAX RECEIVABLE/(PAYABLE)

Current year			
Taxation for the year	(383 396)	(698 907)	(340 516)
Provisional tax paid	1 934 934	–	423 946
Prior years			
For tax relating to previous years	10 209	22 798	(469 182)
Final tax payments during the year relating to previous years	–	–	508 906
Over provision in prior years	–	(14 778)	–
Interest and penalties received/(incurred)	–	2 190	(100 356)
	1 561 747	(688 697)	22 798
Tax receivable	1 561 747	–	22 798
Tax Payable	–	(688 697)	–
			22 798
Total tax payments	1 934 934	–	932 852

	2019	2018	2017

15. **REVENUE**

Sale of goods	14 005 090	20 241 474	13 668 462
Services rendered	15 942 461	13 810 664	12 480 339
	29 947 551	34 052 138	26 148 801
Disaggregation of Revenue			
Major product lines over a point in time			
Software license with support and maintenance	15 942 461	13 810 664	12 480 339
	15 942 461	13 810 664	12 480 339
Major product lines at a point in time			
Goods	14 005 090	20 241 474	13 668 462
	14 005 090	20 241 474	13 668 462
Total Revenue from contracts with customers	29 947 551	34 052 138	26 148 801

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried forward contract liabilities and how much relates to performance obligations that were satisfied previously.

Opening Balance	3 955 118
Movement for the year	1 888 830
Closing Balance	5 843 948

At the beginning of the year, R3.9 million was recognised as a contract liability. The total amount was recognised as revenue during the current year, due to the short term nature of the contracts entered into. The closing balance represents new contracts entered into where the performance obligations have not yet been met at year-end. The contract liability will to be recognised as revenue in the next financial year.

	2019	2018	2017

16. **EXPENDITURE BY NATURE**

Auditors' remuneration			
Fees for the current year audit	39 750	29 750	37 400
Depreciation and amortisation			
Depreciation of property, plant and equipment	465 152	474 956	182 122
Amortisation of intangible assets	1 218 866	–	–
	1 684 018	474 956	182 122
Operating lease charges			
Premises	1 566 599	2 080 589	1 334 476
Other expenses			
Employee compensation and benefit expense	13 654 273	12 811 834	9 557 401
Motor vehicle expenses	41 805	75 359	303 862
Repairs and maintenance	14 658	52 918	2 836
Telephone and fax	1 117 498	552 776	255 010
Security	–	2 916	8 370
Insurance	9 563	7 793	6 146
Computer expense	26 177	36 392	3 093
Advertising expense	325 891	81 139	339 436
Courier and postage	38 198	6 450	24 300
Printing and stationary	18 272	37 463	25 194
Travel – Local	642 088	1 024 835	782 705
Electricity	–	–	27 193
Bank charges	19 258	20 506	25 229
Legal fees	–	5 546	5 120
Administration and management fee	565	3 337	369 600
Bad debt and credit allowance	5 650 930	162 027	84 728
Sponsorship, enterprise development and donations	16 000	16 100	–
Entertainment	57 083	18 360	18 224
Fines and penalties	–	60 758	138 412
Other	336 559	508 626	1 415 411
	21 968 818	15 485 135	13 392 270
Total operating expenses	25 259 185	18 070 430	14 946 268
Administration expenses	25 217 380	17 995 071	14 642 406
Distribution expenses	41 805	75 359	303 862
	25 259 185	18 070 430	14 946 268

	2019	2018	2017

17. INCOME TAX EXPENSE

	2019	2018	2017
Current tax			
Current year	383 396	698 907	340 516
Under/(over) provision in prior year	–	14 778	–
Deferred taxation			
Current year	56 158	1 366 176	709 669
Over provision in prior year	–	(14 778)	–
	439 554	2 065 083	1 050 185
Reconciliation of rate of taxation	%	%	%
South African normal taxation rate	28.0	28.0	28.0
Adjusted for:			
Permanent differences	(6.1)	(8.4)	(12.5)
Net reduction	(6.1)	(8.4)	(12.5)
Effective rate of taxation	21.9	19.6	15.5

18. CASH GENERATED FROM OPERATIONS

	2019	2018	2017
Profit before tax	2 004 182	10 523 047	6 770 475
Adjusted for:			
Depreciation and amortisation	1 684 018	474 956	182 122
Finance income	(185 438)	(26 365)	(208 372)
Finance costs	138	8 574	14 973
Movement in working capital			
Decrease/(increase) in trade and other receivables	5 896 932	(1 523 729)	(6 936 091)
Increase in trade and other payables	1 173 306	443 348	6 591 071
	10 573 138	9 899 831	6 414 178

19. FINANCIAL INSTRUMENTS

2019	**Amortised cost**	**Total**
Related party loans	4 840 144	4 840 144
Trade and other receivables	6 710 404	6 710 404
Cash and cash equivalents	202 239	202 239
	11 752 787	11 752 787

2018	**Loans and receivables held at amortised cost**	**Total**
Related party loans	2 396 085	2 396 085
Trade and other receivables	12 245 136	12 245 136
Cash and cash equivalents	969 339	969 339
	15 610 560	15 610 560

2017	Loans and receivables held at amortised cost	Total
Related party loans	1 120 632	1 120 632
Trade and other receivables	11 008 366	11 008 366
Cash and cash equivalents	650 738	650 738
	12 779 736	12 779 736

The Company has classified its financial liabilities in the following categories

2019	Amortised cost	Total
Trade and other payables	10 470 219	10 470 219
	10 470 219	10 470 219

2018	Amortised cost	Total
Trade and other payables	8 974 388	8 974 388
	8 974 388	8 974 388

2017	Amortised cost	Total
Trade and other payables	8 641 922	8 641 922
	8 641 922	8 641 922

The estimated fair values of financial assets and financial liabilities as at 31 March 2019 have been determined using available market information and appropriate valuation methodologies. The fair value of almost all financial instruments equals their carrying value, either because of the short term nature and normal trade terms thereof, or the market-related interest rates attached to it.

	2019	2018	2017

20. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

Revenue (Sale of goods and services rendered)			
Mubesko Africa Proprietary Limited	176 621	96 111	117 350
Sebata Municipal Solutions Proprietary Limited	466 050	1 601 055	1 136 242
	642 671	1 697 166	1 253 592
Purchases			
Amanzi Proprietary Limited	–	62 103	–
MICROmega Financial Services Proprietary Limited	9 563	7 793	–
MICROmega Services and Support Proprietary Limited	–	779 046	–
Mubesko Africa Proprietary Limited	738 588	–	714 739
Nerdworks Proprietary Limited	24 120	277 402	275 060
NOSA Travel Agency Proprietary Limited	492 173	9 756	544 088
Sebata Municipal Solutions Proprietary Limited	1 003 440	678 510	68 188
Sebata Municipal Solutions Proprietary Limited (Namibia)	–	1 001 447	–
	2 267 884	2 816 057	1 602 075

	2019	2018	2017
Rent received			
Mubesko Africa Proprietary Limited	(480 000)	(480 000)	–
	(480 000)	(480 000)	–
Interest received			
Sebata Holdings Limited	(178 968)	(23 770)	–
	(178 968)	(23 770)	–

Balances with related parties were as follows:

Trade receivables			
Amanzi Proprietary Limited	–	1 552	–
MICROmega Professional and Accounting Services Proprietary Limited	–	–	231 641
Mubesko Africa Proprietary Limited	46 000	45 600	63 840
Sebata Municipal Solutions Proprietary Limited	358 501	83 414	295 663
	404 501	130 566	591 144
Trade payables			
Amanzi Proprietary Limited	–	25 859	–
Sebata Holdings Limited	–	131 983	994 155
MICROmega Services and Support Proprietary Limited	–	725 982	–
Mubesko Africa Proprietary Limited	1 633 891	855 272	799 999
Nerdworks Proprietary Limited	2 312	35 443	–
NOSA Travel Agency Proprietary Limited	–	–	417 926
Sebata Municipal Solutions Proprietary Limited	1 501 905	150 857	1 565 186
	3 138 108	1 925 396	3 777 266

The detail on related party loans is disclosed in note 8.

21. RISK MANAGEMENT

Overview

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

- credit risk
- liquidity risk
- interest rate risk

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

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

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

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

21.1 Credit risk

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

Customer credit risk is managed by each business unit subject to the company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits and historical default rates. Outstanding customer receivables are regularly monitored to ensure exposure to credit risk is maintained within the defined parameters.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if there is an indication that these are impaired. The Company does not hold collateral as security.

Set out below is the information about the credit risk exposure on the company's trade receivables using a provision matrix:

Trade debtors carrying amount:	**Carrying value**	**ECL rate**	**Expected credit loss**
2019			
Current	4 420 902	0.69%	30 450
30 Days	2 450 748	0.81%	19 906
60 Days	427 394	3.60%	15 371
90 Days	613 758	1.98%	12 168
+120 Days	4 155 331	1.39%	57 586
Total	12 068 133		135 481
2018			
Current	6 773 382	0.55%	36 929
30 Days	979 163	2.54%	24 893
60 Days	860 867	1.87%	16 091
90 Days	151 610	7.68%	11 650
+120 Days	3 554 791	1.21%	43 150
Total	12 319 813		132 714

Trade and other receivables	**2019**	**2018**	**2017**
Credit quality of trade and other receivables can be analysed as follows:			
Group 2	6 310 404	307 212	84 728
Group 3	6 009 408	11 537 924	3 043 846
Total	12 319 812	11 845 136	10 573 966

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

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

	2019	2018	2017

Performance categories of trade and other receivables

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

Performance categories:

	2019	2018	2017
Fully performing	3 596 930	6 413 767	7 530 120
Past due and not impaired	2 713 474	5 208 372	3 043 846
Impaired and provided for	6 009 408	222 997	84 728
	12 319 812	11 845 136	10 658 694

The ageing of amounts past due but not impaired is as follows:

	2019	2018	2017
Three months past due	407 021	735 559	605 341
More than three months past due	2 306 453	4 472 813	2 438 505
	2 713 474	5 208 372	3 043 846

Credit loss allowance

As at year-end trade receivables were provided for as follows:

Movement on the doubtful debt allowance is as follows:

	2019	2018	2017
Balance at the beginning of the year	(222 997)	(84 728)	–
Credit loss allowance raised during the period	(5 876 694)	(154 132)	(84 728)
Reversal of credit loss from prior year	90 283	–	–
Bad debt written off	–	15 863	–
Balance at the end of the year	(6 009 408)	(222 997)	(84 728)

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

21.2 **Liquidity risk**

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

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

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

	Less than 1 year	Between 1 and 5 years	Over 5 years	Undated	Total
2019					
Trade and other payables	10 470 219	–	–	–	10 470 219
	10 470 219	–	–	–	10 470 219
2018					
Trade and other payables	8 974 388	–	–	–	8 974 388
	8 974 388	–	–	–	8 974 388
2017					
Related party loans	24 428	–	–	–	24 428
Trade and other payables	8 641 922	–	–	–	8 641 922
	8 666 350	–	–	–	8 666 350

21.3 Interest rate risk

The Company exposure on fair value interest rate risk mainly arises from its fixed deposits with banks and investments in fixed rate debt securities, which are classified as loans and receivables. It also has exposure on cash flow interest rate risk which is mainly arising from its deposits with banks and interest-bearing borrowings with the banks. It is a common practice in South Africa to have floating rate borrowings with the banks.

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

Sensitivity analysis

Cash and cash equivalents	202 239	969 339	650 738
Interest-bearing loan	4 420 631	1 925 488	–
Net interest-bearing assets/(liabilities)	4 622 870	2 894 827	650 738
Interest rate change	2%	2%	2%
Potential after tax impact on earnings	66 569	41 686	9 371

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

22. GOING-CONCERN

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

23. EVENTS AFTER REPORTING DATE

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the Company.

HISTORICAL FINANCIAL INFORMATION OF R-DATA FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

Statement of financial position

Figures in R	2019
Assets	
Non-current assets	
Property, plant and equipment	531 672
Intangible assets	21 849 939
	22 381 611
Current assets	
Related party loans	8 731 659
Trade and other receivables	6 880 257
Tax receivable	372 079
Cash and cash equivalents	16 350
	16 000 345
Total assets	**38 381 956**
Equity and liabilities equity	
Issued capital	1 000
Retained earnings	24 096 769
	24 097 769
Non-current liabilities	
Other financial liabilities	–
Deferred tax liability	889 087
	889 087
Current liabilities	
Trade and other payables	13 395 100
Current tax	–
	13 395 100
Total equity and liabilities	**38 381 956**

Statement of profit and loss

Figures in R	Note(s)	2019
Revenue		16 614 417
Cost of sales		(1 631 951)
Gross profit		**14 982 466**
Other net income		32 769
Administration expenses		(11 604 678)
Distribution expenses		(9 644)
Operating profit		**3 400 913**
Finance income		169 772
Finance costs		(1 011)
Profit before taxation		**3 569 674**
Tax expense		(934 246)
Profit for the year		**2 635 428**

Statement of changes in equity

Figures in R	Share capital	Retained earnings	Total
Balance at 1 April 2019	**1 000**	**21 461 341**	**21 462 341**
Total comprehensive income for the year			
Profit for the year	–	2 635 428	2 635 428
Balance at 31 March 2019	**1 000**	**24 096 769**	**24 097 769**

Statement of cash flow

Figures in R	Note(s)	2019
Cash flow from operating activities		
Cash generated from operations		6 593 793
Finance income		4 032
Finance costs		(1 011)
Income tax received		(609 162)
Net cash from operating activities		**5 983 620**
Cash flow from investing activities		
Property, plant and equipment acquired		(50 478)
Intangible assets internally developed		(2 397 287)
		(2 447 765)
Cash flow from financing activities		
Loans to related parties repaid/(advanced)		(3 275 776)
		(3 275 776)
Decrease in cash and cash equivalents		(185 879)
Cash and cash equivalents at beginning of the year		202 239
Cash and cash equivalents at end of the year		**16 350**

NOTES TO THE GROUP FINANCIAL INFORMATION

1. **BASIS OF PREPARATION**

These reviewed condensed interim financial statements for the six months ended 30 September 2019 are prepared in accordance with International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statement. The reviewed condensed interim financial statements are prepared in accordance with the going-concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS. The fair value of financial instruments approximates their carrying value. The reviewed consolidated interim financial statements have been prepared under the supervision of Pierre Van Eeden, CA(SA), the Financial Director.

All financial information presented in South African Rand.

2. **SIGNIFICANT ACCOUNTING POLICIES**

These reviewed interim financial statements have been prepared using accounting policies that comply with IFRS and are consistent with those used in the audited annual consolidated financial statements for the year ended 31 March 2019, except for the new accounting standards adopted as disclosed in note 4 below.

3. **REVIEW**

A review has been performed on the condensed interim financial statements in terms of the JSE Limited Listings Requirements. These condensed interim financial statements for the period ended 30 September 2019 have been reviewed by Nexia SAB&T, who expressed an unmodified review conclusion.

The review was performed in accordance with ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

Any reference to future financial performance included in this announcement has not been reviewed or reported on by the company's external auditors. A copy of the auditor's review report is available for inspection at the company's registered office together with the condensed interim financial statements identified in the auditor's report.

4. **ADOPTION OF NEW ACCOUNTING POLICIES**

The Company has adopted all new accounting standards that became effective in the current reporting period. The following standard had an impact on the Company.

– IFRS 16 Leases

The Company has adopted IFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The right-of-use asset was measured at the value of the lease liability and adjusted by the amount of any previously recognised prepaid or accrued lease payments. The reclassifications and the adjustments arising from the adoption of IFRS 16 are therefore recognised in the opening statement of financial position on 1 April 2019. IFRS 16 introduced a single, on-balance-sheet accounting model for leases. As a result, the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. After the adoption of IFRS 16, the Company recognised a depreciation expense on the right-of-use assets and an interest expense accruing on the lease liabilities.

From 1 April 2019, the Company recognises right-of-use assets and lease liabilities at the lease commencement date for most leases. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Interest costs are charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The associated right-of-use assets were measured at the amount equal to the lease liability and are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

As at 1 April 2019, the Company had only seven months remaining on the current lease agreement and as such this has been recognised as a short-term lease in accordance with the provisions of the standard.

5. **FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT**

The carrying amount of all financial assets and liabilities approximates the fair value. Directors consider the carrying value of financial instruments of a short-term nature, that mature in 12 months or less, to approximate the fair value of such assets or liability classes. The carrying value of longer-term assets are considered to approximate their fair value as these instruments bear interest at interest rates appropriate to the risk profile of the asset or liability class. The Company does not carry any financial instruments measured in the statement of financial position at fair value at 30 September 2019.

6. **COMMITMENTS AND CONTINGENCIES**

Capital commitments

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

Contingencies

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

7. **GOING-CONCERN**

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

8. **SUBSEQUENT EVENTS**

On the 21 March 2020 South Africa was placed into lockdown as a result of the Corona virus. This has resulted in decreased trading across the portfolio of businesses and put an instant strain of the short-term liquidity. We have been fortunate to be granted essential services status in some cases and in most other cases been able to continue supporting clients remotely. The long-term impact of the lockdown and resultant down turn in the economy is still being assessed.

HISTORICAL FINANCIAL INFORMATION OF MAPS FOR THE THREE FINANCIAL YEARS ENDED 31 MARCH 2019, 31 MARCH 2018 AND 31 MARCH 2017

Statement of financial position

Figures in R	Note(s)	2019	2018	2017
Assets				
Non-current assets				
Deferred tax assets	10	1 782 342	892 172	–
Current assets				
Current tax	15	547 075	–	40 984
Trade and other receivables	7	18 585 455	25 410 853	18 101 450
Cash and cash equivalents	8	14 605	–	–
		19 147 135	**25 410 853**	**18 142 434**
Total assets		**20 929 477**	**26 303 025**	**18 728 544**
Equity and liabilities equity				
Issued capital	9	20	20	16
Retained earnings		4 969 285	7 424 202	5 702 780
		4 969 305	**7 424 222**	**5 702 796**
Current liabilities				
Trade and other payables	11	4 222 296	5 338 569	3 557 433
Current tax	12	–	938 408	–
Related party loans	6	11 737 876	12 595 459	9 461 947
Bank overdraft	8	–	6 368	6 368
		15 960 172	**18 878 804**	**13 025 748**
Total equity and liabilities		**20 929 477**	**26 303 026**	**18 728 544**

Statement of profit and loss

Figures in R	Note(s)	2019	2018	2017
Revenue	13	10 740 858	17 583 594	22 079 073
Cost of sales		(7 195 870)	(4 361 069)	(3 285 916)
Gross profit		3 544 988	13 222 525	18 793 157
Other net income		775 661	–	–
Administration expenses	14	(7 419 067)	(10 743 934)	(8 133 549)
Distribution expenses	14	(79 527)	(82 872)	(168 369)
Operating (loss)/profit		**(3 177 945)**	**2 395 719**	**10 491 239**
Finance costs		(10 439)	(968)	(130)
(Loss)/profit before taxation		**(3 188 384)**	**2 394 751**	**10 491 109**
Tax expense	15	733 467	(673 330)	(2 936 022)
(Loss)/profit for the year		**(2 454 917)**	**1 721 421**	**7 555 087**

Statement of changes in equity

Figures in R	Share capital	Retained earnings	Total
Balance at 1 April 2017	16	(1 852 307)	(1 852 291)
Total comprehensive income for the year			
Profit for the year	–	7 555 087	7 555 087
Balance at 31 March 2018	**16**	**5 702 781**	**5 702 796**
Balance at 1 April 2017	16	5 702 781	5 702 796
Total comprehensive income for the year			
Profit for the year	4	1 721 421	1 721 425
Balance at 31 March 2018	**20**	**7 424 202**	**7 424 222**
Balance at 1 April 2018 as previously reported	20	7 424 202	7 424 222
Adustment on initial application of IFRS 9 and IFRS 15 net of taxes		–	–
Balance at 1 April 2018 as adjusted	20	7 424 202	7 424 222
Total comprehensive income for the year			
Loss for the year		(2 454 917)	(2 454 917)
Balance at 31 March 2019	**20**	**4 969 285**	**4 969 305**

Statement of cash flow

Figures in R	Note(s)	2019	2018	2017
Cash flow from operating activities				
Cash generated from/(utilised in) operations	16	2 531 178	(3 132 543)	1 467 717
Finance costs		(10 439)	(968)	(130)
Income tax paid	12	(672 000)	–	–
Net cash from operating activities		**1 848 739**	**(3 133 511)**	**1 467 587**
Cash flow from investing activities				
Other financial assets repaid		–	–	342 000
Cash flow from financing activities				
Loans from related parties (repaid)/received		(1 827 766)	3 133 511	(1 845 466)
		(1 827 766)	**3 133 511**	**(1 845 466)**
Increase in cash and cash equivalents		20 973	–	(35 879)
Cash and cash equivalents at beginning of the year		(6 368)	(6 368)	29 511
Cash and cash equivalents at end of the year	8	**14 605**	**(6 368)**	**(6 368)**

1. **STATEMENT OF COMPLIANCE**

The historic financial information (hereinafter referred to as "financial statements") has been prepared in accordance with the JSE Limited Listings Requirements, the conceptual framework, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

2. **BASIS OF PREPARATION**

The financial statements are presented in South African Rand, which is the company's functional currency.

The historic financial information have been prepared under the historical cost convention.

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

The historical financial information is the responsibility of the directors.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied.

3.1 **FINANCIAL ASSETS**

Financial assets comprise trade and other receivables (excluding prepayments); cash and cash equivalents and other financial assets.

Financial assets are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instruments. Financial assets are classified as current if expected to be realised or settled within 12 months from the reporting date; if not, they are classified as non-current.

Classification

The company classifies financial assets on initial recognition as measured at amortised cost as the company's business model and objective is to hold the financial asset in order to collect the contractual cash flow and the contractual terms allows for cash flows on specified dates for the payment of the principal amounts outstanding.

Financial assets	**Classification in 2019 (IFRS 9)**	**Classification in 2018 and 2017 (IAS 32)**
Trade and other receivables	Financial asset at amortised cost	Loans and receivables at amortised cost
Cash and cash equivalents	Financial asset at amortised cost	Loans and receivables at amortised cost
Other financial assets	Financial asset at amortised cost	Loans and receivables at amortised cost

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

Assets carried at amortised cost (IFRS 9)

Under IFRS 9 the company calculates its allowance for credit losses as expected credit losses (ECLs) for financial assets measured at amortised cost. ECLs are a probability weighted estimate of credit losses. To calculate ECLs the company segments/groups trade receivables by customer type and ageing. The company applies the simplified approach to determine the ECL for trade receivables. This results in calculating lifetime expected credit losses for trade receivables. ECLs for trade receivables are calculated using a provision matrix. The provision matrix is determined by using reference to the credit quality of the assets, the customers ability to pay, historical default rates and credit losses incurred along with reference to forward-looking information such as macroeconomic factors and future forecasts. The company has defined a default as a significant deviation to the contractual payment terms and accepted historical payment rates from customers which has impacted on the ability of the customers' ability to settle current and future debt. If there have been significant defaults from a specific customer and these have given rise to indications that the customer has a decreased ability to settle the debt when due these expected credit losses are provided for in full and not with reference to the provision matrix. In determining whether there has been a significant increase in credit risk the company has rebutted the presumption that this occurs once contractual payments extend past 30 days, this is due to the segment in which the Group operates in which it is common practice for payment terms to extend past 30 days.

ECLs for other financial assets are assessed on an individual basis based on a credit risk assessment of the borrower, this credit risk comprises historical defaults by the borrower, the borrower's ability to repay the debt and security that is in place over the debt.

Assets carried at amortised cost (IAS 32)

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

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

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

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

Trade and other receivables

Trade and other receivables comprises trade receivables, deposits, prepayments, advances and other receivables.

Trade and other receivables are initially measured at fair value and, after initial recognition, at amortised cost less impairment losses for bad and doubtful debts, if any, except for the following receivables:

- Interest-free loans made to related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost less impairment losses for bad and doubtful debt, if any; and
- Short-term receivables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount less impairment losses for bad and doubtful debt, if any.

Cash and cash equivalents

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

Cash and cash equivalents are initially recognised at fair value and subsequently measured at amortised cost.

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

Other financial assets

Other financial assets comprise of deferred payments due on the disposal of subsidiaries and loans receivable extended. These are initially measured at fair value and, after initial recognition, at amortised cost less impairment losses.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

3.2 FINANCIAL LIABILITIES

Financial liabilities comprise trade and other payables (excluding indirect taxation payable), other financial liabilities and bank overdrafts.

Recognition

Financial liabilities are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as non-current if the group has an unconditional right to defer payment for more than 12 months from the reporting date otherwise they are classified as current.

Classification

All financial liabilities are classified at amortised cost except for deferred vendor payments that are measured at fair value through profit and loss.

Financial liabilities	Classification in 2019 (IFRS 9)	Classification in 2018 (IAS 32)
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost
Other financial liabilities	Financial liability at amortised cost	Financial liability at amortised cost

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

Borrowings

Borrowings comprises loans from shareholders, loans from directors, loans from third parties and instalment sale obligations.

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

Derecognition

Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire. On derecognition of a financial liability, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

3.3 **EMPLOYEE BENEFITS**

Defined contribution plans

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

Short-term employee benefits

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

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

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

3.4 **INCOME TAX**

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

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

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

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

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

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

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

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

3.5 REVENUE RECOGNITION

Revenue contracts with customers

Revenue is measured at the fair value of the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control over a product or services to a customer. The following indicators are used by the company in determining when control has passed to the customer:

- the company has the right to payment for the product or service;
- the customer has legal title to the product;
- the company has transferred physical possession of the product to the customer;
- the customer has the significant risks and rewards of ownership of the product; and
- the customer has accepted the product.

The transaction price is allocated to specific performance obligations within the contract, these prices are specifically linked and disclosed in accordance to the performance obligations. Hence there is no need for management to make any assumptions as it relates to allocating the transaction price to the various performance obligations.

Nature of significant revenue streams

The company's revenue streams consists of the major products and services lines set out below, which includes a description of the principle activities from which the company generates its revenue, significant judgements applied in assessing the timing of measurement of performance obligation and the transaction price allocated to performance obligations.

Major product lines at a point in time

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Installation and implementation services	Revenue from installation and implementation services is recognised once the installation and implementation is complete, and the customer can make use of the product.

Contract assets

Timing of revenue recognition may differ from the timing of invoicing to customers. We record a contract asset when revenue is recognised prior to invoicing.

Contract liabilities

Timing of revenue recognition may differ from the timing of invoicing to customers. We record a contract liability where the consideration relating to the revenue has been received prior to the performance obligation having been met.

Sales of goods (IAS18)

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

Rendering of Services (IAS18)

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Measurement of the recoverable amount of trade receivables

Management utilised estimates to determine the recoverable amount if the company's trade receivables, which focuses on the ability of the customer to settle outstanding debt when it becomes due and payable. The company uses judgement in making these estimations and selecting the inputs to the credit loss calculations, based on the company's past payment history, historical write-offs, existing market conditions as well as forward-looking estimates at the end of the reporting period estimations on future default rates translated into expected credit losses.

Percentage of completion

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

5. **NEW STANDARDS AND INTERPRETATIONS**

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

The amendments as set out below have been assessed are considered not to have a material impact on the financial statements:

IFRS 10 Consolidated Financial Statements	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	The effective date of this amendment has been deferred indefinitely until further notice
IFRS 16 Leases	New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows. IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. IFRS 16 supersedes the following Standards and Interpretations: (a) IAS 17 Leases; (b) IFRIC 4 Determining whether an Arrangement contains a Lease; (c) SIC-15 Operating Leases – Incentives; and (d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Company expects to adopt IFRS16 in the 2020 financial year. The Company had embarked on a project to consider the impact of the changes in the standard on the Company's financial statements. The project is still ongoing as at the date of this report.	01-Jan-19

	2019	2018	2017

6. RELATED PARTY LOANS

Interest free loans

	2019	2018	2017
Sebata Holdings Limited	(9 073 959)	(9 062 099)	(9 062 099)
Sebata Municipal Solutions Proprietary Limited	(2 663 917)	(3 533 360)	(399 848)
	(11 737 876)	(12 595 459)	(9 461 947)
Loans from related parties	(11 737 876)	(12 595 459)	(9 461 947)
	(11 737 876)	(12 595 459)	(9 461 947)

All loans are unsecured and repayable in the ordinary course of business.

The carrying amount of related party loans approximate their fair value, due to the short-term nature thereof.

The carrying amounts of related party loans are denominated in South African Rand only.

7. TRADE AND OTHER RECEIVABLES

	2019	2018	2017
Trade debtors	18 571 529	25 543 012	18 239 826
Prepaid expenses	12 195	6 217	–
Staff advances	1 731	–	–
	18 585 455	25 549 229	18 239 826
Credit loss allowance	–	(138 376)	(138 376)
	18 585 455	25 410 853	18 101 450

Items included in trade and other receivables not classified as financial instruments

	2019	2018	2017
Prepaid expenses	12 195	6 217	–
Trade and other receivables net of non-financial instruments	18 573 260	25 404 636	18 101 450

The average credit period is less than 60 days with no interest charged on late payment. The amounts presented above include amounts that are past due at the end of the reporting period for which the company has not recognised an allowance for credit loss because there has not been significant change in the credit quality of the receivables and the amounts are considered to still be recoverable. The credit quality of trade and other receivables is considered to be high as there has been no significant default historically.

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

Performance categories of trade and other receivables

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

	2019	2018	2017
Performance categories:			
Fully performing	18 389 023	25 266 260	17 970 415
Past due and not impaired	24 758	–	131 035
Impaired and provided for	–	138 376	138 376
	18 413 781	25 404 636	18 239 826

The ageing of amounts past due but not impaired is as follows:

More than three months past due	24 756	–	131 035
	24 756	–	131 035

Credit loss allowance

Movement on the doubtful debt allowance is as follows:

Balance at the beginning of the year	138 376	138 376	138 376
Credit loss allowance raised during the period	–	–	–
Reversal of credit loss from prior year	(138 376)	–	–
Bad debt written off	–	–	–
Balance at the end of the year	–	138 376	138 376

The carrying amounts of trade and other receivables are denominated in South African Rand only.

8. CASH AND CASH EQUIVALENTS

Current accounts	14 605	(6 368)	(6 368)

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

The credit quality of cash and cash equivalents is considered to be high as there has been no significant default historically.

The carrying amounts of cash and cash equivalents are denominated in South African Rand only.

9. SHARE CAPITAL

Authorised			
1000 ordinary shares of no par value	–	–	–
Issued			
16 ordinary shares of no par value	20	20	16

10. DEFERRED TAX ASSETS

Deferred tax assets and liabilities are only offset when the income tax relates to the same legal entity or the same fiscal authority or they intend to settle the assets and liabilities on a net basis. The directors assessed that the deferred tax assets will be recovered based on profitability forecasts and their review of business plans.

	2019	2018	2017
Reconciliation of deferred tax:			
Balance at beginning of year	892 172	586 110	3 522 132
Movements consisting of:			
Temporary differences recognised in profit and loss	–	306 062	(2 936 021)
Provision for doubtful debtors	29 059	–	–
Provision for bonuses	530 938	–	–
Provision for smoothing (property leases)	332 175	-	-
Balance at end of year	1 784 344	892 172	586 110

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

Provisions (leave pay and bonuses)	643 658	892 172	270 222
Assessed loss	1 138 684	–	315 889
	1 782 342	892 172	586 111
Deferred tax asset	1 782 342	892 172	586 110
	1 782 342	892 172	586 110

11. **TRADE AND OTHER PAYABLES**

Trade creditors	381 064	765 746	1 464 548
Accrued expenses	25 500	24 000	35 300
Leave pay accrual	1 306 781	1 186 341	861 296
Payroll accruals	2 496 043	3 207 846	993 357
Value Added Tax	12 908	154 636	202 932
	4 222 296	5 338 569	3 557 433
Items included in trade and other payables not classified as financial instruments			
Value Added Tax	12 908	154 636	202 932
Leave pay accrual	1 306 781	1 186 341	861 296
Trade and other payables net of non-financial instruments	2 902 607	3 997 592	2 493 205

Creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken is less than 60 days. The carrying amounts approximate fair value due to the short term nature thereof.

The carrying amounts of trade and other payables are denominated in South African Rand only.

12. **CURRENT TAX RECEIVABLE/(PAYABLE)**

Current year			
Taxation for the year	–	(979 392)	–
Provisional tax paid	672 000	–	–
Prior years			
For tax relating to previous years	(115 719)	40 984	37 570
Over provision in prior years	–	–	–
Interest and penalties received/(incurred)	(9 206)	–	3 414
	547 075	(938 408)	40 984
Tax receivable	547 075	–	40 984
Tax payable	–	(938 408)	–
Total tax payments	672 000	–	–

	2019	2018	2017

13. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2019	2018	2017
Services rendered	10 740 858	17 583 594	22 079 073
	10 740 858	17 583 594	22 079 073
Disaggregation of revenue			
Major product lines at a point in time			
Consulting	10 740 858	17 583 594	
	10 740 858	17 583 594	
Total revenue from contracts with customers	10 740 858	17 583 594	

14. EXPENDITURE BY NATURE

	2019	2018	2017
Auditors' remuneration			
Fees for the current year audit	27 140	12 832	35 300
	27 140	12 832	35 300
Operating lease charges			
Premises	–	1 481 793	1 133 907
Equipment	1 984 416	318 977	–
	1 984 416	1 800 770	1 133 907
Other expenses			
Employee compensation and benefit expense	2 034 313	4 543 109	2 699 473
Motor vehicle expenses	79 527	82 872	168 369
Repairs and maintenance	9 400	36 064	82 208
Telephone and fax	702 938	732 370	513 738
Security	12 750	10 582	–
Computer expense	106 233	191 944	114 471
Advertising expense	4 138	–	21 203
Courier and postage	5 437	21 792	24 890
Printing and stationary	138 226	234 814	106 651
Travel – Local	349 795	873 645	779 063
Consulting fees	291 056	198 506	105 470
Bank charges	605	6 097	6 321
Administration and management fee	421 185	434 311	26
Bad debts and credit loss allowance	(138 376)	–	378 076
Cleaning	73 418	59 213	459 841
Sponsorship, enterprise development and donations	–	15 000	19 291
Entertainment	37 804	88 475	–
Office expenses	89 967	175 489	85 152
Publications and subscriptions	18 156	5 472	161 034
Fines and penalties	750	–	(1 100)
Employee related costs and other	1 249 716	1 303 449	1 307 328
	5 487 038	9 013 204	7 132 711
Total operating expenses	7 498 594	10 826 806	8 301 918
Administration expenses	7 419 067	10 743 934	8 133 549
Distribution expenses	79 527	82 872	168 369
	7 498 594	10 826 806	8 301 918

	2019	2018	2017

15. INCOME TAX EXPENSE

Current tax			
Current year	–	979 392	–
Over provision in prior year	156 703	–	–
Deferred taxation			
Current year	(890 170)	(306 062)	2 936 022
	(733 467)	673 330	2 936 022
Reconciliation of rate of taxation	%	%	%
South African normal taxation rate	28.0	28.0	28.0
Adjusted for:			
Expenses not deductible for tax purposes	(0.1)	0.1	–
Prior year tax adjustment	(4.9)	–	–
Net increase	(5.0)	0.1	–
Effective rate of taxation	23.0	28.1	28.0

16. CASH GENERATED FROM/(UTILISED IN) OPERATIONS

(Loss)/profit before taxation			
Adjusted for:	(3 188 384)	2 394 751	10 491 109
Finance costs	10 439	968	130
Movement in working capital			
Decrease/(Increase) in trade and other receivables	6 825 398	(7 309 403)	3 990 604
(Decrease)/Increase in trade and other payables	(1 116 275)	1 781 141	(13 014 126)
	2 531 178	(3 132 543)	1 467 717

17. FINANCIAL INSTRUMENTS

2019	Amortised cost	Total
Trade and other receivables	18 573 260	18 573 260
Cash and cash equivalents	14 605	14 605
	18 587 865	18 587 865

2018	Loans and receivables held at amortised cost	Total
Trade and other receivables	25 404 636	25 404 636
	25 404 636	25 404 636

2017	Loans and receivables held at amortised cost	Total
Trade and other receivables	18 101 450	18 101 450
	18 101 450	18 101 450

The company has classified its financial liabilities in the following categories

2019	Amortised cost	Total
Related party loans	11 737 876	11 737 876
Trade and other payables	2 902 607	2 902 607
Bank overdraft	–	–
	14 640 483	14 640 483

2018	Amortised cost	Total
Related party loans	12 595 459	12 595 459
Trade and other payables	3 997 592	3 997 592
Bank overdraft	6 368	6 368
	16 599 419	16 599 419

2017	Amortised cost	Total
Related party loans	9 461 947	9 461 947
Trade and other payables	2 493 205	2 493 205
Bank overdraft	6 368	6 368
	11 961 520	11 961 520

The estimated fair values of financial assets and financial liabilities as at 31 March 2019 have been determined using available market information and appropriate valuation methodologies. The fair value of almost all financial instruments equals their carrying value, either because of the short term nature and normal trade terms thereof, or the market-related interest rates attached to it.

18. RISK MANAGEMENT

Overview

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

- credit risk
- liquidity risk
- interest rate risk

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

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

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

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

18.1 Credit risk

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

Customer credit risk is managed by each business unit subject to the company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits and historical default rates. Outstanding customer receivables are regularly monitored to ensure exposure to credit risk is maintained within the defined parameters.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if there is an indication that these are impaired. The company does not hold collateral as security.

Set out below is the information about the credit risk exposure on the company's trade receivables using a provision matrix:

Trade and other receivables	**2019**	**2018**	**2017**
Credit quality of trade and other receivables can be analysed as follows:			
Group 1	–	25 246 887	17 850 436
Group 2	18 390 754	–	93 265
Group 3	24 758	157 749	157 749
Group 4	157 748	–	–
Total	18 573 260	25 404 636	18 101 450

Group 1 – new customers (less than six months)

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

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

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

18.2 **Liquidity risk**

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

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

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

	Less than 1 year	Between 1 and 5 years	Over 5 years	Undated	Total
2019					
Trade and other payables	2 902 607	–	–	–	2 902 607
Related party loans	11 737 876	–	–	–	11 737 876
	14 640 483	–	–	–	14 640 483
2018					
Trade and other payables	3 997 592	–	–	–	3 997 592
Related party loans	12 595 459	–	–	–	12 595 459
Bank overdraft	6 368	–	–	–	6 368
	16 599 419	–	–	–	16 599 419
2017					
Related party loans	9 461 947	–	–	–	9 461 947
Trade and other payables	2 493 205	–	–	–	2 493 205
Bank overdraft	6 368	–	–	–	6 368
	11 961 520	–	–	–	11 961 520

18.3 **Interest rate risk**

The company exposure on fair value interest rate risk mainly arises from its fixed deposits with banks and investments in fixed rate debt securities, which are classified as loans and receivables. It also has exposure on cash flow interest rate risk which is mainly arising from its deposits with banks and interest-bearing borrowings with the banks. It is a common practice in South Africa to have floating rate borrowings with the banks.

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

Sensitivity analysis

Cash and cash equivalents	14 605	(6 368)	(6 368)
Net interest-bearing assets/(liabilities)	14 605	(6 368)	(6 368)
Interest rate change	2 %	2 %	2 %
Potential after tax impact on earnings	210	(92)	(92)

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

	2019	2018	2017

19. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions with related parties are effected on a commercial basis and related party debts are repayable on a commercial basis unless otherwise stated.

The following transactions were carried out with related parties:

	2019	2018	2017
Revenue (Sale of goods and services rendered)			
Sebata Municipal Solutions Proprietary Limited	10 592 220	64 459 403	21 589 439
	10 592 220	64 459 403	21 589 439
Purchases			
Sebata Municipal Solutions Proprietary Limited	6 805 991	8 847 993	7 874 976
	6 805 991	8 847 993	7 874 976
Trade receivables			
R-Data Proprietary Limited	–	–	231 641
Sebata Municipal Solutions Proprietary Limited	18 304 458	3 950 200	17 850 436
	18 304 458	3 950 200	18 082 077
Trade payables			
Sebata Municipal Solutions Proprietary Limited	373 911	743 068	1 464 542
	373 911	743 068	1 464 542
Admin fees paid			
Sebata Municipal Solutions Proprietary Limited	421 185	434 311	378 075
	421 185	434 311	378 075

Loans receivable/(payable)

The detail on related party loans is disclosed in note 9.

20. GOING-CONCERN

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

21. EVENTS AFTER REPORTING DATE

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the company.

HISTORICAL FINANCIAL INFORMATION OF MAPS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

Statement of financial position

Figures in R	Note(s)	2019
Assets		
Non-current assets		
Property, plant and equipment		–
Deferred tax assets		5 749 463
		241 115 348
Current assets		
Related party loans		–
Trade and other receivables		206 235
Tax receivable		672 000
Cash and cash equivalents		42 109
		920 344
Total assets		**6 669 807**
Equity and liabilities equity		
Issued capital		20
Retained earnings		(5 272 800)
		(5 272 780)
Non-current liabilities		
Other financial liabilities		–
Deferred tax liability		–
		–
Current liabilities		
Trade and other payables		6 739 034
Related party loans		5 203 553
		11 942 587
Total equity and liabilities		**6 669 807**

Statement of profit and loss

Figures in R	Note(s)	2019
Revenue		**2 217 231**
Cost of sales		(3 469 658)
Gross profit		**(1 252 427)**
Other net income		22 723
Administration expenses		(12 902 413)
Distribution expenses		(36 176)
Operating profit		**(14 168 292)**
Finance income		6
Finance costs		(7)
Profit before taxation		**(14 168 293)**
Tax expense		3 926 208
Profit for the year		**(10 242 085)**

Statement of changes in equity

Figures in R	Share capital	Retained earnings	Total
Balance at 1 April 2019	**20**	**4 969 285**	**4 969 305**
Total comprehensive income for the year			
Profit for the year	–	**(10 242 085)**	**(10 242 085)**
Balance at 31 March 2019	**20**	**(5 272 800)**	**(5 272 780)**

Statement of cash flow

Figures in R	Note(s)	2019
Cash flow from operating activities		
Cash generated from operations		6 561 828
Finance income		6
Finance costs		(7)
Income tax received		–
Net cash from operating activities		**6 561 827**
Cash flow from investing activities		
Property, plant and equipment acquired		–
Intangible assets acquired		–
		–
Cash flow from financing activities		
Loans to related parties repaid/(advanced)		(6 534 323)
		(6 534 323)
Decrease in cash and cash equivalents		27 504
Cash and cash equivalents at beginning of the year		14 605
Cash and cash equivalents at end of the year		**42 109**

NOTES TO THE FINANCIAL INFORMATION

1. **BASIS OF PREPARATION**

These reviewed condensed interim financial statements for the six months ended 30 September 2019 are prepared in accordance with International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statement. The reviewed condensed interim financial statements are prepared in accordance with the going-concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS. The fair value of financial instruments approximates their carrying value. The reviewed consolidated interim financial statements have been prepared under the supervision of Pierre Van Eeden, CA(SA), the Financial Director.

All financial information presented in South African Rand.

2. **SIGNIFICANT ACCOUNTING POLICIES**

These reviewed interim financial statements have been prepared using accounting policies that comply with IFRS and are consistent with those used in the audited annual consolidated financial statements for the year ended 31 March 2019, except for the new accounting standards adopted as disclosed in note 4 below.

3. **REVIEW**

A review has been performed on the condensed interim financial statements in terms of the JSE Limited Listings Requirements. These condensed interim financial statements for the period ended 30 September 2019 have been reviewed by Nexia SAB&T, who expressed an unmodified review conclusion.

The review was performed in accordance with ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

Any reference to future financial performance included in this announcement has not been reviewed or reported on by the company's external auditors. A copy of the auditor's review report is available for inspection at the company's registered office together with the condensed interim financial statements identified in the auditor's report.

4. **ADOPTION OF NEW ACCOUNTING POLICIES**

The company has adopted all new accounting standards that became effective in the current reporting period. The following standard had an impact on the company.

– IFRS 16 Leases

The company has adopted IFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The right-of-use asset was measured at the value of the lease liability and adjusted by the amount of any previously recognised prepaid or accrued lease payments. The reclassifications and the adjustments arising from the adoption of IFRS 16 are therefore recognised in the opening statement of financial position on 1 April 2019. IFRS 16 introduced a single, on-balance-sheet accounting model for leases. As a result, the company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. After the adoption of IFRS 16, the company recognised a depreciation expense on the right-of-use assets and an interest expense accruing on the lease liabilities.

From 1 April 2019, the company recognises right-of-use assets and lease liabilities at the lease commencement date for most leases. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Interest costs are charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The associated right-of-use assets were measured at the amount equal to the lease liability and are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

As at 1 April 2019, the company had no leases in place and hence the new standard had no impact.

5. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

The carrying amount of all financial assets and liabilities approximates the fair value. Directors consider the carrying value of financial instruments of a short-term nature, that mature in 12 months or less, to approximate the fair value of such assets or liability classes. The carrying value of longer-term assets are considered to approximate their fair value as these instruments bear interest at interest rates appropriate to the risk profile of the asset or liability class. The Company does not carry any financial instruments measured in the statement of financial position at fair value at 30 September 2019.

6. DEFERRED TAX ASSETS

The deferred tax asset has been recognised based on the future forecasts and positioning of the business. During the 2020 year, the decision was taken to restructure the business, cutting unnecessary costs and restructuring the staff base. MAPS has also fully commited to outsourcing its staff to Sebata Municipal Solutions which would increase revenue genartion drastically. With this significantly increased revenue base the company has forecasted to generate taxable profits and utilise the assessed loss that has been built up.

7. COMMITMENTS AND CONTINGENCIES

Capital commitments

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

Contingencies

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

Going-concern

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

The related parties have subordinated their claims against the Company in favour and for the benefit of the other creditors. The holding company has also issued a letter of continued support in order to facilitate the day-to-day operations of the Company for the foreseeable future.

Subsequent events

On 21 March 2020 South Africa was placed into lockdown as a result of the Corona virus. This has resulted in decreased trading across the portfolio of businesses and put an instant strain of the short-term liquidity. We have been fortunate to be granted essential services status in some cases and in most other cases been able to continue supporting clients remotely. The long-term impact of the lockdown and resultant down turn in the economy is still being assessed.

SECTION 115: REQUIRED APPROVAL FOR TRANSACTIONS CONTEMPLATED IN CHAPTER 5 OF THE COMPANIES ACT

(1) Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:

(a) the disposal, amalgamation or merger, or scheme of arrangement –

(i) has been approved in terms of this section; or

(ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and

(b) to the extent that Parts B and C of this Chapter and the Takeover Regulations apply to a company that proposes to –

(i) dispose of all or the greater part of its assets or undertaking;

(ii) amalgamate or merge with another company; or

(iii) implement a scheme of arrangement,

the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119(4)(b), or exempted the transaction in terms of section 119(6).

(2) A proposed transaction contemplated in subsection (1) must be approved –

(a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company's Memorandum of Incorporation, as contemplated in section 64(2); and

(b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company's holding company if any, if –

(i) the holding company is a company or an external company;

(ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and

(iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and

(c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).

(3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if –

(a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or

(b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).

(4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights –

(a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or

(b) required to be voted in support of a resolution, or actually voted in support of the resolution.

(4A) In subsection (4), 'act in concert' has the meaning set out in section 117(1)(b).

(5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either –

(a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or

(b) treat the resolution as a nullity.

(6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant –

(a) is acting in good faith;

(b) appears prepared and able to sustain the proceedings; and

(c) has alleged facts which, if proved, would support an order in terms of subsection (7).

(7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if –

(a) the resolution is manifestly unfair to any class of holders of the company's securities; or

(b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.

(8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person –

(a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and

(b) was present at the meeting and voted against that special resolution.

(9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect –

(a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;

(b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;

(c) the transfer of shares from one person to another;

(d) the dissolution, without winding-up, of a company, as contemplated in the transaction;

(e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or

(f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.

SECTION 164: DISSENTING SHAREHOLDERS' APPRAISAL RIGHTS

(1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.

(2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to –

  (a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or

  (b) enter into a transaction contemplated in sections 112, 113, or 114,

that notice must include a statement informing shareholders of their rights under this section.

(3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.

(4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who –

  (a) gave the company a written notice of objection in terms of subsection (3); and

  (b) has neither:

    (i) withdrawn that notice; or

    (ii) voted in support of the resolution.

(5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if –

  (a) the shareholder:

    (i) sent the company a notice of objection, subject to subsection (6); and

    (ii) in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;

  (b) the company has adopted the resolution contemplated in subsection (2); and

  (c) the shareholder –

    (i) voted against that resolution; and

    (ii) has complied with all of the procedural requirements of this section.

(6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.

(7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within –

  (a) 20 business days after receiving a notice under subsection (4); or

  (b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.

(8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state –

  (a) the shareholder's name and address;

  (b) the number and class of shares in respect of which the shareholder seeks payment; and

  (c) a demand for payment of the fair value of those shares.

(9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless –

(a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);

(b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or

(c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.

(10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.

(11) Within five business days after the later of –

(a) the day on which the action approved by the resolution is effective;

(b) the last day for the receipt of demands in terms of subsection (7)(a); or

(c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.

(12) Every offer made under subsection (11) –

(a) in respect of shares of the same class or series must be on the same terms; and

(b) lapses if it has not been accepted within 30 business days after it was made.

(13) If a shareholder accepts an offer made under subsection (12) –

(a) the shareholder must either in the case of:

(i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or

(ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and

(b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and –

(i) tendered the share certificates; or

(ii) directed the transfer to the company of uncertificated shares.

(14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has –

(a) failed to make an offer under subsection (11); or

(b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.

(15) On an application to the court under subsection (14) –

(a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;

(b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and

(c) the court –

(i) may determine whether any other person is a dissenting shareholder who should be joined as a party;

(ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);

(iii) in its discretion may –

(aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or

(bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;

(iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and

(v) must make an order requiring –

(aa) the dissenting shareholders to either withdraw their respective demands, or to comply with subsection (13)(a); and

(bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.

(15A) At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case –

(a) that shareholder must comply with the requirements of subsection 13(a); and

(b) the company must comply with the requirements of subsection 13(b);

(16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.

(17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pays its debts as they fall due and payable for the ensuing 12 months –

(a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and

(b) the court may make an order that –

(i) is just and equitable, having regard to the financial circumstances of the company; and

(ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.

(18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.

(19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to –

(a) the provisions of that section; or

(b) the application by the company of the solvency and liquidity test set out in section 4.

(20) Except to the extent –

(a) expressly provided in this section; or

(b) that the Panel rules otherwise in a particular case,

a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person.

Sebata Holdings Limited

Incorporated in the Republic of South Africa
(Registration number 1998/003821/06)
Share code: SEB ISIN: ZAE000260493
("Sebata" or "the Company" or "the Group")

NOTICE OF GENERAL MEETING

The definitions and interpretations commencing on page 5 of the Circular to which this notice of General Meeting is attached, apply, *mutatis mutandis,* to this notice of General Meeting and to the Special and Ordinary resolutions ("Resolutions") set out herein.

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

Notice is hereby given that a General Meeting of Shareholders of the Company will be held at 10:00 on Wednesday, 15 July 2020 via electronic communication to consider, and, if deemed fit, to pass, with or without modification, the Resolutions set out in this Notice.

As a consequence of the impact of the COVID-19 pandemic and the restrictions placed on physical public gatherings, the Board has determined that the General Meeting will now be held electronically via a live webcast. This is provided for by the JSE and is in terms of the provisions of the Companies Act and the company's Memorandum of Incorporation.

The Board has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, the record date for the purposes of determining which Shareholders of the Company are entitled to participate in and vote at the General Meeting is Friday, 10 July 2020. Accordingly, the last day to trade Sebata Shares in order to be recorded in the company's securities register to be entitled to vote will be Tuesday, 7 July 2020.

ELECTRONIC MEETING

Shareholders should note the following in respect of the virtual General Meeting:

1. The General Meeting webcast can be accessed via the following URL:

   https://www.corpcam.com/SebataHoldings2020GeneralMeeting

   a. The aforementioned link will be available for live streaming from 09:45 to facilitate login for Shareholders.

   b. Shareholders may submit questions during the live webcast of the meeting by using the messaging option available on the webcast screen. Only questions pertinent to the General Meeting will be answered during the meeting, subject to time constraints.

   c. Please note that Shareholders cannot vote their Shares via this URL link. Please refer to points 2 and 3 below.

2. Shareholders who wish to vote their Shares prior to the virtual General Meeting must follow the process as set out below:

   a. Shareholders who hold their Shares through a CSDP or broker must furnish their voting instructions in the manner stipulated in the agreement with their CSDP or broker.

   b. Shareholders who hold their Shares in their 'own name' must access the voting platform on https://seb.votingplatform.corporateactions.co.za/login

   c. In order to understand the process for voting, Shareholders should refer to the "How to participate in the General Meeting" download, available on the separate voting platform (per the above URL) for a step-by-step guide on how to access the facility. (This guide is located in the left-hand corner at the top of the screen.)

d. In order to log in to the voting platform to vote, Shareholders who hold their Shares in their 'own name' will require a Shareholder reference number which can be obtained from the Transfer Secretaries via email at Sebata@singular.co.za for assistance.

e. Shareholders in possession of a valid letter of representation will also be eligible to vote their Shares on the voting platform. Shareholders must submit their letter of representation to the company secretary at reegan.smith@sebataholdings.com to receive their Shareholder reference number to register on the voting platform.

f. Shareholders who have registered on the voting platform and voted their Shares before the General Meeting and wish to participate in the webcast have the option of linking to the webcast via the URL as set out in point 1 above or through the voting platform.

3. Shareholders who wish to participate in the virtual General Meeting and vote their Shares during the meeting must follow the process as set out below:

   a. The webcast must be accessed via the separate voting platform. https://seb.votingplatform.corporateactions.co.za/login

   b. In order to understand the process to access the webcast and log into the voting platform, Shareholders should refer to the "How to participate in the General Meeting" download as per point 2.c above.

   c. In order to log in to the voting platform to access the webcast and also vote, Shareholders who hold their Shares in their 'own name' will require a Shareholder reference number which can be obtained from the Transfer Secretaries via email at Sebata@singular.co.za for assistance.

   d. Shareholders in possession of a valid letter of representation will also be eligible to access the webcast and vote their Shares on the voting platform during the virtual General Meeting. Shareholders must submit their letter of representation to the company secretary at reegan.smith@sebataholdings.com to receive their Shareholder reference number in order to register on the voting platform and access the webcast.

Shareholders eligible to vote are advised to request their Shareholder reference number well before the date of the General Meeting in order to vote either before or during the General Meeting as it will not be possible to obtain the reference number once the meeting has started.

Shareholders or their proxies will be liable for their own network charges in relation to electronic participation in and/or voting at the General Meeting. Any such charges will not be for the account of Sebata. Regrettably neither the JSE nor Sebata can be held accountable in the case of loss of network connectivity or network failure due to insufficient airtime/internet connectivity/power outages which would prevent Shareholders from participating in and/or voting at the virtual General Meeting.

SPECIAL RESOLUTION NUMBER 1 – The Transaction

"RESOLVED THAT, in compliance with the Listings Requirements and the Companies Act, the Transaction (as more fully described in paragraph 3 of the Circular to which this notice convening the General Meeting is attached) be and is hereby approved by the Sebata Shareholders."

Explanatory note

The Transaction constitutes a category 1 transaction in terms of the Listings Requirements and a proposal to dispose of all or the greater part of the assets of Sebata in terms of section 112 of the Companies Act. Accordingly, the Transaction is subject to, *inter alia*, the approval thereof by the requisite majority, being 75% of Sebata Shareholders (as contemplated in section 115(2) of the Companies Act) entitled to exercise voting rights, at the General Meeting, called for such purpose and at which sufficient persons are present to exercise, in aggregate at least 25% of all the voting rights that are entitled to be exercised in respect of the Transaction.

The reason for and effect of this Special Resolution Number 1 is to approve and authorise the Transaction as a category 1 transaction in terms of the Listings Requirements and a proposal to dispose of all or the greater part of the assets of Sebata in terms of section 112 of the Companies Act.

ORDINARY RESOLUTION NUMBER 1 – AUTHORITY GRANTED TO DIRECTORS

"**RESOLVED THAT** each Director of Sebata be and is hereby individually authorised, on behalf of Sebata, to enter into, sign and/or despatch any and all such agreements, documents and notices, as may be necessary, expedient or desirable (in each case in the opinion of such Director) and do all such other things and procure the doing of all such things as may be necessary for or incidental to the implementation of the Transaction, and should any such agreements, documents or notices have been signed, or any such action have been taken, before the date of this Ordinary Resolution Number 1, such signature or action, to the extent legally permissible, be and is hereby ratified and approved."

Explanatory note

The reason for this Ordinary Resolution Number 1 is to authorise any Director of the Company to sign all documents and do all such further acts and things as he may in his discretion consider appropriate to implement and give effect to all of the resolutions set out in this notice of General Meeting.

The effect of Ordinary Resolution Number 1 is to authorise any Director to sign all documents and take all actions necessary as he may in his discretion consider appropriate to implement and give effect to all of the resolutions set out in this notice of General Meeting.

In terms of the Companies Act and the MOI, the percentage of voting rights that is required for Ordinary Resolution Number 1 to be adopted is more than 50% (fifty percent) of the votes exercised on such ordinary resolution by Shareholders present or represented by proxy at the General Meeting.

VOTING AND PROXIES

The special resolution to be adopted at this General Meeting requires the support or more than 75% of the voting rights exercised on the resolution, excluding any Related Party/ies and associates, as the case may be.

The ordinary resolution to be adopted at this General Meeting requires the support of a simple majority, which is more than 50% of the voting rights exercised on the resolution.

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

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

- hold Shares in Sebata in Certificated form; or
- are recorded on the electronic sub-register in "own name" Dematerialised form.

Shareholders are referred to the aforementioned paragraph entitled "Electronic Meeting" set out in the notice of General Meeting:

- Shareholders who have Dematerialised their Shares through a CSDP or broker without "own name" registration and who wish to participate in the virtual General Meeting, must instruct their CSDP or broker to provide them with the relevant letter of representation to attend the virtual General Meeting in person or by proxy and vote.
- If they do not wish to attend the virtual General Meeting in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
- Shareholders who hold Dematerialised Shares which are registered in their name or if they are the registered holder of Certificated Shares may participate in the virtual General Meeting in person, alternatively, they may appoint a proxy or proxies, who need not be a Shareholder of the Company to represent them at the virtual General Meeting by completing the attached form of proxy in accordance with the instructions it contains. Forms of proxy should be forwarded to reach the Transfer Secretaries, Singular Systems Proprietary Limited, at least 48 hours, excluding Saturdays, Sundays and South African public holidays, before the time of the virtual General Meeting.

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

APPRAISAL RIGHTS FOR DISSENTING SHAREHOLDERS

In accordance with section 164 of the Companies Act, at any time before the special resolution as set out in this notice convening the General Meeting is voted on, a Shareholder may give the Company a written notice objecting to the special resolution.

Within 10 Business Days after the Company has adopted the special resolution, the Company must send a notice that the special resolution has been adopted to each Shareholder who:

– gave the Company a written notice of objection as contemplated above; and
– has neither withdrawn that notice nor voted in support of the special resolution.

A Shareholder may demand that the Company pay the Shareholder the fair value for all of the Shares of the Company held by that person if:

– the Shareholder has sent the Company a written notice of objection;
– the Company has adopted the special resolution; and
– the Shareholder voted against the special resolution and has complied with all of the procedural requirements of section 164 of the Companies Act.

A copy of section 164 of the Companies Act is set out Annexure 14 to the Circular to which this notice convening the Gerneal Meeting is attached.

By order of the Board

R Smith
Company Secretary

Johannesburg
15 June 2020

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

Transfer Secretaries
Singular Systems Proprietary Limited
25 Scott Street, Waverley, Johannesburg, 2090
(PO Box 785261, Sandton, 2146)

Sebata Holdings Limited

Incorporated in the Republic of South Africa
(Registration number 1998/003821/06)
Share code: SEB   ISIN: ZAE000260493
("Sebata" or "the Company" or "the Group")

FORM OF PROXY

For use only by Sebata Shareholders who:

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

at the General Meeting of Shareholders of the Company to be held at 10:00 on Wednesday, 15 July 2020 via electronic communication.

As a consequence of the impact of the COVID-19 pandemic and the restrictions placed on physical public gatherings, Shareholders are advised that the General Meeting will now be held electronically via a live webcast. Information in respect of the process to be followed in order to participate in the General Meeting is set out in the notice of General Meeting.

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

I/We ____

(full name/s in block letters)

of (address) ____

Telephone work ( ) ________________ Telephone home ( ) ________________

Cellphone number ________________ Email address ________________

being the holder/custodian of __________ Shares of the Company, hereby appoint (see note):

____ or failing him/her,

____ or failing him/her,

the Chairperson of the General Meeting,

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

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

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

Signed at ________________ on ________________ 2020

Signature ____

Assisted by (where applicable) ____

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

Notes

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

   In terms of section 58 of the Companies Act:

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

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

    Hand deliveries to:
    Singular Systems Proprietary Limited
    25 Scott Street
    Waverley
    2090

    Postal deliveries to:
    Singular Systems Proprietary Limited
    PO Box 785261
    Sandton
    2146

    Email:
    Sebata@singular.co.za

    to be received by no later than 10:00 on Monday, 13 July 2020 (or 48 (forty-eight) hours before any adjournment of the General Meeting which date, if necessary, will be notified on the Stock Exchange News Service of JSE Limited) and must refer to paragraph entitled "Electronic Meeting" set out in the notice of General Meeting incorporated in the Circular.
15. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.