



UNAUDITED CONDENSED CONSOLIDATED
INTERIM RESULTS FOR THE SIX MONTHS
ENDED **30 SEPTEMBER 2015**

MICRO *mega*

HOLDINGS LIMITED

THE DIFFERENCE IS IN THE DETAIL

UNAUDITED CONDENSED CONSOLIDATED
INTERIM RESULTS FOR THE SIX MONTHS
ENDED **30 SEPTEMBER 2015**

MICRO*mega* Holdings Limited
Incorporated in the Republic of South Africa
Registration number: 1998/003821/06
JSE Share code: MMG ISIN: ZAE000034435
("MICRO*mega*" or "the Company" or "the Group")

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17%
R564 million

Revenue

41%
R106 million

Operating profit

34%
61.81 cents

HEPS

48%
R105 million

Cash generated from operations

in excess of
R1 billion

Total assets

1 253

Employees

CONDENSED GROUP STATEMENT OF PROFIT AND LOSS

	Unaudited 6 months ended 30 September 2015 R'000	Unaudited 6 months ended 30 September 2014 R'000	Audited 12 months ended 31 March 2015 R'000
Revenue	564 372	484 165	1 035 683
Cost of sales	(288 670)	(253 555)	(576 068)
Gross profit	275 702	230 610	459 615
Other net income	8 018	8 677	16 590
Distribution expenses	(2 634)	(1 851)	(4 170)
Administration expenses	(174 755)	(162 000)	(306 093)
Results from operations	106 331	75 436	165 942
Finance income	2 050	2 660	5 041
Finance cost	(840)	(1 179)	(1 767)
Share of profit of equity accounted associate	762	649	1 978
Profit before tax	108 303	77 566	171 194
Tax expense	(30 595)	(20 278)	(44 823)
Profit for the period	77 708	57 288	126 371
Profit attributable to:			
Owners of the parent	69 067	48 821	110 653
Non-controlling interest	8 641	8 467	15 718
	77 708	57 288	126 371
Attributable earnings per share (cents)			
Basic	61.86	45.96	101.27
Diluted	60.98	45.06	99.45
Headline	61.81	45.96	101.30

CONDENSED GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

	Unaudited 6 months ended 30 September 2015 R'000	Unaudited 6 months ended 30 September 2014 R'000	Audited 12 months ended 31 March 2015 R'000
Profit for the period	77 708	57 288	126 371
Other comprehensive income:			
Foreign currency translation differences	4 044	4 817	1 461
Revaluation of property	-	-	(2 500)
Reversal of deal difference reserve	-	-	(1 000)
Income tax on other comprehensive income	-	-	465
Total comprehensive income for the period	81 752	62 105	124 797
Total comprehensive income attributable to:			
Owners of the parent	73 111	53 638	109 079
Non-controlling interest	8 641	8 467	15 718
	81 752	62 105	124 797
Reconciliation of headline earnings			
Profit attributable to owners of the parent	69 067	48 821	110 653
(Profit)/loss on disposal of property, plant and equipment	(60)	(5)	(68)
Impairment of intangible assets	-	-	95
Headline earnings	69 007	48 816	110 680
Weighted average number of shares (000s)	111 646	106 214	109 265
Diluted weighted average number of shares (000s)	113 254	108 342	111 270
Total number of shares in issue (000s)	112 034	110 311	111 504

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30 September 2015 R'000	Unaudited As at 30 September 2014 R'000	Audited As at 31 March 2015 R'000
ASSETS			
Non-current assets	606 695	497 463	540 579
Property, plant and equipment	68 091	52 867	58 711
Intangible assets	480 554	369 674	432 242
Investments in associates	12 600	11 528	12 857
Other investments	291	208	283
Other financial assets	704	3 779	-
Deferred tax assets	44 455	59 407	36 486
Current assets	410 989	415 988	439 629
Inventories	47 633	19 506	28 377
Trade and other receivables	257 214	224 512	239 225
Income tax receivable	4 375	7 033	8 251
Other financial assets	9 378	12 656	15 891
Cash and cash equivalents	92 389	152 281	147 885
TOTAL ASSETS	1 017 684	913 451	980 208
EQUITY AND LIABILITIES			
Equity	685 426	601 920	671 673
Share capital and share premium	270 792	257 349	266 203
Other reserves	11 983	11 327	6 261
Retained earnings	333 103	268 548	330 218
Non-controlling interest	69 548	64 696	68 991
LIABILITIES			
Non-current liabilities	73 667	89 504	73 125
Other financial liabilities	13 578	13 245	11 371
Deferred vendor payments	15 153	18 484	13 333
Deferred tax liabilities	44 936	57 775	48 421
Current liabilities	258 591	222 027	235 410
Trade and other payables	167 623	169 915	166 674
Other financial liabilities	4 201	3 204	3 101
Income tax payable	32 473	16 656	9 688
Deferred vendor payments	54 294	32 252	55 947
TOTAL LIABILITIES	332 258	309 531	308 535
TOTAL EQUITY AND LIABILITIES	1 017 684	913 451	980 208
Net asset value per share (cents)	549.72	487.42	540.50
Net tangible asset value per share (cents)	120.79	152.30	152.86

CONDENSED GROUP STATEMENT OF CASH FLOW

	Unaudited	Unaudited	Audited
	6 months	6 months	12 months
	ended	ended	ended
	30 September	30 September	31 March
	2015	2014	2015
	R'000	R'000	R'000
Cash flow from operating activities excluding working capital changes	105 466	71 133	151 541
Movement in working capital	(33 696)	19 641	(47 845)
Cash flow from investing activities	(45 558)	(74 643)	(70 981)
Cash flow from financing activities	(81 708)	27 304	6 324
Increase in cash and cash equivalents	(55 496)	43 435	39 039
Cash and cash equivalents at the beginning of the period	147 885	108 846	108 846
Cash and cash equivalents at the end of the period	92 389	152 281	147 885

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited	Unaudited	Audited
	6 months	6 months	12 months
	ended	ended	ended
	30 September	30 September	31 March
	2015	2014	2015
	R'000	R'000	R'000
Balance at the beginning of the period	671 673	504 269	504 269
Profit for the period	77 708	57 288	126 371
Other comprehensive income	4 044	4 817	(1 574)
Transactions with owners, recorded directly in equity	(41 315)	35 546	42 607
Changes in ownership interest in subsidiaries	(26 684)	-	-
Balance at the end of the period	685 426	601 920	671 673

1. Basis of preparation

These condensed consolidated financial statements are prepared in accordance with the framework concepts and the recognition and measurement criteria of International Financial Reporting Standards (IFRS), its interpretations adopted by the International Accounting Standards Board (IASB), the presentation and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, IAS 34 – Interim Financial Reporting, the Listings Requirements of the JSE Limited and the requirements of the Companies Act of South Africa (Act 71 of 2008), as amended. The condensed consolidated financial results 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 condensed consolidated financial results have been prepared under the supervision of Russell Dick, CA (SA).

All financial information presented in South African Rand has been rounded to the nearest thousand.

The financial information on which this trading statement is based has not been reviewed or reported on by the Company's auditors.

2. Significant accounting policies

These condensed consolidated financial statements have been prepared using accounting policies that comply with IFRS. The accounting policies used are consistent with those used in the audited annual consolidated financial statements for the period ended 31 March 2015.

3. Business combinations

Profit Reform Proprietary Limited Trading as "COID Support"

On 1 August 2015, the group acquired a 51% interest in COID Support for a consideration of R5 million. Goodwill to the value of R4.6 million was accounted for. The net assets acquired amounted to R0.7 million and a non-controlling interest of R0.3 million was recognised.

Nerdworks Proprietary Limited

On 1 September 2015, the group acquired 51% interest in Nerdworks Proprietary Limited for a consideration of R7.9 million. Goodwill to the value of R6.9 million was accounted for. The net assets acquired amounted to R2.3 million and a non-controlling interest of R1.1 million was recognised.

Yonke Education and Training Solutions Proprietary Limited

On 1 September 2015, the group acquired a 50% interest in Yonke Education and Training Solutions Proprietary Limited for a consideration of R3.3 million. Goodwill to the value of R0.7 million was accounted for. The net assets acquired amounted to R2.6 million.

The fair value of assets acquired and liabilities assumed relating to the above business combinations are subject to change should additional information become available within the 12 month re-measurement period from date of acquisition.

4. Segment information

	Unaudited 6 months ended 30 September 2015 R'000	Unaudited 6 months ended 30 September 2014 R'000	Audited 12 months ended 31 March 2015 R'000
SEGMENT REVENUE			
Occupational health and safety	223 554	158 816	333 253
Labour supply	99 197	124 477	264 071
Information technology	220 344	184 394	399 605
Financial services	20 739	16 840	38 378
Holdings and consolidated	538	(362)	376
Total revenue	564 372	484 165	1 035 683
SEGMENT PROFIT / (LOSS)			
Occupational health and safety	40 998	32 600	65 545
Labour supply	(578)	766	2 125
Information technology	34 588	32 877	59 123
Financial services	3 350	1 410	5 672
Holdings and consolidated	(10 447)	(18 832)	(21 812)
Total profit	69 067	48 821	110 653
SEGMENT ASSETS			
Occupational health and safety	377 349	405 181	409 512
Labour supply	45 459	73 125	60 566
Information technology	333 673	272 923	283 969
Financial services	56 107	75 231	71 914
Holdings and consolidated	205 096	86 991	154 247
Total assets	1 017 684	913 451	980 208

5. Corporate Governance and changes to the board of directors of MICROmega "board"

MICROmega has embraced the recommendations of the King III Report on governance and strives to provide reports to shareholders that are timely, accurate, consistent and informative.

Alan Barrington Swan resigned as Lead Independent Non-Executive Director with effect from 9 September 2015.

6. Subsequent events

Subsequent to the reporting period, the group acquired a 100% interest in The Training Room Online Proprietary Limited for a consideration of R40 million.

Shareholders are referred to the announcement released on SENS on 30 October 2015, wherein shareholders were advised of the disposal of GIM Holdings Proprietary Limited, a wholly-owned subsidiary of MECS Africa Proprietary Limited, which is in turn a wholly owned subsidiary of MICRO*Omega*, to Kamberg Investment Holdings Proprietary Limited ("Kamberg"). The entire issued share capital of Kamberg is held by the Greg Morris Family Trust, of which Mr Greg Morris, the Chief Executive Officer of MICRO*Omega*, is the sole beneficiary ("the Transaction").

A circular containing full details of the Transaction and a notice to convene a general meeting of MICRO*Omega* shareholders will be sent to MICRO*Omega* shareholders in due course.

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

7. Commentary on results

The period under review presented the group with the poorest general trading environment that we have witnessed in the last decade. In particular, we experienced substantial reductions and deferrals of business from our large multi-national clients in South Africa and from large SOEs in China. This is in accordance with global cost cutting exercises by those clients that we expect to remain in place for the foreseeable future.

We were also negatively impacted by a substantial public sector project that has become embroiled in a larger dispute between the main contracting parties that has raised doubts about our ability to receive payment for services already provided. We deemed it prudent not to recognise the amounts due but have fully recognised the cost of sales. We will continue to pursue recovery of amounts due to us.

Despite the above, we continue to find new opportunities in our targeted markets and it is a tribute to the quality of our products, services and entrepreneurial capacity that we were able to grow headline earnings per share ("HEPS") by 34% in such a challenging environment.

We anticipate that the second half of the year will produce HEPS in excess of the first half. We also reaffirm that we remain confident about our ability to continue to generate growth in HEPS at well above the JSE average for this year and for the following financial year. There are a number of strong opportunities for us to extend our existing range of products and services - both organically and through acquisition.

By order of the board

5 November 2015

Directors: DC King (Executive Chairman); IG Morris (Chief Executive Officer); RB Dick (Financial Director); DSE Carlisle (Executive Director); DA Di Siena (Independent Non-Executive Director); PH Duvenhage (Non-Executive Director); TW Hamill (Non-Executive Director); GE Jacobs (Independent Non-Executive Director); RC Lewin (Non-Executive Director);

Company Secretary: RJ Viljoen

Auditors: Nexia SAB&T

Transfer Secretaries: Computershare Investor Services Proprietary Limited

Sponsor: Merchantec Capital

Attorneys: Di Siena

Note: No forward looking statements in this announcement have been reviewed or reported on by MICRO*Omega's* auditors.

MICRO *mega*
HOLDINGS LIMITED

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