



MICRO*mega*

***UNAUDITED INTERIM RESULTS FOR THE
SIX MONTHS ENDED 30 JUNE 2013***

Incorporated in the Republic of South Africa

Registration number 1998/003821/06

JSE share code:

"MICROmega" or "the Company"

ISIN: ZAE000034435

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME	Unaudited Six months ended 30 June 2013 R ('000)	Unaudited Six months ended 30 June 2012 R ('000)	Audited Year ended 31 December 2012 R ('000)
Revenue	372 264	385 241	746 030
Revenue from continuing operations	372 264	385 241	694 907
Revenue from discontinued operations	-	-	51 123
Cost of sales	(232 950)	(243 212)	(473 937)
Gross profit	139 314	142 029	272 093
Gross profit from continuing operations	139 314	142 029	264 497
Gross profit from discontinued operations	-	-	7 596
Other income	16 750	9 471	9 694
Distribution expenses	(2 167)	(2 009)	(4 481)
Administrative expenses	(119 800)	(107 999)	(263 619)
Results from operations	34 097	41 492	13 687
Results from continuing operations	27 018	41 492	5 410
Results from discontinued operations	7 079	-	8 277
Finance income	2 199	2 445	6 754
Finance cost	(3 073)	(3 681)	(6 074)
Net finance (cost) / income	(874)	(1 236)	680
Share of profit/ (loss) in equity accounted associates	123	(201)	2 060
Profit before tax	33 346	40 055	16 427
Profit before tax from continuing operations	26 269	40 055	10 694
Profit before tax from discontinued operations	7 077	-	5 733
Taxation expense	(7 693)	(10 560)	(7 753)
Profit for the period	25 653	29 495	8 674
Profit from continuing operations	18 550	29 495	3 757
Profit from discontinued operations	7 103	-	4 917
Other comprehensive income			
Foreign currency translation differences	718	3	99
Revaluation of property, plant and equipment	-	-	(2 320)
Income tax on other comprehensive income	-	-	432
Other comprehensive income for the period	718	3	(1 789)
Total comprehensive income for the period	26 371	29 498	6 885
Profit attributable to:			
Owners of the company	24 062	28 483	11 603
Non-controlling interests	1 591	1 012	(2 929)
Profit for the period	25 653	29 495	8 674
Total comprehensive income attributable to:			
Owners of the company	24 780	28 486	10 758
Non-controlling interests	1 591	1 012	(3 873)
Total comprehensive income for the period	26 371	29 498	6 885
Reconciliation of headline earnings			
Profit attributable to owners of the company	24 062	28 483	11 603
Profit on disposal of property, plant and equipment	(30)	(257)	(235)
Impairment of property plant and equipment	-	-	271
Impairment of intangible assets	-	3 300	18 684
Profit on disposal of business	-	(7 289)	-
Profit on disposal of investments in subsidiaries	-	-	(6 893)
Impairment of other investments	-	-	1 080
Impairment of loans receivable	-	-	5 778
Impairment of investment in associates	-	-	230
Headline earnings	24 032	24 237	30 518
Earnings per share			
Headline earnings per share (cents)	26,02	25,72	32,58
Basic earnings per share (cents)	26,05	30,23	12,39
Diluted earnings per share (cents)	25,73	29,64	12,24
Continuing operations			
Basic earnings per share (cents)	18,36	30,23	7,14
Diluted earnings per share (cents)	18,13	29,64	7,06
Weighted average number of shares (000)	92 351	94 217	93 660
Diluted weighted average shares in issue (000)	93 525	96 094	94 835
Total number of shares in issue (000)	90 850	94 006	92 765

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited Six months ended 30 June 2013 R ('000)	Unaudited Six months ended 30 June 2012 R ('000)	Audited Year ended 31 December 2012 R ('000)
ASSETS			
Non-current assets	231 102	270 515	237 998
Property, plant and equipment	124 049	145 188	143 910
Intangible assets	52 241	70 979	48 471
Investments in associates	161	1 777	27
Other investments	163	1 582	163
Loans receivable	4 339	16 174	2 188
Deferred tax assets	50 149	34 815	43 239
Current assets	257 399	245 532	240 493
Inventories	3 218	6 863	2 542
Retirement benefit surplus	-	21 381	1 881
Trade and other receivables	119 915	166 710	109 725
Current portion of loans receivable	14 399	14 734	18 618
Cash and cash equivalents	119 867	35 764	107 727
Non-current assets classified as held for sale	-	80	-
Total assets	488 501	516 047	478 491
EQUITY AND LIABILITIES			
Equity	319 301	339 708	308 049
Share capital and premium	174 265	186 321	179 169
Non-distributable reserves	15 408	16 575	14 834
Retained earnings	119 902	111 775	95 392
Total equity attributable to owners of the company	309 575	314 671	289 395
Non-controlling interests	9 726	25 037	18 654
Liabilities			
Non-current liabilities	68 061	72 072	69 835
Borrowings	59 272	60 328	55 960
Deferred tax liabilities	8 789	11 744	13 875
Current liabilities	101 139	104 267	100 607
Bank overdraft	23 821	-	-
Current portion of borrowings	2 679	14 910	12 901
Trade and other payables	63 977	76 152	80 369
Deferred vendor payments	366	534	534
Provisions	-	5 906	5 904
Taxation payable	10 296	6 765	899
Total equity and liabilities	488 501	516 047	478 491
Net asset value per share (cents)	340,75	334,74	311,97
Net tangible asset value per share (cents)	283,25	259,23	259,71

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 June 2013 R ('000)	Unaudited Six months ended 30 June 2012 R ('000)	Audited Year ended 31 December 2012 R ('000)
Cash flows from operating activities			
Cash generated by operating activities	32 923	41 582	70 621
Movement in working capital	(26 540)	(14 254)	9 725
Finance income	2 199	2 445	6 754
Finance cost	(3 073)	(3 681)	(6 074)
Tax paid	(10 067)	(6 877)	(15 798)
Net cash (outflows) / inflows from operating activities	(4 558)	19 215	65 228
Cash flows from investing activities			
Expenditure to maintain operating capacity			
Property, plant and equipment acquired	(8 323)	(6 275)	(14 230)
Intangible assets acquired	-	-	(446)
Proceeds on disposals of property, plant and equipment	23 939	1 961	3 996
Proceeds on disposals of assets classified as held for sale	-	6 512	6 592
Acquisition of non-controlling interest without a change in control	(228)	-	-
Expenditure for expansion			
Acquisition of subsidiaries	-	-	1
Disposal of businesses / subsidiaries	-	4 942	46 442
Internally generated intangible assets	(4 187)	(7 693)	(7 376)
Acquisition of investments	-	(9)	(90)
Loans receivable repaid	3 949	6 297	12 066
Net cash inflows from investing activities	15 150	5 735	46 955
Cash flows from financing activities			
Treasury shares repurchased	(4 904)	(701)	(8 466)
Dividends paid to non-controlling interests	(10 291)	(278)	(1 406)
Borrowings repaid	(7 078)	(2 884)	(9 261)
Net cash outflows from financing activities	(22 273)	(3 863)	(19 133)
Increase in cash and cash equivalents	(11 681)	21 087	93 050
Cash and cash equivalents at beginning of the period	107 727	14 677	14 677
Cash and cash equivalents at end of the period	96 046	35 764	107 727

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	Revaluation reserve R'000	Foreign currency translation reserve R'000	Deal differences reserve R'000
Balance at 1 January 2012	943	186 079	11 099	29	1 000
Total comprehensive income for the period					
Profit for the period	-	-	-	-	-
Other comprehensive income					
Foreign currency translation differences	-	-	(62)	3	-
Realisation of revaluation reserve	-	-	(62)	-	-
Total comprehensive income for the period	-	-	(62)	3	-
Transactions with owners, recorded directly in equity	(3)	(698)	-	-	-
Treasury shares purchased	(3)	(698)	-	-	-
Share-based payment transactions	-	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-
Total transactions with owners	(3)	(698)	-	-	-
Balance at 30 June 2012	940	185 381	11 037	32	1 000
Total comprehensive income for the period					
Loss for the period	-	-	-	-	-
Other comprehensive income					
Foreign currency translation differences	-	-	(1 067)	96	-
Realisation of revaluation reserve	-	-	(123)	-	-
Total comprehensive income for the period	-	-	(1 067)	96	-
Transactions with owners, recorded directly in equity	(12)	(7 140)	-	-	-
Treasury shares purchased	(12)	(7 753)	-	-	-
Share-based payment transactions	-	613	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-
Changes in ownership interests in subsidiaries					
Acquisitions on non-controlling interests without a change in control	-	-	-	-	-
Total transactions with owners	(12)	(7 140)	-	-	-
Balance at 31 December 2012	928	178 241	9 970	128	1 000
Total comprehensive income for the period					
Profit for the period	-	-	-	-	-
Other comprehensive income					
Foreign currency translation differences	-	-	(73)	718	-
Realisation of revaluation reserve	-	-	(73)	-	-
Total comprehensive income for the period	-	-	(73)	718	-
Transactions with owners, recorded directly in equity	(19)	(4 885)	-	-	-
Treasury shares purchased	(19)	(4 885)	-	-	-
Share-based payment transactions	-	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-
Changes in ownership interests in subsidiaries					
Acquisitions on non-controlling interests without a change in control	-	-	-	-	-
Total transactions with owners	(19)	(4 885)	-	-	-
Balance at 30 June 2013	909	173 356	9 897	846	1 000

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Share-based payments reserve R'ooo	Retained earnings R'ooo	Total R'ooo	Non- controlling interests R'ooo	Total equity R'ooo
Balance at 1 January 2012	4 525	83 014	286 689	24 303	310 992
Total comprehensive income for the period					
Profit for the period	-	28 483	28 483	1 012	29 495
Other comprehensive income	-	62	3	-	3
Foreign currency translation differences	-	-	3	-	3
Realisation of revaluation reserve	-	62	-	-	-
Total comprehensive income for the period	-	28 545	28 486	1 012	29 498
Transactions with owners, recorded directly in equity	(19)	216	(504)	(278)	(782)
Treasury shares purchased	-	-	(701)	-	(701)
Share-based payment transactions	(19)	216	197	-	197
Dividends paid to non-controlling interests	-	-	-	(278)	(278)
Total transactions with owners	(19)	216	(504)	(278)	(782)
Balance at 30 June 2012	4 506	111 775	314 671	25 037	339 708
Total comprehensive income for the period					
Loss for the period	-	(16 880)	(16 880)	(3 941)	(20 821)
Other comprehensive income	-	123	(848)	(944)	(1 792)
Foreign currency translation differences	-	-	96	-	96
Realisation of revaluation reserve	-	123	-	-	-
Total comprehensive income for the period	-	(16 757)	(17 728)	(4 885)	(22 613)
Transactions with owners, recorded directly in equity	(770)	145	(7 777)	(1 128)	(8 905)
Treasury shares purchased	-	-	(7 765)	-	(7 765)
Share-based payment transactions	(770)	145	(12)	-	(12)
Dividends paid to non-controlling interests	-	-	-	(1 128)	(1 128)
Changes in ownership interests in subsidiaries					
Acquisitions on non-controlling interests without a change in control	-	229	229	(370)	(141)
Total transactions with owners	(770)	374	(7 548)	(1 498)	(9 046)
Balance at 31 December 2012	3 736	95 392	289 395	18 654	308 049
Total comprehensive income for the period					
Profit for the period	-	24 062	24 062	1 591	25 653
Other comprehensive income	-	73	718	-	718
Foreign currency translation differences	-	-	718	-	718
Realisation of revaluation reserve	-	73	-	-	-
Total comprehensive income for the period	-	24 135	24 780	1 591	26 371
Transactions with owners, recorded directly in equity	(71)	147	(4 828)	(10 291)	(15 119)
Treasury shares purchased	-	-	(4 904)	-	(4 904)
Share-based payment transactions	(71)	147	76	-	76
Dividends paid to non-controlling interests	-	-	-	(10 291)	(10 291)
Changes in ownership interests in subsidiaries					
Acquisitions on non-controlling interests without a change in control	-	228	228	(228)	-
Total transactions with owners	(71)	375	(4 600)	(10 519)	(15 119)
Balance at 30 June 2013	3 665	119 902	309 575	9 726	319 301

1. Basis of preparation

These condensed consolidated interim 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 disclosure requirements of IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and the requirements of the South African Companies Act 71 of 2008. 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 financial statements have been prepared under the supervision of Russell Dick, CA(SA), the financial director.

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

2. Significant accounting policies

These financial results have not been audited/reviewed by the company's auditors, Nexia SAB&T Inc. These unaudited condensed consolidated interim financial statements have been prepared using accounting policies that comply with International Financial Reporting Standards ("IFRS"). The accounting policies used are consistent with those used in the annual financial statements for the year ended 31 December 2012.

SEGMENT REVENUE	Unaudited Six months ended 30 June 2013 R ('000)	Unaudited Six months ended 30 June 2012 R ('000)	Audited year ended 31 December 2012 R ('000)
NOSA			
- external sales	120 562	103 771	228 689
MECS Africa			
- external sales	163 495	153 050	296 056
Deltec Power Distributors			
- external sales	-	47 732	47 732
Sebata Municipal Solutions			
- external sales	54 015	47 262	106 690
MICROmega Securities			
- external sales	17 808	19 908	38 453
Holding company and consolidation eliminations			
- external sales	22 907	12 527	30 815
- internal sales	(6 523)	991	(2 405)
Total revenue	372 264	385 241	746 030
SEGMENT PROFIT / (LOSS)	Unaudited Six months ended 30 June 2013 R ('000)	Unaudited Six months ended 30 June 2012 R ('000)	Audited year ended 31 December 2012 R ('000)
NOSA			
- external sales	22 719	17 874	28 486
MECS Africa			
- external sales	6 078	5 840	188
Deltec Power Distributors			
- external sales	(59)	9 690	9 251
Sebata Municipal Solutions			
- external sales	5 346	5 656	5 760
MICROmega Securities			
- external sales	2 387	4 814	9 225
Holding company and consolidation eliminations			
- external sales	(12 409)	(15 391)	(41 307)
Total profit	24 062	28 483	11 603
SEGMENT ASSETS	Unaudited Six months ended 30 June 2013 R ('000)	Unaudited Six months ended 30 June 2012 R ('000)	Audited year ended 31 December 2011 R ('000)
NOSA			
- external sales	159 898	92 748	95 561
MECS Africa			
- external sales	68 584	72 980	39 240
Deltec Power Distributors			
- external sales	86	41 855	39 837
Sebata Municipal Solutions			
- external sales	71 576	86 448	65 517
MICROmega Securities			
- external sales	64 465	66 551	56 636
Holding company and consolidation eliminations			
- external sales	123 892	155 465	181 700
Total assets	488 501	516 047	478 491

Commentary

This is the last time that the Group will report to shareholders under the negative impact of the now resolved long-standing dispute between SARS and our executive chairman. There is a heightened energy and excitement throughout the Group that augurs well for all stakeholders- and in particular shareholders. The Group has changed its financial year-end to March and will report on a 15 month period to March 2014. The 6 months period from October 2013 to March 2014 will be included in the year-end results and will be the first period to fully benefit from this new beginning for all Group companies.

The results for the period under review were achieved under difficult circumstances that have now fallen away. Revenue was slightly below that of the 6 months of the prior year however strict comparison is not appropriate. The Deltec business was disposed of last year but contributed R48 million of revenue to June 2012. Additionally, NOSA benefited from approximately R8 million in once-off revenue in the period to June 2012 due to a major upgrade at one of its clients. Consequently, a truer measure is that the core sustainable operations reflected revenue growth of 13% when compared to the same period last year. Attributable profit is 18% down when compared to the prior period however, after stripping out the abovementioned impact of Deltec and NOSA, the growth in attributable profit would have been 43% compared to the prior period.

Capitalisation issue

It has not been the Group's policy to pay dividends during the recent prolonged period of uncertainty. This policy is being reviewed and a further announcement will be made in this regard when we publish our results for the financial year-end.

In the interim and to reward our long-standing shareholders for their patience and perseverance, the board has resolved to issue and allot fully paid ordinary shares of 1 cent each ("ordinary shares") as a capitalisation issue to MICROmega shareholders pro rata to their current shareholding at a ratio of 14 (fourteen) ordinary shares for every 100 (one hundred) ordinary shares held. Where a shareholder's entitlement to the capitalisation issue gives rise to a fraction of a share, such fraction will be rounded up to the nearest whole number, where the fraction is greater than 0.5 and rounded down to the nearest whole number where the fractions is less than 0.5.

The capitalisation issue may have tax implications on shareholders, both South African and non-resident and shareholders are advised to obtain appropriate advice from their professional advisors in this regard.

The capitalisation issue will be made from MICROmega's share premium.

The salient dates of the capitalisation issue are as follows:

	2013
Last day to trade:	Friday 18 October
List date:	Monday 21 October
Record date:	Friday 25 October
Pay date, being the date on which shareholder accounts with CSDP's or brokers are credited or the issue of new share certificates is effected:	Monday 28 October

Share certificates may not be dematerialised or rematerialised between Monday, 21 October 2013 and Friday, 25 October, both dates inclusive. The above dates and times are subject to change. Any changes will be released on SENS.

Shareholders are advised of the following additional information:

- there are no Secondary Tax on companies credits being utilised;
- the issued share capital of MICROmega is 100 802 677 ordinary shares of 1 cent each; and
- MICROmega's tax reference number is 9457323849.
- the closing price of MICROmega shares on Friday, 22 September 2013 was R7.74 per share.

Prospects

The profitability for the 2012 financial year was significantly skewed in favour of the first 6 months to June 2012. We are presently compiling latest forecasts for the balance of the year and, while it is premature to give specific guidance at this time, the board is comfortable with the current performance of the group companies.

By order of the board

Johannesburg
30 September 2013

Directors:

D C King	Executive Chairman
I G Morris	Chief Executive Officer
R B Dick	Financial Director
D S E Carlisle	Executive Director
R C Lewin	Non-executive Director
P H Duvenhage	Non-executive Director
A B Swan	Non-executive Director

There were no changes to the board during the year.

Company Secretary:	Acorim
Auditors:	Nexia SAB&T
Transfer Secretaries:	Computershare Investor Services
Sponsor:	Java Capital
Attorneys:	Eversheds