

PBT Group Limited
(Incorporated in the Republic of South Africa)
Registration Number: 1936/008278/06
JSE share code: PBG
ISIN: ZAE000227781

Condensed consolidated provisional financial results for the year ended 31 March 2018

Notes to the condensed consolidated provisional financial statements

Basis of preparation and accounting policies

Statement of compliance

The condensed consolidated provisional financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports and the requirement of the Companies Act of South Africa. The JSE Limited Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ('IFRS') and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34- Interim Financial Reporting. The accounting policies applied in the presentation of the condensed consolidated provisional financial statements are in terms of IFRS and are consistent with those presented in the previous consolidated financial statements.

These condensed consolidated provisional financial statements were prepared under the supervision of the Financial Director, AM Louw. The Board of Directors approved these financial statements on 13 July 2018.

Judgements and estimates

Preparing the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated provisional financial statements, significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements in the prior year.

Related party transactions

PBT Group Limited and its subsidiaries ("the Group" or "the Company"), in the ordinary course of business, entered into various intercompany transactions with related parties. The Company has related party relationships with subsidiaries and with its key management personnel. There were no significant changes to these relationships.

Subsequent events

There were no material events subsequent to the reporting date except for the Circular released for the disposal of Prescient Capital Pty Ltd and its subsidiaries ('Prescient Capital'). Please refer to note 2 and below for the details of the transaction.

Review of operations

During the period under review, PBT Group Limited entered into an agreement with a consortium to dispose of Prescient Capital, which does not form part of the Group's core operations. A circular was released on 23 March 2018 containing the details of the proposed disposal. The date of posting the supplementary circular, as announced via SENS on 4 April 2018, will be announced in due course.

The income and expenses associated with Prescient Capital is disclosed as a loss from discontinued operations in the condensed consolidated provisional statement of profit or loss and other comprehensive income. The comparative profit from Prescient Capital for the prior year has been restated to reflect as profits from discontinued operations in the comparative period. The corresponding earnings per share and headline earnings per share have also been reflected as a split between continuing and discontinued operations.

- Total loss after tax from continuing operations for the period was R139.4 million

(March 2017: R33.1 million) with loss before tax for continuing operations being R117.4 million (March 2017: R7.8 million).

- Headline loss per share was 1.55 cents per share (March 2017: earnings 4.62 cents per share).
 - Headline loss per share for continuing operations was 1.35 cents per share (March 2017: 0.8 cents per share).
- Headline loss per share for discontinued operations was 0.2 cents per share (March 2017: earnings 5.42 cents per share).

The weighted average number of shares in issue for the 12 months ended 31 March 2018 was 1 499 205 494 (March 2017: 1 619 927 367).

In terms of International Financial Reporting Standards, the Group performed an impairment test on Goodwill based on value-in-use and an impairment charge of R118.3m was recognised. Refer to note 3 for further details.

South Africa and Australia

The South African operations continued to produce satisfactory growth in revenue and profit and we are pleased to report growing demand for our services.

In Australia we experienced a subdued year. In order to grow the business beyond the two major clients, we accepted lower margin contracts. However, this will provide us with the opportunity to expand into normal margin business in these clients. A significant amount of time and cost was spent on proposals and pre-sales initiatives and we hope to profit from these efforts in future.

Middle-East/Africa

The headwinds experienced in the Middle-East/Africa ("MEA") segment of our business resulted in a loss after tax of R46.4 million for the region. The negative payment culture resulted in very high interest charges.

An implemented change in the tax law resulted in withholding tax ("WHT") of R15.6 million being expensed as additional tax paid in the period under review, causing an exceptionally high tax charge in the financial statements.

The negative trading environment in this segment of our business, necessitated complete reduction of exposure to this region. Accordingly, we are pleased to report that we have reduced this exposure by 80% and will no longer be regarded as a separate segment of our business for future financial periods. This vast effort resulted in very positive cashflow as we succeeded in collecting the bulk of outstanding debtors in this region.

Dividend

In accordance with the SENS announcement released on 26 May 2017, an excess payout was made to PBT Group by Prescient Holdings. The cash portion of this excess payout amounted to R26.2 million, which was paid out to shareholders as a capital reduction on 28 August 2017. No dividend from normal commercial operations has been declared for the year ended 31 March 2018.

Biannually, the directors consider the payment of a dividend, taking into account prevailing circumstances and future cash and capital requirements of the Group in order to determine the appropriate dividend in respect of a particular financial reporting period.

Prospects

South Africa

The explosion in the volume of data created in organisations on a daily basis necessitates the extraction of information to remain competitive. We have been experiencing sustained and growing demand for our services in this field over a 19-year period and all indications are that this trend will continue. Our application development services are also in high demand and are growing at a sustainable pace. The worldwide shortage of skills creates opportunities, but is also a constraint as access to these skills is limited. Our client base is of very high quality and is still expanding in a controlled manner.

Australia

We have spent extensively in man hours and other costs on proposals and pre-sales initiatives in order to accelerate growth in this region. Our margins are also under pressure because of our long involvement at a core client. Expansion beyond this key client should restore margins and reduce client concentration risk.

United Kingdom and Europe

We have identified this region for expansion of our revenue base and have been actively exploring opportunities. This drive is costly, but we are very confident that this region will contribute significantly to the bottom line in future. Good relationships have been formed through our partner network and a small office infrastructure established in Utrecht, Netherlands.

Changes to Management and the Board of Directors

AL Winkler was appointed as independent non-executive director effective 17 May 2017. AM Louw resigned as Chairman of the board, but continues in his role as Financial Director and AJ Taylor was appointed as the Chairman of the board on 25 August 2017.

Review of the Independent Auditor

The condensed consolidated provisional financial statements of PBT Group Limited for the year ended 31 March 2018 have been reviewed by BDO Cape Inc., who expressed an unmodified review conclusion. The auditor's report does not necessarily report on all of the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

Forward-looking statements

This announcement contains certain forward-looking statements with respect to the financial condition and results of the operations of PBT Group Limited that, by their nature, involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. These may relate to future prospects, opportunities and strategies. If one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may differ from those anticipated. By consequence, none of the forward-looking statements have been reviewed or reported on by the Group's auditor.

Statement of Financial Position as at 31 March 2018

| Figures in Rand thousand | Notes | 2018 | 2017 |
|--|-------|----------|---------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | | 6 031 | 7 792 |
| Goodwill | 3 | 135 666 | 253 927 |
| Intangible assets | 4 | 675 | 9 567 |
| Other financial assets | 7 | 25 786 | 34 330 |
| Deferred tax | | 2 139 | 7 352 |
| | | 170 297 | 312 968 |
| Current Assets | | | |
| Inventories | | - | 19 787 |
| Trade and other receivables | 5 | 91 269 | 224 214 |
| Other financial assets | | 3 206 | - |
| Current tax receivable | | 1 817 | - |
| Cash and cash equivalents | | 34 202 | 38 172 |
| | | 130 494 | 282 173 |
| Non-current assets held for sale and assets of disposal groups | 2 | 57 121 | 82 234 |
| Total Assets | | 357 912 | 677 375 |
| Equity and Liabilities | | | |
| Equity | | | |
| Equity Attributable to Equity Holders of Parent | | | |
| Stated capital | | 117 805 | 144 015 |
| Reserves | | (39 537) | 5 400 |
| Retained earnings | | 221 402 | 410 765 |
| | | 299 670 | 560 180 |
| Non-controlling interest | | 6 916 | 12 434 |
| | | 306 586 | 572 614 |

| | | |
|--------------------------------|---------|---------|
| Liabilities | | |
| Non-Current Liabilities | | |
| Other financial liabilities | - | 35 000 |
| Deferred tax | 184 | 5 920 |
| | 184 | 40 920 |
| Current Liabilities | | |
| Trade and other payables | 35 853 | 29 369 |
| Current tax payable | 1 774 | 7 669 |
| Provisions | 6 791 | 9 421 |
| Bank overdraft | 152 | 8 081 |
| | 44 570 | 54 540 |
| Liabilities of disposal groups | 2 | 6 572 |
| Total Liabilities | 51 326 | 104 761 |
| Total Equity and Liabilities | 357 912 | 677 375 |

Statement of Profit or Loss and Other Comprehensive Income

| Figures in Rand thousand | Notes | 2018 | 2017 |
|---|-------|-----------|-----------|
| Continuing operations | | | |
| Revenue | | 556 094 | 563 766 |
| Cost of sales | | (457 972) | (447 985) |
| Gross profit | | 98 122 | 115 781 |
| Other income | | 2 756 | 1 311 |
| Other operating losses | | 111 | 18 872 |
| Loss on exchange differences | | (4 409) | (294) |
| Operating expenses | | (87 682) | (116 744) |
| Impairment | | (127 041) | (34 074) |
| Operating (loss) profit | | (118 143) | (15 148) |
| Investment income | | 6 034 | 13 238 |
| Finance costs | | (5 190) | (5 868) |
| Other non-operating gains (losses) | | (53) | - |
| (Loss) profit before taxation | | (117 352) | (7 778) |
| Taxation | 6 | (22 018) | (25 318) |
| (Loss) profit from continuing operations | | (139 370) | (33 096) |
| Discontinued operations | | | |
| (Loss) profit from discontinued operations | | (42 281) | 1 252 626 |
| (Loss) profit for the year | | (181 651) | 1 219 530 |
| Other comprehensive income: | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Items that may be reclassified to profit or loss: | | | |
| Exchange differences on translating foreign operations | | 193 | (8 183) |
| Other comprehensive income for the year net of taxation | | 193 | (8 183) |
| Total comprehensive (loss) income for the year | | (181 458) | 1 211 347 |
| (Loss) profit attributable to: | | | |
| Owners of the parent: | | | |
| From continuing operations | | (145 836) | (39 351) |
| From discontinued operations | | (42 281) | 1 256 521 |
| | | (188 117) | 1 217 170 |
| Non-controlling interest: | | | |
| From continuing operations | | 6 466 | 6 255 |
| From discontinued operations | | - | (3 895) |
| | | 6 466 | 2 360 |
| Total comprehensive (loss) income attributable to: | | | |
| Owners of the parent | | (188 117) | 1 208 987 |
| Non-controlling interest | | 6 466 | 2 360 |
| | | (181 651) | 1 211 347 |

Statement of Changes in Equity

| | Total attributable to equity holders of the group | Non- controlling interest | Total equity |
|---|---|---------------------------------|-----------------|
| Figures in Rand thousand | | | |
| Balance at 01 April 2016 | 836 437 | 24 064 | 860 501 |
| Profit for the year | 1 217 170 | 2 360 | 1 219 530 |
| Other comprehensive income | (8 183) | - | (8 183) |
| Total comprehensive income for the year | 1 208 987 | 2 360 | 1 211 347 |
| Treasury shares sold | 11 166 | - | 11 166 |
| Equity-settled share based payments | 1 680 | - | 1 680 |
| Capital distribution | (1 381 820) | - | (1 381 820) |
| Adjustment to reflect the PBT Group Limited share capital after the disposal of Prescient Holdings Proprietary Limited | (53 792) | - | (53 792) |
| Termination of foefeitable share plan | (1 281) | - | (1 281) |
| Dividends | (73 832) | (3 304) | (77 136) |
| Acquisitions of non-controlling interests | 12 635 | (12 470) | 165 |
| Disposal of subsidiary | - | 1 784 | 1 784 |
| Total contributions by and distributions to owners of group recognised directly in equity | (1 485 244) | (13 990) | (1 499 234) |

Statement of Changes in Equity

| | Total attributable to equity holders of the group | Non- controlling interest | Total equity |
|--|---|---------------------------------|-----------------|
| Figures in Rand thousand | | | |
| Balance at 01 April 2017 | 560 180 | 12 434 | 572 614 |
| Loss for the year | (188 117) | 6 466 | (181 651) |
| Other comprehensive income | 193 | - | 193 |
| Total comprehensive Loss for the year | (187 924) | 6 466 | (181 458) |
| Capital distribution | (72 586) | - | (72 586) |
| Loss of control | - | (2 913) | (2 913) |
| Dividends | - | (9 065) | (9 065) |
| Change in ownership -control not loss | - | (6) | (6) |
| Total contributions by and distributions to owners of group recognised directly in equity | (72 586) | (11 984) | (84 570) |
| Balance at 31 March 2018 | 299 670 | 6 916 | 306 586 |

Statement of Cash Flows

| Figures in Rand thousand | Notes | 2018 | 2017 |
|--|-------|----------|-------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | | 100 371 | 214 552 |
| Interest income | | 4 166 | 5 154 |
| Dividend income | | 1 868 | 8 084 |
| Finance costs | | (5 190) | (5 868) |
| Tax paid | | (30 059) | (19 904) |
| Dividends paid | | - | (69 275) |
| Net cash from operating activities | | 71 156 | 132 743 |
| Cash flows from investing activities | | | |
| Purchase of property , plant and equipment | | (2 017) | (7 038) |
| Sale of property, plant and equipment | | 340 | 4 538 |
| Purchase of other intangible assets | 4 | (273) | (1 244) |
| Loans advanced to group companies | | - | (5 704) |
| Purchase of financial assets | | (1 941) | (53 104) |
| Sale of financial assets | | 5 970 | - |
| Sale of other asset | | - | 429 186 |
| Proceeds on disposal of discontinued operations | | - | 1 317 935 |
| Net cash from investing activities | | 2 079 | 1 684 569 |
| Cash flows from financing activities | | | |
| Reduction of share capital or buy back of shares | | (26 210) | (534 809) |
| Repayment of other financial liabilities | | (35 000) | - |
| Movement in loans to directors, managers and employees | | - | 53 830 |
| Proceeds from loans/borrowings | | - | 32 899 |
| Capital distribution | | - | (1 427 822) |
| Acquisition of shares | | (8 053) | (145) |
| Net cash from financing activities | | (69 263) | (1 876 047) |
| Total cash movement for the year | | 3 972 | (58 735) |
| Cash at the beginning of the year | | 30 091 | 88 826 |
| Effect of exchange rate movement on cash balances | | (13) | - |
| Total cash at end of the year | | 34 050 | 30 091 |

1. Earnings per share

BASIC EARNINGS PER SHARE

The calculation of basic earnings per share at 31 March 2018 was based on the loss attributable to ordinary shareholders of R188.2m (2017: profit R1 217.2m) and a weighted average of ordinary shares outstanding of 1 499 205 494 (2017: 1 619 927 367), calculated as follows:

| | 31 March 2018 | | | 31 March 2017 | | |
|---|----------------------|------------------------|-----------|---------------------------------|----------------------------------|-----------|
| | Continuing operation | Discontinued operation | Total | Continuing operations Restated* | Discontinued operation Restated* | Total |
| Profit attributable to ordinary shareholders | | | | | | |
| R'000 | | | | | | |
| Profit/(loss) for the year, attributable to owners of the Company | (145 836) | (42 281) | (188 117) | (39 351) | 1 256 521 | 1 217 170 |
| Earnings attributable to FSP Shareholders | - | - | - | (5 129) | (13 835) | (18 964) |
| Profit/(loss) attributable to ordinary shareholders | (145 835) | (42 281) | (188 116) | (44 480) | 1 242 686 | 1 198 206 |

| Weighted average number of ordinary shares In thousands of shares | Note | 2018 | 2017 |
|--|------|------|------|
| | | | |

| | | | | | | |
|--|--|--|--|--|-----------|-----------|
| Ordinary shares at 1 April | | | | | 1 669 251 | 1 669 251 |
| Effect of treasury shares held | | | | | (170 045) | (23 022) |
| Effect of FSP shares | | | | | - | (26 302) |
| Weighted average number of ordinary shares at 31 March | | | | | 1 499 206 | 1 619 927 |

HEADLINE EARNINGS PER SHARE

Headline earnings per share has been calculated in accordance with Circular 2/2015 issued by the South African Institute of Chartered Accountants.

Diluted earnings per share is equal to basic earnings per share. Diluted headline earnings per share is equal to headline earnings per share.

R'000

| | Profit before tax | Tax | Non-controlling interests | Earnings attributable to FSP shareholders | Earnings attributable to ordinary shareholders | Cents per share |
|---|-------------------|----------|---------------------------|---|--|-----------------|
| 2018 | | | | | | |
| Continuing operations | | | | | | |
| Per the statement of comprehensive income | (117 352) | (22 018) | (6 466) | - | (145 836) | (9.73) |
| Adjustments | | | | | | |
| | 125 600 | - | - | - | 125 600 | 8.38 |
| Continuing operations headline earnings | 8 248 | (22 018) | (6 466) | - | (20 236) | (1.35) |
| Discontinued operation | | | | | | |
| Per the statement of comprehensive income | (42 118) | (163) | - | - | (42 281) | (2.82) |
| Adjustments | | | | | | |
| Restatement to fair value of discontinued operation | 16 371 | - | - | - | 16 371 | 1.09 |
| Impairment loss on goodwill | 26 477 | - | - | - | 26 477 | 1.77 |
| Change in fair value of investment property | (3 545) | - | - | - | (3 545) | (0.24) |
| Discontinued operations headline loss | (2 815) | (163) | - | - | (2 977) | (0.20) |
| Total | | | | | | |
| Per the statement of comprehensive income | (159 469) | (22 181) | (6 466) | - | (118 117) | (12.55) |
| Total Group headline earnings | 5 434 | (22 181) | (6 466) | - | (23 213) | (1.55) |

R'000

| | Profit before tax | Tax | Non-controlling interests | Earnings attributable to FSP shareholders | Earnings attributable to ordinary shareholders | Cents per share |
|---|-------------------|----------|---------------------------|---|--|-----------------|
| 2017 | | | | | | |
| Continuing operations | | | | | | |
| Per the statement of comprehensive income | (7 777) | (25 318) | (6 255) | (5 129) | (44 479) | (2.75) |
| Adjustments | | | | | | |
| Impairment loss on goodwill | 31 645 | - | - | - | 31 645 | 1.95 |
| Change in fair value of investment property | - | - | - | - | - | - |
| Continuing operations headline earnings | 23 868 | (25 318) | (6 255) | (5 129) | (12 834) | (0.80) |
| Discontinued operation | | | | | | |
| Per the statement of comprehensive income | 1 282 868 | (30 242) | 3 895 | (13 835) | 1 242 686 | 76.71 |
| Adjustments | | | | | | |
| Gain on sale of discontinued operations* | (1 150 696) | - | - | - | (1 150 696) | (71.03) |
| Change in fair value of investment property | (4 179) | - | - | - | (4 179) | (0.26) |
| Discontinued operations headline gain | 127 993 | (30 242) | 3 895 | (13 835) | 87 811 | 5.42 |
| Total | | | | | | |
| Per the statement of comprehensive income | 1 275 091 | (55 560) | (2 360) | (18 964) | 1 198 207 | 73.96 |
| Total Group headline earnings | 151 861 | (55 560) | (2 360) | (18 964) | 74 977 | 4.62 |

*Including foreign exchange recycled from foreign currency translation reserve.

Dividends per share

| | 2018 | 2017 |
|---|-------|-------|
| | Cents | Cents |
| Interim - declared (2017: 13 December 2016) | - | 2.25 |
| Prescient Distribution - declared (2017: 28 October 2016) | - | 85.54 |
| Capital distribution (2017: Rnil) | 1.57 | - |

2. Discontinued Operations

The Company has entered into a memorandum of agreement ("the MoA") with an acquiring consortium ("AQC"), in relation to the disposal by the PBT Group of Prescient Capital Proprietary Limited and its subsidiaries ("Prescient Capital"), where the AQC will purchase Prescient Capital from the PBT Group by offering the PBT Group shares owned by the AQC to the PBT Group. In addition, the AQC will purchase the Prescient Holdings shares owned by the PBT Group from the PBT Group by offering the PBT Group shares owned by the AQC to the PBT Group.

Prescient Capital was established as an investment holding company for the interests of the PBT Group outside of its traditional service offering. Prescient Capital's assets include properties in Johannesburg and Dublin, as well as a venture capital investment.

Prescient Capital consists of Prescient Capital Proprietary Limited, Prescient Property Holdings Proprietary Limited, PIB Risk Services Proprietary Limited and Stadia Capital Proprietary Limited.

After this transaction PBT Group will be a focused IT business as Prescient Capital did not form part of the core business of the PBT Group.

The effective date of the Proposed Transaction is 1 June 2017. A finalisation announcement will be released on SENS when the Proposed Transaction becomes unconditional.

Herman Steyn was the Chief Executive Officer of Prescient Limited prior to being re-named to the PBT Group and subsequently appointed as a Non-Executive Director. He is also a material shareholder who forms part of the AQC. As such, he is considered to be a related party in terms of the JSE Listings Requirements.

Cheree Dyers is an Independent Non-Executive Director and shareholder of the PBT Group and she forms part of the AQC. As such, she is considered to be a related party in terms of the JSE Listings Requirements.

The Proposed Transaction is classified as both a specific repurchase and a related party transaction in terms of the JSE Listings Requirements.

The Take Over Regulation Panel ("the TRP") requested that the PBT Group release a supplementary circular with a separate independent expert report dealing with the share repurchase portion of the Proposed Transaction. The date of posting of the supplementary circular will be announced in due course.

Prescient Capital was not previously classified as held-for-sale or as a discontinued operation. The comparative condensed consolidated provisional statement of profit or loss and other comprehensive income has been restated to show the discontinued operation separately from continuing operations.

| Results of discontinued operations | 2018 R'000 | 2017 R'000 |
|---|---------------|---------------|
| Revenue | 11 543 | 349 208 |
| Other income | 2 315 | 13 907 |
| Expenses | (56 301) | (233 956) |
| Results from operating activities | (42 443) | 129 158 |
| Tax | 163 | (30 242) |
| Results from operating activities, net of tax | (42 281) | 98 916 |
| Gain on sale of discontinued operations* | - | 1 153 710 |
| Profit for the year | (42 281) | 1 252 626 |
| Earnings per share (cents) | (2.82) | 77.33 |

*Included in 2017 in the gain on sale of discontinued operations is an amount of R92.4 million relating to the excess pay-out as per the SENS announcement released on 26 May 2017.

(Loss)/profit from discontinued operations of R42.3 million (2017: profit R1.3 billion) was attributable to the owners of the Company. Of the loss from continuing operations of R139.5 million (2017: loss R33.1 million), a loss of R146 million (2017: loss R39.4m) was attributable to the owners of the company.

| Cash flows from/(used in) discontinued operations | | |
|---|----------|---------|
| Net cash from operating activities | 24 816 | 1 552 |
| Net cash used in investing activities | 30 405 | (929) |
| Net cash from financing activities | (54 363) | (8 973) |

| | | |
|---|---------|---------|
| Net cash flow for the year | 858 | (6 492) |
| Effect of disposal on the financial position of the Group | | |
| Property & equipment | 48 | 123 |
| Investment property | 36 428 | 49 346 |
| Goodwill and intangible assets | - | 22 722 |
| Financial assets at fair value through profit or loss | 17 777 | 4 483 |
| Investment in associate | - | 289 |
| Trade and other receivables | 928 | 3 172 |
| Long-term loans receivable | 288 | 673 |
| Cash and cash equivalents | 1 532 | 1 449 |
| Deferred tax liability | (303) | (67) |
| Long-term loans payable | (5 260) | (8 106) |
| Trade and other payables | (1 017) | (1 154) |
| Current tax (payable)/receivable | 128 | (166) |
| Net assets and liabilities held-for-sale | 50 549 | 72 765 |
| Consideration received in cash | (4 789) | 4 789 |
| Cash and cash equivalents | (1 532) | (1 449) |
| Net cash inflow | (6 321) | 3 340 |

3. Goodwill

| | | |
|-------------------------------------|--|----------|
| Cost | | |
| Opening balance - 1 April 2016 | | 406 762 |
| Classified as held for sale | | (22 722) |
| Disposal of discontinued operations | | (98 468) |
| Closing balance - 31 March 2017 | | 285 572 |
| Opening balance - 1 April 2017 | | 285 572 |
| Additions | | - |
| Disposals | | - |
| Closing balance - 31 March 2018 | | 285 572 |
| Accumulated impairment/amortisation | | |
| Opening balance - 1 April 2016 | | 31 143 |
| Impairment loss | | 31 645 |
| Disposal of discontinued operations | | (31 143) |
| Closing balance - 31 March 2017 | | 31 645 |
| Opening balance - 1 April 2017 | | 31 645 |
| Impairment loss | | - |
| Closing balance - 31 March 2018 | | 31 645 |
| Carrying amounts | | |
| At March 2017 | | 253 927 |
| At March 2018 | | 135 666 |

The Goodwill on the Statement of Financial Position arose as a result of the reverse acquisition of PBT Group Ltd by the Prescient Holdings Group of Companies ("Prescient Holdings") effective 1 September 2012. According to IFRS 3 Business Combinations, PBT Group Ltd was treated as the accounting acquiree and Goodwill on the PBT Group of Companies arose as a result.

During the 2017 financial year the financial services segment of the business, being Prescient Holdings, delisted from the group, leaving the PBT Group of Companies and Prescient Capital Group of Companies. The PBT Group comprise of information management services. The Prescient Capital Group of Companies are in the process of being disposed of, refer to note 2 for the transaction details.

With the 2012 Goodwill calculation and allocation, the PBT Group of Companies was seen as a separate Cash Generating Unit ("CGU").

In terms of IFRS, the Group performs an annual impairment test on Goodwill based on CGU's. The recoverable amount of each CGU to which Goodwill is allocated has been determined based on the value-in-use calculation which uses cash flow projections on financial forecasts. The discount rate use to calculate the value-in-use

figure is 19%.

At year end, in terms of IFRS, the PBT Group of Companies is still seen as a separate CGU and an impairment test was performed. For 2018 financial year the Goodwill figure has been impaired from R253.9m to R135.7m in accordance with a directors valuation.

4. Intangible assets

| | Patents and trademarks | Internally developed software | Computer software | System development costs | Other intangible | Total |
|--|------------------------|-------------------------------|-------------------|--------------------------|------------------|---------|
| Cost | | | | | | |
| Opening balance - 1 April 2016 | 2 024 | 33 020 | 2 689 | - | 7 339 | 45 072 |
| Additions | - | 485 | 758 | 7 367 | - | 8 610 |
| Disposal of discontinued operations | (2 024) | - | - | (7 367) | - | (9 391) |
| Closing balance - 31 March 2017 | - | 33 505 | 3 447 | - | 7 339 | 44 291 |
| Opening balance - 1 April 2017 | - | 33 505 | 3 447 | - | 7 339 | 44 291 |
| Additions | - | 273 | - | - | - | 273 |
| Disposals | - | - | - | - | - | - |
| Closing balance - 31 March 2018 | - | 33 778 | 3 447 | - | 7 339 | 44 564 |
| Accumulated impairment/amortisation | | | | | | |
| Opening balance - 1 April 2016 | 904 | 26 588 | 2 055 | 550 | - | 30 097 |
| Amortisation for the year | - | 3 308 | 521 | - | - | 3 829 |
| Impairment loss | - | 2 252 | - | - | - | 2 252 |
| Disposal of discontinued operations | (904) | - | - | (550) | - | (1 454) |
| Closing balance - 31 March 2017 | - | 32 148 | 2 576 | - | - | 34 724 |
| Opening balance - 1 April 2017 | - | 32 148 | 2 576 | - | - | 34 724 |
| Amortisation for the year | - | 1 194 | 665 | - | - | 1 859 |
| Impairment loss | - | - | - | - | 7 339 | 7 339 |
| Other changes, movements | - | (34) | - | - | - | (34) |
| Closing balance - 31 March 2018 | - | 33 308 | 3 242 | - | 7 339 | 43 888 |
| Carrying amounts | | | | | | |
| At March 2017 | - | 1 357 | 870 | - | 7 339 | 9 566 |
| At March 2018 | - | 470 | 205 | - | - | 675 |

5. Trade and other receivable

Trade and other receivables include the following:

| | 2018 | 2017 |
|---------------------|--------|---------|
| Trade receivables | 88 709 | 129 033 |
| Accrued income | 1 078 | 656 |
| Deposits | 1 440 | 1 408 |
| Prepayments | 42 | 720 |
| Dividend receivable | - | 92 397 |
| | 91 269 | 224 214 |

6. Income tax expense

| | 2018 | 2017 |
|---|---------|---------|
| Tax recognised in profit or loss | | |
| Current year | | |
| Current year expense | 8 431 | 15 201 |
| Adjustment to prior years | (1 570) | (50) |
| Securities transfers tax | 22 | - |
| Withholding tax - Section 6quat(1C) - prior year | 6 875 | 16 584 |
| Withholding tax - Section 6quat(1C) | 8 783 | - |
| | 22 541 | 31 735 |
| Deferred tax expense | | |
| Originating and reversal of temporary differences | (523) | (6 417) |
| Income tax expense on continuing operations | 22 018 | 25 318 |

7. Other financial assets

| | 2018 | 2017 |
|---|--------|--------|
| Designated at fair value through profit (loss) | | |
| Investments | 23 844 | 22 787 |
| Bonds and unlisted debt | 433 | 722 |
| | 24 277 | 23 509 |
| Loans and receivables | | |
| Other loans and receivables | 1 366 | 6 028 |
| The unsecured loan bears interest at prime and has no fixed terms of repayment. | | |
| Share plan loans | - | 2 216 |
| The unsecured loan bears no interest and have been settled in the current financial year. | | |
| Enterprise development loans | 1 840 | 1 420 |
| The unsecured loan bears no interest and has no fixed terms of repayment. | | |
| PBT Insurance Technologies Share Trust | 1 509 | 1 157 |
| The unsecured loan bears interest at prime less 2% and has no fixed terms of repayment. | | |
| | 4 715 | 10 821 |
| Total other financial assets | 28 992 | 34 330 |
| Non-current assets | | |
| Designated at fair value through profit (loss) | 24 277 | 23 509 |
| Loans and receivables | 1 509 | 10 821 |
| | 25 786 | 32 114 |
| Current assets | | |
| Loans and receivables | 3 206 | - |
| | 3 206 | - |
| | 28 992 | 34 330 |

8. Impairment losses

| | 2018 | 2017 |
|--|---------|--------|
| Goodwill | 118 261 | 31 645 |
| The Group performs an annual impairment test on goodwill based on cash-generating units (CGU). Please see note 3 for details. | | |
| Intangible assets | 7 339 | 2 429 |
| The Group performs impairment tests in relation to intangible assets. The current year impairment relates to the write-off of the purchase price allocation, as management determined that the recoverable amount was less than the carrying amount. | | |
| Other financial assets | 1 441 | - |
| Current year impairments relate to the recoverable amount being less than the carrying amount, which was determined by management. Management's key assumptions are based on past experience in the market with reference to cash flow assumptions. | | |
| Total impairment losses recognised | 127 041 | 34 074 |

9. Comparative figures

Certain prior year amounts have been reclassified for consistency with the current year presentation of the consolidated financial statements. These reclassifications had no effect on the reported results of operations.

The effects of the reclassifications are as follows:

| | | |
|---------------------------------|---|---------|
| Statement of Financial Position | | |
| Provisions | - | (9 422) |
| Trade and other payables | - | 9 422 |

10. Segment Report

The reportable segments for the current financial year are according geographical areas, namely South Africa, Middle-East / Africa and Australia.

- South Africa includes consulting and implementation of data, management information software and healthcare administrations services in the Republic of South Africa.

- Australia includes consulting and implementation of data, management information software and healthcare administrations services in Australia.

- Middle-East/Africa includes consulting and implementation of data, management information software in Middle-East and Africa.

| | CONTINUING OPERATIONS | | | | | | | | | |
|--|-----------------------|-----------|-----------|----------|--------------------|-----------|---------|---------|-----------|-----------|
| | South Africa | | Australia | | Middle-East/Africa | | Other | | Total | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Revenue | 410 270 | 329 141 | 64 383 | 78 932 | 80 958 | 155 693 | 483 | - | 556 094 | 563 766 |
| Other income | 52 | 589 | 273 | 715 | 2 438 | - | 1 868 | 9 927 | 4 631 | 29 738 |
| Interest revenue | 2 026 | 827 | 116 | 91 | 1 929 | 3 980 | 96 | 1 389 | 4 167 | 6 287 |
| Cost of sales | (305 493) | (248 849) | (55 010) | (54 709) | (97 469) | (144 427) | - | - | (457 973) | (447 985) |
| Depreciation and amortisation | (1 774) | (1 815) | (516) | - | (3 012) | (2 924) | - | - | (5 302) | (4 740) |
| Impairments | (75) | (51) | - | - | (1 366) | - | - | - | (1 441) | (51) |
| Operating expenses | (65 569) | (53 823) | (6 867) | (12 959) | (12 418) | (47 440) | (1 997) | (3 423) | (86 851) | (117 280) |
| Share of profit/(loss) of equity accounted investments | - | - | - | - | - | - | - | - | - | - |
| Finance costs | (1 785) | (273) | (5) | (9) | (3 397) | (5 586) | (3) | - | (5 191) | (5 868) |
| Income tax expense | (7 116) | (6 242) | (681) | (7 845) | (14 039) | (11 057) | (183) | (174) | (22 018) | (25 318) |
| Profit / (loss) for the year | 30 535 | 19 503 | 1 692 | 4 216 | (46 376) | (51 761) | 265 | 7 719 | (13 884) | (1 450) |

| | DISCONTINUED OPERATIONS | | | | | | | | | |
|--|-------------------------|-------|-----------|-------|--------------------|-------|----------|-----------|----------|-----------|
| | South Africa | | Australia | | Middle-East/Africa | | Other | | Total | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Revenue | - | - | - | - | - | - | 11 543 | 383 144 | 11 543 | 383 144 |
| Other income | - | - | - | - | - | - | 3 693 | 1 144 028 | 3 693 | 1 144 028 |
| Interest revenue | - | - | - | - | - | - | 127 | 231 | 127 | 231 |
| Cost of sales | - | - | - | - | - | - | - | - | - | - |
| Depreciation and amortisation | - | - | - | - | - | - | (52) | (5 725) | (52) | (5 725) |
| Impairments | - | - | - | - | - | - | (14 287) | - | (14 287) | - |
| Operating expenses | - | - | - | - | - | - | (19 610) | (230 704) | (19 610) | (230 704) |
| Share of profit/(loss) of equity accounted investments | - | - | - | - | - | - | - | (759) | - | (759) |
| Finance costs | - | - | - | - | - | - | (1 136) | (7 346) | (1 136) | (7 346) |
| Income tax expense | - | - | - | - | - | - | 163 | (30 242) | 163 | (30 242) |
| Profit / (loss) for the year | - | - | - | - | - | - | (19 559) | 1 252 626 | (19 559) | 1 252 626 |

| | GROUP | | | | | | | | | |
|--|--------------|-----------|-----------|----------|--------------------|-----------|----------|-----------|-----------|-----------|
| | South Africa | | Australia | | Middle-East/Africa | | Other | | Total | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Revenue | 410 270 | 329 141 | 64 383 | 78 932 | 80 958 | 155 693 | 12 025 | 383 144 | 567 636 | 946 910 |
| Other income | 52 | 589 | 273 | 715 | 2 438 | - | 5 562 | 1 153 954 | 8 325 | 1 173 766 |
| Interest revenue | 2 026 | 827 | 116 | 91 | 1 929 | 3 980 | 224 | 1 620 | 4 294 | 6 518 |
| Cost of sales | (305 493) | (248 849) | (55 010) | (54 709) | (97 469) | (144 427) | - | - | (457 973) | (447 985) |
| Depreciation and amortisation | (1 774) | (1 815) | (516) | - | (3 012) | (2 924) | (52) | (5 725) | (5 354) | (10 465) |
| Impairments | (75) | (51) | - | - | (1 366) | - | (14 287) | - | (15 728) | (51) |
| Operating expenses | (65 569) | (53 823) | (6 867) | (12 959) | (12 418) | (47 440) | (21 606) | (234 127) | (106 460) | (347 984) |
| Share of profit/(loss) of equity accounted investments | - | - | - | - | - | - | - | (759) | - | (759) |
| Finance costs | (1 785) | (273) | (5) | (9) | (3 397) | (5 586) | (1 140) | (7 346) | (6 327) | (13 215) |
| Income tax expense | (7 116) | (6 242) | (681) | (7 845) | (14 039) | (11 057) | (20) | (30 416) | (21 856) | (55 560) |
| Profit / (loss) for the year | 30 535 | 19 503 | 1 692 | 4 216 | (46 376) | (51 761) | (19 294) | 1 260 345 | (33 443) | 1 251 176 |

| | CONTINUING OPERATIONS | | | | | | | | | |
|--|-----------------------|----------|-----------|----------|--------------------|----------|---------|---------|----------|----------|
| | South Africa | | Australia | | Middle-East/Africa | | Other | | Total | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Segment assets * | 90 013 | 86 682 | 20 283 | 28 862 | 25 850 | 91 149 | 28 637 | 119 033 | 164 782 | 325 727 |
| Intangible assets | 479 | 1 357 | - | - | 196 | - | - | 8 209 | 675 | 9 566 |
| Investment in equity-accounted investees | - | - | - | - | - | - | - | - | - | - |
| Total assets | 90 492 | 88 039 | 20 283 | 28 862 | 26 046 | 91 149 | 28 637 | 127 242 | 165 457 | 335 293 |
| Segment liabilities | (27 633) | (20 475) | (4 748) | (10 135) | (7 424) | (62 593) | (5 323) | 3 667 | (45 128) | (89 536) |
| Total liabilities | (27 633) | (20 475) | (4 748) | (10 135) | (7 424) | (62 593) | (5 323) | 3 667 | (45 128) | (89 536) |

| | South Africa | | Australia | | DISCONTINUED OPERATIONS Middle-East/Africa | | Other | | Total | |
|--|--------------|-------|-----------|-------|---|-------|---------|---------|---------|---------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Segment assets * | - | - | - | - | - | - | 57 121 | 59 056 | 57 121 | 59 056 |
| Intangible assets | - | - | - | - | - | - | - | - | - | - |
| Investment in equity-accounted investees | - | - | - | - | - | - | - | 289 | - | 289 |
| Total assets | - | - | - | - | - | - | 57 121 | 59 345 | 57 121 | 59 345 |
| Segment liabilities | - | - | - | - | - | - | (6 572) | (9 302) | (6 572) | (9 302) |
| Total liabilities | - | - | - | - | - | - | (6 572) | (9 302) | (6 572) | (9 302) |

| | South Africa | | Australia | | GROUP Middle-East/Africa | | Other | | Total | |
|--|--------------|----------|-----------|----------|-----------------------------|----------|----------|---------|----------|----------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Segment assets * | 90 013 | 86 682 | 20 283 | 28 862 | 25 850 | 91 149 | 85 758 | 184 011 | 221 904 | 390 704 |
| Intangible assets | 479 | 1 357 | - | - | 196 | - | - | 8 209 | 675 | 9 566 |
| Investment in equity-accounted investees | - | - | - | - | - | - | - | 289 | - | 289 |
| Total assets | 90 492 | 88 039 | 20 283 | 28 862 | 26 046 | 91 149 | 85 758 | 192 509 | 222 579 | 400 559 |
| Segment liabilities | (27 633) | (20 475) | (4 748) | (10 135) | (7 424) | (62 593) | (11 895) | (5 635) | (51 700) | (98 838) |
| Total liabilities | (27 633) | (20 475) | (4 748) | (10 135) | (7 424) | (62 593) | (11 895) | (5 635) | (51 700) | (98 838) |

* Goodwill is not managed as part of segment assets and has therefore been excluded

| | 2018 R'000 | 2017 R'000 |
|---|---------------|---------------|
| Reconciliation of reportable segment revenue | | |
| Total consolidated income for reportable segments | 567 636 | 946 910 |
| Elimination of discontinued operations | (11 543) | (383 144) |
| Consolidated total income | 556 094 | 563 766 |

| | 2018 R'000 | 2017 R'000 |
|---|---------------|---------------|
| Profit before tax | | |
| Total consolidated (loss)/profit before tax for reportable segments | (11 587) | 1 306 736 |
| Less impairment of goodwill | (125 600) | (31 645) |
| Elimination of discontinued operations | 19 721 | (1 282 868) |
| Consolidated loss before tax | (117 466) | (7 777) |

| | 2018 R'000 | 2017 R'000 |
|--|---------------|---------------|
| Assets | | |
| Total assets for reportable segments | 136 821 | 208 050 |
| Goodwill | 135 666 | 253 927 |
| Assets for other segments | 85 758 | 192 223 |
| Equity accounted investees | - | 289 |
| Elimination of discontinued operations | (57 121) | (59 345) |
| Consolidated total assets | 301 124 | 595 141 |

| | 2018 R'000 | 2017 R'000 |
|---|---------------|---------------|
| Liabilities | | |
| Total liabilities for reportable segments | (39 806) | (93 204) |
| Liabilities for other segments | (11 895) | (5 635) |
| Other unallocated amounts | - | - |
| Elimination of discontinued operations | 6 572 | 9 302 |
| Consolidated total liabilities | (45 128) | (89 536) |

Company Information

| | |
|----------------------|--|
| Directors: | PJ de Wet (CEO) AM Louw (Financial Director) AJ Taylor (Independent Non-Executive Chairman) AL Winkler (Independent Non-Executive Director) CL Dyers (Independent Non-Executive Director) HC Steyn (Non-Executive Director) |
| Registered office: | PBT House, 2 Mews Close, Waterford Mews, Century City, 7441, South Africa |
| Postal address: | PO Box 276, Century City 7446 |
| Registration number: | 1936/008278/06 |
| Auditors | BDO Cape Inc. |
| Sponsor | Bridge Capital Advisors Proprietary Limited |

Transfer secretaries: Link Market Services
JSE share code: PBG
ISIN: ZAE000227781
Website: www.pbtgroup.co.za