

2019

UNAUDITED CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

Financial results

During the period under review PBT Group Limited (PBT Group) has built on the strong performance of the second half of the previous financial year. Total revenue for the period was R320.6 million (September 2018: R281 million) with profit before tax being R33.8 million (September 2018: R15.4 million from continuing operations). The total profit after tax was R24.2 million (September 2018: R8.2 million from continuing operations).

Estimated deferred tax assets to the value of R18 million arising mainly from assessed losses were not recognised for this period nor in the prior year due to a loss situation following the exit of the Middle/East Africa business. In the future the Group will be able to utilise these unrecognised deferred tax assets against future taxable income.

Cash generated from operations of R40.1 million was higher than the previous period of R19.3 million. PBT Group has experienced positive cash flows in the current period as a result of improved cash collection from clients and overall decreased working capital.

The non-controlling interest included in the after-tax profit amounted to R8.1 million, resulting in profit after tax of R16.2 million attributable to equity holders of the parent.

Earnings per share (EPS) was 16.37 cents per share (September 2018 (restated): 2.96 cents per share, post 1-for-10 consolidation) and headline earnings per share (HEPS) was 16.39 cents per share (September 2018 (restated): 3.04 cents per share, post 1-for-10 share consolidation).

In calculating EPS and HEPS the weighted average number of ordinary shares were reduced by 10 373 282 shares. These shares were acquired by a BEE company (which is 100% owned by PBT Group staff) and funded by PBT Group. The loan of R16.5 million granted to the 'BEE company, for the investment in preference shares in the BEE company, is treated as treasury shares in terms of IFRS 2 Share-based Payments and, as such, has been eliminated from the statement of financial position. The preference share dividend in the amount of R634 808 received from the BEE company during the current period has been eliminated from the statement of comprehensive income and is not included in profit after tax. An amount of R131 788 has been expensed through the statement of comprehensive income as a share-based payment in the current period.

Impact of IFRS 16 on the financial results

On 1 April 2019 the new IFRS 16 Leases standard was adopted by the Group. IFRS 16 replaces IAS 17 Leases and the most prominent changes on the Group's financial results are detailed as follows. The new standard requires leases to be capitalised as right-of-use assets and subsequently depreciated over their useful lives. Correspondingly, a lease liability is also required to be raised and the subsequent interest expense is recognised under finance costs. As at 30 September 2019 IFRS 16 resulted in an additional R17.3 million of assets being brought onto the statement of financial position, together

with an additional R18.2 million of liabilities. Operating expenses increased by R634 808 as a result of reversing the rental payments (as per IAS 17) and recognising depreciation and interest expense (as per IFRS 16).

Review of operations

The period under review has been of great importance to PBT Group as our strategic positioning for the next two years has been endorsed by recognition in the data landscape. It has been acknowledged that the now well-established terminology, data science, can only be enabled through efficient data engineering, the latter being the cornerstone of PBT Group's intellectual property developed over the past 20 years. Various projects during the financial year to date have proven that although data science, machine learning and Internet of Things will play an important role in the future of all business-related data initiatives, data engineering remains the foundation and base to successfully enable and apply the above-mentioned business techniques and associated value. Execution of our two-year strategy is based on applying the data engineering experience and techniques gained from projects and solutions over a period of two decades in support of the modern world of data science. PBT Group has also successfully adjusted its data engineering techniques to make our service offering applicable to most industries, on-premise, as well as for cloud platforms such as Azure, Amazon Web Services (AWS) and Google Cloud Platform (GCP). During this period PBT Group has also proven its ability to switch successfully between technology stacks with the foundation for this being our in-depth understanding of the importance of the data model within any data solution. Throughout the years we have used data modelling as the base when training our professionals to become good engineers, and this remains a huge differentiator between ourselves and competitors in the market. Although we are able to apply most technology stacks in a data solution, our professionals remain data experts. Data engineering expertise will remain in huge demand for the foreseeable future, underpinned by the foundations of data modelling and data quality, all being key competencies within PBT Group.

In the growth-restrained South African economy, the demand for services related to the above exploded during this period. Demand exceeds supply by far. One of the challenges in the next 12 to 18 months will be to maintain the high quality of services and consultant base we pride ourselves in. Because of this potential risk, another component of our strategy is the development of accelerators, both for the South African and European markets. Although still in an infant stage, the application of these accelerators has proven to be very successful and of great value to clients. Beta versions have been implemented in both South Africa and Europe, improving throughput and being cost-effective at the same time. The accelerators are currently being developed for specific technology stacks, but open source versions are already work in progress. Current versions can be deployed on most known cloud platforms. Strong

focus is also being applied to a data quality framework to be used as additional acceleration and value-add within our data solution offering. This should improve the data experience and resulting output throughout our client base, which, in combination with data governance, remains hugely untapped when data solutions are planned and designed. In summary, our South African business is well positioned to achieve our goals for the remainder of the financial year.

The traction gained in PBT Group's United Kingdom and European operations during this period has been very satisfactory. Since establishment in 2018 this venture has evolved significantly and now services numerous clients in the Netherlands, United Kingdom, Switzerland, Sweden and Ireland. The services and solutions offered cover a wide range such as data migration from on-premises to cloud, cloud solutions, data lake and data visualisation deployments. Various optimisation projects have been successfully executed, which resulted in new requirements for our service offering. The nature of the work in the United Kingdom and Europe has also enabled PBT Group to share important additional intellectual property with our South African client base, especially positioning the ratio between data engineering and data science when planning related projects relative to effort and cost. As PBT Group had to establish the brand and quality thereof in this unfamiliar territory, along with the associated startup costs, profitability is not yet a reflection of the actual success. Direct marketing has led to the first direct client and we are positioned to expand to a greater client base with anticipated increased profitability. As the United Kingdom and European client base is open to remote and offshore development, the South African offering is being viewed as an attractive option considering time zone, cost effectiveness and communication. PBT Group is well positioned to benefit from this opportunity. Although profitability will still not be optimised, the United Kingdom and European expansion is primed to contribute positively to the future of the Group.

The operations in Australia remain subdued with revenue 10% lower than the comparative period in the 2019 financial year. On a positive note, we have ongoing promising engagements with two new clients.

Distribution

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

On Friday, 22 November 2019, the Board of Directors resolved to declare an interim capital reduction distribution as a return of contributed tax capital for the six-month period ended 30 September 2019. The capital reduction distribution amount of R13.02 million, which equates to 12 cents per share, is not subject to dividend withholdings tax as the distribution is paid out of capital reserves. As the

distribution will be regarded as a return of capital and may have potential capital gains tax consequences, shareholders are advised to consult their tax advisers regarding the impact of the distribution. As at the date of declaration there were 108 490 761 shares in issue. The Company's income tax reference number is 9725148713.

In compliance with the Companies Act the Directors confirm that the Company will satisfy the solvency and liquidity test immediately after the completion of the capital distribution.

In accordance with the provisions of Strate Proprietary Limited, the electronic settlement and custody system used by the JSE Limited, the relevant dates for the distribution are as follows:

Tuesday, 17 December 2019

Last day to trade "cum distribution"

Wednesday, 18 December 2019

First trading day "ex distribution"

Friday, 20 December 2019

Record date

Monday, 23 December 2019

Payment date

No share certificates may be dematerialised or rematerialised between Wednesday, 18 December 2019 and Friday, 20 December 2019, both days inclusive. Only the shareholders recorded in the Company's share register as at record date are entitled to receive the distribution declared.

Payments for certificated shareholders will be transferred electronically to their bank accounts on payment date. Shareholders who hold dematerialised shares will have their accounts at their central securities depository participant or broker credited on Monday, 23 December 2019.

Changes to the Board of Directors

There were no changes to the Board during the period and subsequent to the end of the period under review.

Forward-looking statements

This announcement contains certain forward-looking statements with respect to the financial condition and results of the operations of PBT Group 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. Consequently, none of the forward-looking statements have been reviewed or reported on by the Group's auditors.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

as at 30 September 2019

Rand	Notes	GROUP		
		Unaudited as at 30 September 2019	Restated Unaudited as at 30 September 2018	Audited as at 31 March 2019
ASSETS				
Non-current assets				
Plant and equipment		3 743 387	5 170 199	4 247 142
Right-of-use assets	4	17 312 752	–	–
Goodwill		135 666 420	135 666 420	135 666 420
Intangible assets		283 286	344 467	244 626
Loans receivable		6 704 205	4 150 932	6 458 606
Investments at fair value	5	36 950 009	23 874 951	26 868 915
Deferred tax asset		9 330 780	3 750 260	2 891 191
		209 990 839	172 957 229	176 376 900
Current assets				
Loans receivable		1 506 881	2 233 488	1 295 275
Trade and other receivables	6	108 654 144	87 952 994	112 075 437
Investments at fair value	5	9 974 814	–	–
Current tax receivable		67 609	3 160 806	521 042
Cash and cash equivalents		45 892 990	43 692 758	31 079 809
		166 096 438	137 040 046	144 971 563
Total assets		376 087 277	309 997 275	321 348 463
EQUITY AND LIABILITIES				
Equity				
Share capital	7	4 113 015	25 090 467	5 246 486
Reserves		13 241 462	239 335	3 726 835
Retained income	3	263 985 805	229 758 728	247 931 820
Total equity attributable to owners of the Company		281 340 282	255 088 530	256 905 141
Non-controlling interest		19 458 707	11 016 249	13 854 001
Total equity		300 798 989	266 104 779	270 759 142
Liabilities				
Non-current liabilities				
Deferred tax liability		6 815 985	180 188	1 615 464
Lease liabilities	4	13 823 698	–	–
		20 639 683	180 188	1 615 464
Current liabilities				
Trade and other payables		46 469 625	42 044 109	46 096 082
Current tax payable		3 672 866	1 467 208	2 777 895
Lease liabilities		4 415 691	–	–
Bank overdraft		90 423	200 991	99 880
		54 648 605	43 712 308	48 973 857
Total liabilities		75 288 288	43 892 496	50 589 321
Total equity and liabilities		376 087 277	309 997 275	321 348 463

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 September 2019

Rand	Notes	GROUP		
		Unaudited Six months ended 30 September 2019	Restated Unaudited Six months ended 30 September 2018	Audited for the year ended 31 March 2019
Continuing operations				
Revenue	8	320 645 996	281 033 336	588 414 409
Cost of sales		(239 616 489)	(213 214 931)	(440 865 367)
Gross profit		81 029 507	67 818 405	147 549 042
Other income		649 561	1 182 397	1 272 869
Other operating losses		(50 795)	(140 742)	(497 750)
Movement in credit loss allowances		(346 113)	1 660 632	4 752 726
Profit on exchange differences		186 600	2 702 431	1 152 300
Impairment losses		–	–	(38 367)
Other operating expenses		(48 099 194)	(58 757 115)	(106 048 629)
Operating profit		33 369 566	14 466 008	48 142 191
Investment income		1 428 274	1 486 840	3 812 254
Finance costs		(974 836)	(524 007)	(1 208 747)
Profit before taxation		33 823 004	15 428 841	50 745 698
Taxation		(9 593 394)	(7 201 963)	(17 097 985)
Profit from continuing operations		24 229 610	8 226 878	33 647 713
Discontinued operations				
Profit from discontinued operations		–	9 113 855	9 113 855
Profit for the period/year		24 229 610	17 340 733	42 761 568
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Gains on valuation of investments in equity instruments	5	10 039 533	–	470 363
Items that may be reclassified to profit or loss:				
Exchange differences on translating foreign operations		(656 694)	(10 914 271)	(7 929 281)
Other comprehensive income/(loss) for the period/year net of taxation		9 382 839	(10 914 271)	(7 458 918)
Total comprehensive income for the period/year		33 612 449	6 426 462	35 302 650
Profit attributable to:				
Owners of the parent				
From continuing operations		16 174 905	4 126 516	22 299 599
From discontinued operations		–	9 113 855	9 113 855
		16 174 905	13 240 371	31 413 454
Non-controlling interest				
From continuing operations		8 054 705	4 100 362	11 348 114
		24 229 610	17 340 733	42 761 568
Total comprehensive income attributable to:				
Owners of the parent		25 557 744	2 326 100	23 954 536
Non-controlling interest		8 054 705	4 100 362	11 348 114
		33 612 449	6 426 462	35 302 650
Earnings per share (cents)				
Continuing operations	12	16.37	2.96	17.97
Discontinued operations	12	–	6.53	7.35
Diluted earnings per share (cents)				
Continuing operations	12	16.37	2.96	17.97
Discontinued operations	12	–	6.53	7.35

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2019

Rand	Share capital	Treasury shares	Foreign currency translation reserve
GROUP			
Balance as at 1 April 2018	67 114 506	(1 755 565)	12 909 171
Change in accounting policy	–	–	–
Balance at 1 April 2018 as restated	67 114 506	(1 755 565)	12 909 171
Profit for the period	–	–	–
Other comprehensive income	–	–	(10 914 271)
Total comprehensive income for the period	–	–	(10 914 271)
Transfer of own shares	(42 708 858)	–	–
Adjustment to share capital following the discontinued operations	684 769	–	–
Total contributions by and distributions to owners of the Company recognised directly in equity	(42 024 089)	–	–
Balance at 30 September 2018 as restated	25 090 417	(1 755 565)	1 994 900
Balance at 1 October 2018	25 090 417	(1 755 565)	1 994 900
Profit for the period	–	–	–
Other comprehensive income	–	–	2 984 990
Total comprehensive income for the period	–	–	2 984 990
Shares repurchased from dissenting shareholders	(3 343 931)	–	–
Share-based payment shares included as treasury shares	(16 500 000)	–	–
Share-based payment	–	–	–
Dividend	–	–	–
Total contributions by and distributions to owners of the Company recognised directly in equity	(19 843 931)	–	–
Balance at 31 March 2019	5 246 486	(1 755 565)	4 979 890
Change in accounting policy	–	–	–
Balance at 1 April 2019	5 246 486	(1 755 565)	4 979 890
Profit for the period	–	–	–
Other comprehensive income	–	–	(656 694)
Total comprehensive income for the period	–	–	(656 694)
Share-based payment	–	–	–
Shares repurchased	(1 133 471)	–	–
Dividend	–	–	–
Total contributions by and distributions to owners of the Company recognised directly in equity	(1 133 471)	–	–
Balance at 30 September 2019	4 113 015	(1 755 565)	4 323 196
Notes	7	7	

Share-based payment reserve	Revaluation reserve	Total reserves	Retained income	Total	Non- controlling interest	Total equity
-	-	11 153 606	221 403 368	299 671 480	6 915 887	306 587 367
-	-	-	(4 692 998)	(4 692 998)	-	(4 692 998)
-	-	11 153 606	216 518 366	294 786 478	6 915 887	301 702 365
-	-	-	13 240 371	13 240 371	4 100 362	17 340 733
-	-	(10 914 271)	-	(10 914 271)	-	(10 914 271)
-	-	(10 914 271)	13 240 371	2 326 100	4 100 362	6 426 462
-	-	-	-	(42 708 858)	-	(42 708 858)
-	-	-	-	684 769	-	684 769
-	-	-	-	(42 024 089)	-	(42 024 089)
-	-	239 335	229 758 737	255 088 489	11 016 249	266 104 738
-	-	239 335	229 758 737	255 088 489	11 016 249	266 104 738
-	-	-	18 173 083	18 173 083	7 247 752	25 420 835
-	470 363	3 455 353	-	3 455 353	-	3 455 353
-	470 363	3 455 353	18 173 083	21 628 436	7 247 752	28 876 188
-	-	-	-	(3 343 931)	-	(3 343 931)
-	-	-	-	(16 500 000)	-	(16 500 000)
32 147	-	32 147	-	32 147	-	32 147
-	-	-	-	-	(4 410 000)	(4 410 000)
32 147	-	32 147	-	(19 811 784)	(4 410 000)	(24 221 784)
32 147	470 363	3 726 835	247 931 820	256 905 141	13 854 001	270 759 142
-	-	-	(120 920)	(120 920)	-	(120 920)
32 147	470 363	3 726 835	247 810 900	256 784 221	13 854 001	270 638 222
-	-	-	16 174 905	16 174 905	8 054 705	24 229 610
-	10 039 533	9 382 839	-	9 382 839	-	9 382 839
-	10 039 533	9 382 839	16 174 905	25 557 744	8 054 705	33 612 449
131 788	-	131 788	-	131 788	-	131 788
-	-	-	-	(1 133 471)	-	(1 133 471)
-	-	-	-	-	(2 450 000)	(2 450 000)
131 788	-	131 788	-	(1 001 683)	(2 450 000)	(3 451 683)
163 935	10 509 896	13 241 462	263 985 805	281 340 282	19 458 707	300 798 989

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

for the six months ended 30 September 2019

Rand	Note	GROUP		
		Unaudited for the six months ended 30 September 2019	Restated Unaudited for the six months ended 30 September 2018	Audited for the year ended 31 March 2019
Cash flows from operating activities				
Cash generated from operations		40 114 683	19 325 951	36 526 175
Interest income		1 174 666	1 486 840	3 812 254
Finance costs		(24 226)	(524 007)	(1 208 747)
Tax paid		(9 436 002)	(9 985 849)	(13 637 077)
Net cash flows from discontinued operations		–	790 511	1 089 358
Net cash from operating activities		31 829 121	11 093 446	26 581 963
Cash outflow from investing activities				
Purchase of plant and equipment		(438 521)	(656 836)	(1 144 278)
Sale of plant and equipment		–	53 160	77 477
Purchase of intangible assets		–	(214 463)	(304 255)
Loan receivable receipts		620 000	–	–
Loans receivable advanced		(830 000)	–	(2 732 215)
Acquisition of financial assets at fair value		–	(2 195 218)	–
Sale of financial assets		–	893 287	–
Purchase of investment at fair value		(10 000 000)	–	–
Net cash flows from discontinued operations		–	(937 176)	(937 176)
Net cash from investing activities		(10 648 521)	(3 057 246)	(5 040 447)
Cash flows from financing activities				
Share-based payment advance		–	–	(16 500 000)
Shares repurchased from dissenting shareholders		–	–	(3 343 931)
Purchase of own shares		(1 133 472)	–	–
Repayment of leases	4	(2 773 285)	–	–
Dividend paid to non-controlling interests		(2 450 000)	–	(4 410 000)
Net cash flows from discontinued operations		–	406 814	(351 378)
Net cash from financing activities		(6 356 757)	406 814	(24 605 309)
Total cash movement for the period		14 823 843	8 443 014	(3 063 793)
Cash at the beginning of the period		30 979 929	34 050 659	34 050 659
Effect of exchange rate fluctuations on cash held		(1 205)	998 094	(6 937)
Cash at the end of the period		45 802 567	43 491 767	30 979 929

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

for the six months ended 30 September 2019

1. Basis of preparation and accounting policies

Reporting entity

PBT Group is a holding company domiciled in South Africa, listed on the JSE Limited under the category Technology: Software and Computer Services. The unaudited condensed consolidated interim results of the Company comprise the Company and its subsidiaries (together referred to as the Group or PBT Group).

Statement of compliance

The unaudited condensed consolidated interim results have been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act 71 of 2008 of South Africa, as amended and the JSE Listings Requirements.

Basis of preparation

The accounting policies applied in the presentation of the unaudited condensed consolidated interim results are consistent with those presented in the previous annual financial statements, except for the changes set out in note 2. As a result of the implementation of IFRS 9 Financial Instruments, the figures as at 30 September 2018 have been restated. Please refer to note 3.

The unaudited condensed consolidated interim results have not been audited or reviewed by the Group's external auditors.

These unaudited condensed consolidated interim results have been prepared in accordance with the going concern basis, under the supervision of the financial director, Murray Louw.

The unaudited condensed consolidated interim results are presented in Rand, which is the Group's functional and presentation currency.

The Board of Directors approved these unaudited condensed consolidated interim results on 22 November 2019.

Judgements and estimates

The preparation of unaudited condensed consolidated interim results in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing these unaudited condensed consolidated interim results, 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 annual financial statements for the year ended 31 March 2019.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS [CONTINUED]

for the six months ended 30 September 2019

2. Changes in accounting policy

The unaudited condensed consolidated interim results have been prepared in accordance with IFRS on a basis consistent with the prior period, except for the adoption of the following new or revised standards.

Application of IFRS 9 Financial Instruments

In the 2019 financial year the Group applied IFRS 9 Financial Instruments and the related consequential amendments to other IFRS. IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement and introduced new requirements for the classification and measurement of financial assets and financial liabilities, impairment of financial assets and general hedge accounting.

The date of initial application was 1 April 2018, therefore the figures as at September 2018 have been restated to reflect the changes of IFRS 9. Please refer to note 2 of the Integrated Report of 31 March 2019 for further information regarding the change in accounting policy and to note 3 of this report for the reconciliation of the restated figures.

Application of IFRS 16 Leases

In the current period the Group has adopted IFRS 16 Leases (as issued by the IASB in January 2016) with the date of initial application being 1 April 2019. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases: Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low-value assets. The impact of the adoption of IFRS 16 on the Group's unaudited condensed consolidated interim results is described below.

The Group has applied the practical expedient available in IFRS 16 which provides that for contracts which exist at the initial application date, an entity is not required to reassess whether they contain a lease. This means that the practical expedient allows an entity to apply IFRS 16 to contracts identified by IAS 17 and IFRIC 4 as containing leases; and to not apply IFRS 16 to contracts that were not previously identified by IAS 17 and IFRIC 4 as containing leases.

IFRS 16 has been adopted by applying the modified retrospective approach, whereby the comparative figures are not restated. Instead, cumulative adjustments to retained earnings have been

recognised in retained earnings as at 1 April 2019.

Leases previously classified as operating leases

The Group undertook the following at the date of initial application for leases which were previously recognised as operating leases:

- recognised a lease liability, measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate at the date of initial application; and
- recognised right-of-use assets measured on a lease-by-lease basis, at the carrying amount (as if IFRS 16 applied from commencement date but discounted at the incremental borrowing rate at the date of initial application).

The Group applied IAS 36 to consider if these right-of-use assets are impaired as at the date of initial application.

The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases in terms of IAS 17. Where necessary, they have been applied on a lease-by-lease basis:

- when a portfolio of leases contained reasonably similar characteristics, the Group applied a single discount rate to that portfolio;
- leases which expired within 12 months of 1 April 2019 were treated as short-term leases, with remaining lease payments recognised as an expense on a straight-line basis; and
- initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application.

Reconciliation of previous operating lease commitments to lease liabilities under IFRS 16

The incremental borrowing rate applied to lease liabilities on 1 April 2019 was 10.25%.

Rand

Operating lease commitment at 31 March 2019 as previously disclosed	23 322 632
Effect of discounting lease commitments using the incremental borrowing rate at 1 April 2019	(5 320 189)
Less recognition exemption for:	
Short-term leases	(132 300)
Lease liability as at 1 April 2019	17 870 143

The following table shows the adjustments recognised in opening retained income on adoption of IFRS 16, for each line item of the financial statements affected:

Rand	Adjustments	31 March 2019 As originally presented	IFRS 16	1 April 2019 As restated
GROUP				
STATEMENT OF FINANCIAL POSITION				
ASSETS				
Non-current assets				
Plant and equipment		4 247 142	–	4 247 142
Goodwill		135 666 420	–	135 666 420
Intangible assets		244 626	–	244 626
Loans receivable		6 458 606	–	6 458 606
Investments at fair value		26 868 915	–	26 868 915
Right-of-use asset	(a)	–	17 557 706	17 557 706
Deferred tax	(b)	2 891 191	5 003 640	7 894 831
		176 376 900	22 561 346	198 938 246
Current assets				
Loans receivable		1 295 275	–	1 295 275
Trade and other receivables		112 075 437	–	112 075 437
Current tax receivable		521 042	–	521 042
Cash and cash equivalents		31 079 809	–	31 079 809
		144 971 563	–	144 971 563
Total assets		321 348 463	22 561 346	343 909 809
EQUITY AND LIABILITIES				
Equity				
Equity attributable to equity holders of the parent				
Share capital		3 490 921	–	3 490 921
Reserves		5 482 400	–	5 482 400
Retained earnings	(c)	247 931 820	(120 920)	247 810 900
		256 905 141	(120 920)	256 784 221
Non-controlling interest		13 854 001	–	13 854 001
		270 759 142	(120 920)	270 638 222
Liabilities				
Non-current liabilities				
Lease liability	(d)	–	14 695 548	14 695 548
Deferred tax	(b)	1 615 464	4 956 616	6 572 080
		1 615 464	19 652 164	21 267 628
Current liabilities				
Trade and other payables	(e)	37 699 855	(144 493)	37 555 362
Lease liability	(d)	–	3 174 595	3 174 595
Current tax payable		2 777 895	–	2 777 895
Payroll-related accruals		8 396 227	–	8 396 227
Bank overdraft		99 880	–	99 880
		48 973 857	3 030 102	52 003 959
Total liabilities		50 589 321	22 682 266	73 271 587
Total equity and liabilities		321 348 463	22 561 346	343 909 809

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS [CONTINUED]

for the six months ended 30 September 2019

2. Changes in accounting policy (continued)

The nature of the adjustments resulting from the adoption of IFRS 16 are described below:

- The right-of-use asset was initially recognised on the statement of financial position at an amount equal to the amount of the lease liability raised. The carrying amount presented above is the sum of the cost of the right-of-use asset less the related accumulated depreciation as at 1 April 2019.
- The recognition of the right-of-use asset and lease liability, together with the reversal of the operating lease smoothing liability, gave rise to a deductible temporary difference and the recognition of an additional deferred tax asset.
- Under IAS 17 rental payments were presented under operating expenses. When applying IFRS 16 the Group reversed these rental payments and recognised depreciation on the right-of-use asset together with interest on the lease liability raised. The deferred tax credit was also taken into account and the sum of the above-mentioned items is accounted for directly in retained earnings on 1 April 2019.
- The lease liability was initially recognised on a present value basis, by discounting the minimum lease payments over the term of the lease. The lease liability has been split between the current and non-current portions and presented as such on the statement of financial position.
- This adjustment relates to the reversal of the operating lease smoothing liability included under trade and other payables.

Rand

Impact on the statement of comprehensive income as at 30 September 2019

Increase in depreciation expense	2 451 382
Decrease in operating lease expense	(2 787 824)
Increase in operating profit	(336 441)
Increase in finance costs	950 354
Decrease in profit before tax for the period	613 913

Impact on earnings per share and diluted earnings per share as at 30 September 2019

Earnings per share (cents)

- Continuing operations	(0.41)
- Discontinued operations	-

Diluted earnings per share (cents)

- Continuing operations	(0.41)
- Discontinued operations	-

3. Restatement of prior period

It was identified that IFRS 9 Financial Instruments was not correctly applied in the unaudited condensed consolidated interim results for the period ended 30 September 2018. The Group initially determined that the application of the new accounting standard, IFRS 9, would not have an impact on the unaudited condensed consolidated interim results. However, it was later determined that the Group figures would be impacted for the application of IFRS 9. As a result the Group has restated the 30 September 2018 figures to include the application of IFRS 9.

A reclassification of trade and other payables was also done. The amount relating to payroll-related accruals has been reclassified from a separate line item on the face of the statement of financial position to trade and other payables. Please refer to note 10.

The following tables show the adjustments recognised in opening retained income on adoption of IFRS 9, for each line item of the financial statements affected:

STATEMENT OF FINANCIAL POSITION

Rand	Adjustments	30 September 2018 As originally presented	IFRS 9 Adjustments	Reclassification Refer to note 10	30 September 2018 As restated
GROUP					
ASSETS					
Non-current assets					
Plant and equipment		5 170 199	–	–	5 170 199
Goodwill		135 666 420	–	–	135 666 420
Intangible assets		344 467	–	–	344 467
Other financial assets	(a)	28 066 274	(28 066 274)	–	–
Loans receivable	(a)	–	4 150 932	–	4 150 932
Investments at fair value	(a)	–	23 874 951	–	23 874 951
Deferred tax		3 092 930	657 330	–	3 750 260
		172 340 290	616 939	–	172 957 229
Current assets					
Trade and other receivables	(a)	91 540 885	(3 587 891)	–	87 952 994
Other financial assets	(a)	2 312 988	(2 312 988)	–	–
Loans receivable	(a)	–	2 233 488	–	2 233 488
Current tax receivable	(a)	3 263 798	(102 992)	–	3 160 806
Cash and cash equivalents		43 692 758	–	–	43 692 758
		140 810 429	(3 770 383)	–	137 040 046
Total assets		313 150 719	(3 153 444)	–	309 997 275
EQUITY AND LIABILITIES					
Equity					
Equity attributable to equity holders of the parent					
Share capital	(b)	117 935 401	–	(92 844 934)	25 090 467
Reserves		1 994 900	–	(1 755 565)	239 335
Treasury shares	(b)	(94 600 499)	–	94 600 499	–
Retained earnings	(a)	233 417 743	(3 659 015)	–	229 758 728
		258 747 545	(3 659 015)	–	255 088 530
Non-controlling interest		11 016 249	–	–	11 016 249
		269 763 794	(3 659 015)	–	266 104 779
Liabilities					
Non-current liabilities					
Deferred tax		180 188	–	–	180 188
Current liabilities					
Trade and other payables	(c)	33 587 347	–	8 456 762	42 044 109
Current tax payable	(a)	961 637	505 571	–	1 467 208
Provisions	(c)	8 456 762	–	(8 456 762)	–
Bank overdraft		200 991	–	–	200 991
		43 206 737	505 571	–	43 712 308
Total liabilities		43 386 925	505 571	–	43 892 496
Total equity and liabilities		313 150 719	(3 153 444)	–	309 997 275

(a) Adjustments relating to the application of IFRS 9. Included in the adjustments are reclassifications from the IAS 39 categories to the IFRS 9 categories.

(b) Reclassification of treasury shares reserve to share capital. Refer to note 10.

(c) Reclassification of provisions to trade and other payables. Refer to note 10.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS [CONTINUED]

for the six months ended 30 September 2019

3. Restatement of prior period (continued)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Rand	Adjustments	30 September		30 September
		2018 As originally presented	IFRS 9 Adjustments	2018 As restated
GROUP				
Continuing operations				
Revenue		281 033 336	–	281 033 336
Cost of sales		(213 214 931)	–	(213 214 931)
Gross profit		67 818 405	–	67 818 405
Other income		1 182 397	–	1 182 397
Other operating (losses)/gains		(140 742)	–	(140 742)
Movement in credit loss allowances	(a)	–	1 660 632	1 660 632
Gain on exchange differences		2 702 431	–	2 702 431
Other operating expenses		(58 757 115)	–	(58 757 115)
Operating profit		12 805 376	1 660 632	14 466 008
Investment income		1 486 840	–	1 486 840
Finance costs		(524 007)	–	(524 007)
Profit before taxation		13 768 209	1 660 632	15 428 841
Taxation	(a)	(6 575 314)	(626 649)	(7 201 963)
Profit from continuing operations		7 192 895	1 033 983	8 226 878
Discontinued operations				
Profit from discontinued operations		9 113 855	–	9 113 855
Profit for the period		16 306 750	1 033 983	17 340 733
Other comprehensive income:				
Items that may be reclassified to profit or loss:				
Exchange differences on translating foreign operations		(10 914 271)	–	(10 914 271)
Other comprehensive (loss) for the period net of taxation		(10 914 271)	–	(10 914 271)
Total comprehensive income for the period		5 392 479	1 033 983	6 426 462
Profit attributable to:				
Owners of the parent				
From continuing operations	(a)	3 092 533	1 033 983	4 126 516
From discontinued operations		9 113 855	–	9 113 855
		12 206 388	1 033 983	13 240 371
Non-controlling interest				
From continuing operations		4 100 362	–	4 100 362
		16 306 750	1 033 983	17 340 733
Total comprehensive income attributable to:				
Owners of the parent	(a)	1 292 117	1 033 983	2 326 100
Non-controlling interest		4 100 362	–	4 100 362
		5 392 479	1 033 983	6 426 462
Earnings per share (cents)				
From continuing operations				
Basic earnings per share	(a)	0.22	2.74	2.96
Diluted earnings per share	(a)	0.22	2.74	2.96
From discontinued operations				
Basic earnings per share	(a)	0.65	5.88	6.53
Diluted earnings per share	(a)	0.65	5.88	6.53

(a) Adjustments relating to the application of IFRS 9.

4. Leases

Nature of leasing activities

The Group leases a number of properties in the jurisdiction from which it operates. The lease contracts provide for rental payments to increase annually by fixed percentages. Therefore, there are no leases with variable payments and as a result neither the right-of-use asset nor the lease liability on the statement of financial position are susceptible to changes. For this reason no sensitivity analysis has been disclosed.

At 30 September 2019	Lease contracts Number	Fixed payments %	Variable payments %	Sensitivity R
Property leases with fixed payments	5	100	0	–

Right-of-use assets	Buildings R
At 1 April 2019	17 557 706
Additions	1 330 660
Amortisation	(2 451 382)
Modification to lease terms	825 148
Foreign exchange movements	50 620
At 30 September 2019	17 312 752

The Group does not measure right-of-use assets at revalued amounts and hence such disclosures are not applicable.

Lease liabilities	Buildings R
At 1 April 2019	17 870 143
Additions	1 330 660
Interest expense	950 354
Modification to lease terms	810 777
Lease payments	(2 773 285)
Foreign exchange movements	50 741
At 30 September 2019	18 239 389
Non-current liabilities	4 415 691
Current liabilities	13 823 698
	18 239 389
Rand	30 September 2019
Short-term lease expense	415 881

The maturity profile of contractual cash flows of lease liabilities are presented in the following table:

Rand	0 – 3 months	3 – 12 months	1 – 2 years	More than 2 years	Total
At 30 September 2019					
Lease liabilities	1 033 211	3 382 480	4 035 249	9 788 449	18 239 389

The Group has elected to apply the modified retrospective adoption method when transitioning to IFRS 16 and as such no comparative figures are required to be disclosed in this note.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS [CONTINUED]

for the six months ended 30 September 2019

5. Investments at fair value

Investments held by the Group which are measured at fair value are as follows:

Rand	GROUP		
	30 September 2019	Restated 30 September 2018	31 March 2019
Fair value through profit or loss	10 082 331	276 074	124 729
Fair value through other comprehensive income	36 842 492	23 598 877	26 744 186
	46 924 823	23 874 951	26 868 915
Fair value through profit or loss:			
All Claims Proprietary Limited	107 517	276 074	124 729
Collective investment scheme - income fund	9 974 814	-	-
Fair value through other comprehensive income:			
Zuuse Limited (previously Progressclaim.com Limited)	36 842 492	23 598 877	26 744 186
	46 924 823	23 874 951	26 868 915
Split between non-current and current portions			
Current assets	9 974 814	-	-
Non-current assets	36 950 009	23 874 951	26 868 915
	46 924 823	23 874 951	26 868 915

Instruments at fair value through profit or loss

The collective investment scheme has a moderate risk profile and the portfolio is exposed to interest rate risks but has no effective equity exposure resulting in relatively low volatility compared to higher-risk portfolios. The fund is expected to achieve steady returns, capital stability and adequate liquidity.

Instruments at fair value through other comprehensive income

The equity investment in Zuuse Limited is not held for trading, it is held for long-term strategic purposes and has therefore been designated as at fair value through other comprehensive income. No dividends were received relating to this investment in the current or prior periods.

IFRS 9 Financial Instruments was adopted in the previous period and replaced IAS 39. This note reflects the application of IFRS 9 on the specified instruments. The 30 September 2018 figures have been restated to reflect the changes in the accounting policy. Please refer to note 3.

6. Trade and other receivables

Rand	GROUP		
	30 September 2019	Restated 30 September 2018	31 March 2019
Financial instruments			
Trade receivables	99 415 284	89 210 090	103 401 062
Loss allowance	(781 559)	(3 587 890)	(437 924)
Trade receivables at amortised cost	98 633 725	85 622 200	102 963 138
Non-financial instruments			
Contract asset	7 877 488	591 295	5 761 883
Deposits	1 029 742	1 445 322	2 764 612
Prepayments	507 274	294 177	359 569
VAT	594 760	–	226 235
Total trade and other receivables	108 642 989	87 952 994	112 075 437
Categorisation of trade and other receivables			
Trade and other receivables are categorised as follows in accordance with IFRS 9 Financial Instruments:			
At amortised cost	98 633 725	85 622 200	102 963 138
Non-financial instruments	10 009 264	2 330 794	9 112 299
	108 642 989	87 952 994	112 075 437
Exposure to credit risk			
Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due.			
Reconciliation of loss allowances			
The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:			
Opening balance in accordance with IAS 39 Financial Instruments	–	4 126 763	4 126 763
Adjustments upon application of IFRS 9	–	1 155 505	1 155 505
Opening balance in accordance with IFRS 9	437 924	5 282 268	5 282 268
Provisions reversed on settled trade receivables	–	(1 694 378)	(4 844 344)
Increase during the period	343 635	–	–
Closing balance	781 559	3 587 890	437 924
Fair value of trade and other receivables			
The fair value of trade and other receivables approximates their carrying amounts.			
Reconciliation of contract asset			
Opening balance	5 761 883	–	–
Transfers in the period from contract assets to trade receivables	(5 761 883)	–	–
Revenue recognised but cash not yet received	7 877 488	591 295	5 761 883
	7 877 488	591 295	5 761 883

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS [CONTINUED]

for the six months ended 30 September 2019

7. Share capital

Number of shares	GROUP		
	30 September 2019	Restated 30 September 2018	31 March 2019
Authorised			
200 000 000 ordinary shares of no par value	–	–	–
Reconciliation of number of shares in issue			
Reported as at the beginning of the period	136 418 749	1 669 250 950	1 669 250 950
Treasury shares delisted	(27 927 988)		
Specific repurchased shares delisted	–	(305 062 917)	(305 062 917)
Share consolidation (2 November 2018)	–	–	(1 227 769 230)
Fraction rate shares delisted	–	–	(54)
Treasury shares to be delisted	–	(257 183 853)	(27 171 369)
Shares in issue at period end/year end	108 490 761	1 107 004 180	109 247 380
Treasury shares held by a wholly owned subsidiary of the Group	(1 300 418)	(13 004 180)	(1 300 418)
Shares held by BEE company (Spalding Investments 10 Proprietary Limited) treated as treasury shares	(10 373 282)	–	(10 373 282)
	96 817 061	1 094 000 000	97 573 680
Share consolidation (2 November 2018)		(984 600 000)	
Number of shares as at date of report	96 817 061	109 400 000	97 573 680
91 509 239 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.			
Issued			
Ordinary shares of no par value	21 746 486	25 090 467	21 746 486
Share-based payment shares included in treasury shares	(16 500 000)	–	(16 500 000)
Treasury shares	(1 755 565)	(1 755 565)	(1 755 565)
	3 490 921	23 334 902	3 490 921
Treasury share movements during the period			
Opening balance as at the beginning of the period	11 673 700	13 004 180	13 004 180
Share consolidation	–	–	(11 703 762)
Shares held by BEE company (Spalding Investments 10 Proprietary Limited) treated as treasury shares	–	–	10 373 282
	11 673 700	13 004 180	11 673 700

During the period 756 619 shares were repurchased in accordance with the general authority to repurchase shares granted at the annual general meeting held on 2 August 2019 and subsequently cancelled and delisted. The average purchase price was R1.50 per share.

8. Revenue

Rand	GROUP		
	30 September 2019	Restated 30 September 2018	31 March 2019
Revenue from contracts with customers			
Sale of goods	555 679	755 358	3 395 635
Rendering of services	320 090 317	280 277 977	585 018 774
	320 645 996	281 033 335	588 414 409
Disaggregation of revenue from contracts with customers			
The Group has disaggregated revenue into various categories in the following table which is intended to:			
<ul style="list-style-type: none"> • depict the nature, amount and timing of revenue; and • enable users to understand the various types of counterparties that the Group provides services to. 			
Contract type			
Fixed price contracts	50 301 951	59 233 015	121 383 350
Projects	1 660 133	19 781 266	24 403 240
Software licences	555 679	755 358	3 395 635
Time and material	266 091 831	192 656 449	421 969 573
Usage-based licences	2 036 402	8 607 247	17 262 611
	320 645 996	281 033 335	588 414 409
Contract counterparties			
Energy	24 337 837	4 474 550	13 422 800
Financial services	179 154 730	134 558 115	289 071 318
Information technology	18 278 406	43 616 677	99 958 858
Medical	33 684 394	15 888 600	29 656 057
Retail	21 217 570	22 744 811	45 010 492
HR/Recruitment and other services	18 467 199	8 180 949	22 012 498
Telecommunications	25 505 860	51 569 634	89 282 386
	320 645 996	281 033 335	588 414 409
Total revenue from contracts with customers	320 645 996	281 033 335	588 414 409
Timing of revenue recognition			
<i>At a point in time</i>			
Sale of goods	555 679	755 358	3 395 635
<i>Over time</i>			
Rendering of services	320 090 317	280 277 977	585 018 774
Total revenue from contracts with customers	320 645 996	281 033 335	588 414 409

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS [CONTINUED]

for the six months ended 30 September 2019

9. Share-based payments

During February 2019 PBT Group Limited entered into a loan agreement with a BEE company called Spalding Investments 10 Proprietary Limited (Spalding or the BEE company). A loan of R16 500 000 was advanced to the BEE company for the purpose of purchasing shares in PBT Group Limited. The owners of Spalding are employees of the PBT Group and are required to remain employed within the Group for a period of seven years in accordance with the shareholders' agreement. The loan was structured as a preference share agreement with the following key terms:

- The preference dividends are calculated in arrears at a rate of 72% of the prime lending rate.
- Any preference dividends not paid out on a six-monthly basis will be accumulated and accrued for repayment at a later date, the latest date being the redemption date.
- The preference shares are redeemable in three tranches, being:
 - the first 33.33% five years after issue date (February 2024);
 - the next 33.33% six years after issue date (February 2025); and
 - the final 33.33% seven years after issue date (February 2026), including any rolled up or unpaid preference dividends.
- The dividends that Spalding will receive from its investment in PBT Group Limited will be utilised to repay the preference dividends and part capital if the dividends received are in excess of the preference dividends payable.

As the only security for the repayment of the loan is the underlying PBT Group shares, with no other recourse, the transaction is treated as a share-based payment transaction under IFRS 2 and the shareholding is accounted for as treasury shares. The vesting period is seven years, with the only vesting condition being that the individual remains an employee of the Group over the period.

The fair value of the share-based payment award has been calculated using share option valuation techniques on the following basis:

	Number of shares	Vesting date	Strike price	Fair value at grant date
Tranche 1	3 457 761	Feb 2024	Variable	20 cents
Tranche 2	3 457 761	Feb 2025	Variable	19 cents
Tranche 3	3 457 760	Feb 2026	Variable	14 cents
Total	10 373 282			17.66 cents*

* Weighted average.

The strike price has been defined as the redemption price of the preference shares with adjustments made for compounded interest payments on the preference shares, reduced by expected future PBT dividend payments in accordance with the terms of the agreement.

No options have vested or been exercised as the transaction was implemented on 14 February 2019 and the first tranche only vests in five years' time. The weighted average fair value of each option granted during the period was 17.66 cents.

	30 September 2019	30 September 2018	31 March 2019
Equity settled	Black-Scholes		Black-Scholes
Option pricing model used			
Share price at date of grant (cents)	135		135
Contractual life (days)	1 825 – 2 555		1 825 – 2 555
Volatility relative to comparator index	33%		33%
Risk-free interest rate:		Not applicable for the September 2018 period	
5-year maturity	8.60%		8.60%
6-year maturity	8.94%		8.94%
7-year maturity	9.24%		9.24%
Dividend growth rate relative to comparator index	6.00%		6.00%

9. Share-based payments (continued)

The implied volatility was calculated on the stock price movement of PBT Group Limited. However, numerous anomalous events occurred that distorted the percentage and reverted to comparable companies to calculate the volume weighted average volatility.

The share-based remuneration expense comprises:

Rand	30 September 2019	30 September 2018	31 March 2019
Equity settled	131 788	–	32 147

The Group did not enter into any share-based payment transactions with parties other than employees during the current or previous periods.

10. Comparative figures

Certain prior-period comparative figures have been reclassified for consistency with the current-period presentation of the unaudited condensed consolidated interim results. These reclassifications had no effect on the reported results of operations.

The effects of the reclassification are as follows:

	As originally presented	Reclassifi- cation	As restated
GROUP			
Statement of financial position			
31 March 2019			
Trade and other payables*	37 699 855	8 396 227	46 096 082
Payroll-related accruals*	8 396 227	(8 396 227)	–
30 September 2018			
Share capital**	117 935 401	(94 600 499)	23 334 902
Treasury shares**	(94 600 499)	94 600 499	–
Trade and other payables*	33 587 347	8 456 762	42 044 109
Payroll-related accruals*	8 456 762	(8 456 762)	–

* The amount relating to payroll-related accruals has been reclassified from a separate line item on the face of the statement of financial position to trade and other payables.

** The treasury shares that were previously separately disclosed are shares held by PBT Group Limited. As per section 35(5) of the Companies Act, shares that are acquired by a company have the same status as shares that have been authorised but not issued. These treasury shares are now presented net as a reduction of share capital, instead of gross in an equity reserve.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS [CONTINUED]

for the six months ended 30 September 2019

11. Related parties

Relationships

Subsidiaries

BI-Blue Consulting Proprietary Limited
 CyberPro Consulting Proprietary Limited
 PBT Australia Proprietary Limited
 PBT Group (South Africa) Proprietary Limited
 PBT Group Europe Besloten Vennootschap
 PBT Group International Besloten Vennootschap
 PBT Infosight Proprietary Limited
 PBT Insurance Technologies Proprietary Limited
 PBT Technology Services (MEA) Proprietary Limited
 PBT Technology Services Proprietary Limited
 PBT Technology Services Ireland Limited
 Stadia International British Virgin Islands
 Stricklands Tetra Cape Proprietary Limited
 Technique Business Intelligence Software Proprietary Limited

Common members of key management

Spalding Investments 10 Proprietary Limited

Members of key management and staff loans

NA Freddy
 JC du Toit
 MN Engelbrecht
 NJ Viljoen
 W Viljoen
 M Visser
 HB Vosloo
 H Woest

Rand	GROUP		
	30 September 2019	Restated 30 September 2018	31 March 2019
Related party balances			
<i>Loan accounts owing by related parties</i>			
JC du Toit	437 980	399 764	416 343
MN Engelbrecht	346 582	–	329 391
NJ Viljoen	437 980	399 764	416 343
W Viljoen	2 558 857	1 708 325	2 445 930
M Visser	437 980	399 764	416 343
HB Vosloo	434 657	396 732	413 185
H Woest	437 980	399 764	416 343
<i>Amounts included in trade and other receivables regarding related parties</i>			
NA Freddy	–	–	20 786
Compensation to Directors and other key management			
Short-term employee benefits	9 535 760	12 915 970	27 765 511

A preference share agreement to the value of R16 500 000 was entered into with Spalding Investments 10 Proprietary Limited, which used the proceeds to purchase ordinary shares in PBT Group Limited. As the only security for the repayment of the loan is the underlying PBT Group shares, with no recourse, the transaction is treated as the issue of an option to the BEE parties and the loan and shares issued are not recognised. Please refer to note 9 - Share-based payments for full details on the transaction.

12. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Exposure in Rand	Notes	30 September 2019	Restated 30 September 2018	31 March 2019
Levels of fair value measurements				
Level 1				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Collective investment scheme: income fund	5	9 974 814	–	–
Level 3				
Recurring fair value measurements				
Equity investments at fair value through other comprehensive income				
Zuuse Limited (previously Progressclaim.com Limited)	5	36 842 492	23 598 877	26 744 186
Financial assets at fair value through profit or loss				
All Claims Proprietary Limited	5	107 517	276 074	124 729
Total		46 924 823	23 874 951	26 868 915

Fair value reconciliation

Valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more inputs are unobservable and have a significant effect on the instrument's valuation.

Financial assets recognised at fair value through profit or loss

For the Level 1 investment classified as an asset held at fair value through profit or loss, a fair value statement is received monthly from the investment managers.

For the Level 3 investment classified as an asset held at fair value through profit or loss, the net asset value is management's best judgement to be the fair value.

Equity instruments at fair value through other comprehensive income

The "revenue multiple" method was used to calculate the fair value of the investment as at year-end. A size discount of 13% was used as the entity is still small comparative to its peers and it is still in a startup phase. A minority and marketability discount of 20% was applied as the Group only owns a minority stake in the equity of the Company and the shares are not freely traded on a stock market.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS [CONTINUED]

for the six months ended 30 September 2019

12. Fair value information (continued)

Reconciliation of assets and liabilities measured at level 3

Rand	Fair value through other comprehensive income	Fair value through profit or loss	Total
Fair value reconciliation			
Opening balance as at 1 April 2018	23 598 877	245 241	23 844 118
Gains or losses for the period recognised in profit or loss*	-	-	-
Gains or losses for the period recognised in other comprehensive income#	-	30 833	30 833
Closing balance as at 30 September 2018 (restated)	23 598 877	276 074	23 874 951
Gains or losses for the period recognised in profit or loss*	-	(154 774)	(154 774)
Gains or losses for the period recognised in other comprehensive income#	3 145 309	3 429	3 148 738
Closing balance as at 31 March 2019	26 744 186	124 729	26 868 915
Gains or losses for the period recognised in profit or loss*	-	(15 516)	(15 516)
Exchange differences for the period recognised in other comprehensive income#	58 773	(1 695)	57 078
Fair value gains or losses for the period recognised in other comprehensive income	10 039 533	-	10 039 533
Closing balance as at 30 September 2019	36 842 492	107 517	36 950 009

* Gains and losses recognised in profit or loss are included in other operating gains on the statement of comprehensive income.

Exchange differences recognised in other comprehensive income are included in exchange differences on translating foreign operations on the statement of comprehensive income.

13. Earnings per share and headline earnings per share

Cents	30 September 2019	Restated 30 September 2018	31 March 2019
Earnings per share			
Basic earnings per share			
Continuing operations	16.37	2.96	17.97
Discontinued operations	–	6.53	7.35
	16.37	9.49	25.32
Diluted earnings per share			
Continuing operations	16.37	2.96	17.97
Discontinued operations	–	6.53	7.35
	16.37	9.49	25.32
<p>The calculation of basic earnings per share as at 30 September 2019 was based on the profit attributable to ordinary shareholder of R16.2 million (September 2018: R4.1 million from continuing operations; March 2019: R22.3 million from continuing operations) and a weighted average of ordinary shares outstanding of 98 819 454 (September 2018: 139 572 890 after the 1-for-10 share consolidation; March 2019: 124 063 076).</p> <p>Diluted basic earnings and headline earnings per share are equal to basic earnings and headline earnings per share.</p>			
Weighted average number of ordinary shares			
Ordinary shares as at the beginning of the period (post the 1-for-10 share consolidation on 2 November 2018)	136 418 749	166 925 095	166 925 095
Effect of treasury shares held	(27 226 013)	(27 352 205)	(42 521 023)
Shares held by BEE company included in treasury shares	(10 373 282)	–	(340 996)
	98 819 454	139 572 890	124 063 076

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS [CONTINUED]

for the six months ended 30 September 2019

13. Earnings per share and headline earnings per share (continued)

Rand	GROUP					
	30 September 2019		30 September 2018		31 March 2019	
	Gross	Net	Gross	Net	Gross	Net
Reconciliation of earnings and headline earnings per share						
Continuing operations						
Profit attributable to equity holders of the parent		16 174 905		4 126 516		22 299 599
Losses on disposal of assets	31 518	22 693	140 742	109 779	348 153	250 670
Impairments of assets	-	-	-	-	38 367	27 624
Headline earnings		16 197 598		4 236 295		22 577 893
Discontinued operations						
Profit attributable to equity holders of the parent		-		9 113 855		9 113 855
Restatement to fair value of discontinued operations	-	-	12 842 435	12 842 435	12 842 435	12 842 435
Release of foreign currency translation reserve to the statement of profit/(loss)	-	-	(20 723 419)	(20 723 419)	(20 723 419)	(20 723 419)
		-		1 232 871		1 232 871

Cents	GROUP		
	30 September 2019	30 September 2018	31 March 2019
Headline earnings per share			
Continuing operations	16.39	3.04	18.18
Discontinued operations	-	0.88	0.99
Diluted headline earnings per share			
Continuing operations	16.39	3.04	18.18
Discontinued operations	-	0.88	0.99
Distribution per share	12.00	-	-

Headline earnings per share has been calculated in accordance with Circular 04/2018 issued by the South African Institute of Chartered Accountants.

14. Events after the reporting period

The Board is not aware of any matter or circumstance arising since the end of the reporting period, not otherwise dealt with herein, which significantly affects the financial position of the Group or the results of its operations or cash flows for the period, other than the following:

Distribution declared after the reporting date and not recognised as a liability

An interim capital reduction distribution as a return of contributed tax capital of R13.02 million (12 cents per ordinary share) for the six-month period ending 30 September 2019 was declared on 22 November 2019, payable on 23 December 2019 to shareholders recorded in the register at the close of business on 20 December 2019.

The capital reduction distribution is not subject to dividend withholdings tax as the distribution is paid out of capital reserves. As the distribution will be regarded as a return of capital and may have potential capital gains tax consequences, shareholders are advised to consult their tax advisers regarding the impact of the distribution.

Please refer to the Commentary section for more details on the distribution timetable.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS [CONTINUED]

for the six months ended 30 September 2019

15. Segment report

As a result of the exiting of services in the Middle East/Africa (MEA), management no longer considers MEA to be a reportable segment.

Furthermore, the MEA operating segment does not meet any of the quantitative threshold requirements in terms of IFRS 8 Operating Segments.

All amounts relating to the MEA have been presented in the "Other" segment in the current year.

The reportable segments for the current financial period are according geographical areas, namely South Africa, Australia and Europe.

- South Africa includes consulting and implementation of data, management information software and healthcare administration services in the Republic of South Africa.
- Australia includes consulting and implementation of data, management information software and healthcare administration services in Australia.
- Europe includes consulting and implementation of data, and management information software in the United Kingdom and Europe.

The Group evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS but excluding non-recurring losses such as goodwill impairment and the effects of share-based payments.

Rand	South Africa			Australia		
	30 September 2019	Restated 30 September 2018	31 March 2019	30 September 2019	Restated 30 September 2018	31 March 2019
Continuing operations						
Segment revenue	282 497 635	219 845 983	476 915 874	26 381 174	29 495 528	60 041 772
Segment profit/(loss) before tax*	35 832 228	13 969 556	41 145 015	1 600 051	(607 932)	1 709 548
Segment assets**	164 464 975	108 848 345	120 225 485	26 101 432	23 348 305	26 105 076
Segment liabilities	(61 005 353)	(28 062 971)	(35 286 857)	(6 422 693)	(6 583 228)	(7 160 215)
Discontinued operations						
Segment revenue	-	-	-	-	-	-
Segment profit/(loss) before tax*	-	-	-	-	-	-
Segment assets**	-	-	-	-	-	-
Segment liabilities	-	-	-	-	-	-
Group						
Segment revenue	282 497 635	219 845 983	476 915 874	26 381 174	29 495 528	60 041 772
Segment profit/(loss) before tax*	35 832 228	13 969 556	41 145 015	1 600 051	(607 932)	1 709 548
Segment assets**	164 464 975	108 848 345	120 225 485	26 101 432	23 348 305	26 105 076
Segment liabilities	(61 005 353)	(28 062 971)	(35 286 857)	(6 422 693)	(6 583 228)	(7 160 215)

* The 30 September 2019 segment profit/(loss) before tax amounts do not include the share-based payment expense of R260 749 (March 2019: R32 147).

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

Rand	30 September 2019	30 September 2018	31 March 2019
Reconciliation of profit before taxation			
Total consolidated profit before taxation for reportable segments	33 954 792	24 480 070	59 829 074
Less share-based payment expense	(131 788)	-	(32 147)
Elimination of discontinued operations	-	(9 051 229)	(9 051 229)
Consolidated profit before taxation	33 823 004	15 428 841	50 745 698

Europe			Other			Total		
30 September 2019	Restated 30 September 2018	31 March 2019	30 September 2019	Restated 30 September 2018	31 March 2019	30 September 2019	Restated 30 September 2018	31 March 2019
11 767 188	3 475 934	10 324 203	-	28 215 892	41 132 560	320 645 996	281 033 336	588 414 409
(1 467 585)	1 868 870	4 756 518	(2 009 901)	198 346	3 166 765	33 954 792	15 428 841	50 777 845
13 313 497	3 435 276	5 286 300	36 540 953	38 698 929	34 065 182	240 420 857	174 330 855	185 682 043
(2 586 286)	(56 241)	(361 008)	(5 273 956)	(9 190 056)	(7 781 242)	(75 288 288)	(43 892 496)	(50 589 321)
-	-	-	-	4 816 394	4 816 394	-	4 816 394	4 816 394
-	-	-	-	9 051 229	9 051 229	-	9 051 229	9 051 229
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
11 767 188	3 475 934	10 324 203	-	33 032 286	45 948 954	320 645 996	285 849 730	593 230 803
(1 467 585)	1 868 870	4 756 518	(2 270 650)	9 249 575	12 217 994	33 954 792	24 480 070	59 829 074
13 313 497	3 435 276	5 286 300	36 540 953	38 698 929	34 065 182	240 420 857	174 330 855	185 682 043
(2 586 286)	(56 241)	(361 008)	(5 273 956)	(9 190 056)	(7 781 242)	(75 288 288)	(43 892 496)	(50 589 321)

GENERAL INFORMATION

Country of incorporation	South Africa
Nature of business and principal activities	Information management and data analytics services
Directors	Tony Taylor (Independent Non-Executive Chairman) Pierre de Wet (Chief Executive Officer) Murray Louw (Financial Director) Cheree Dyers (Independent Non-Executive Director) Herman Steyn (Non-Executive Director) Arthur Winkler (Independent Non-Executive Director)
Audit and Risk Committee	Arthur Winkler (Chairman) Cheree Dyers Tony Taylor
Remuneration and Nomination Committee	Cheree Dyers (Chairman) Herman Steyn Tony Taylor Arthur Winkler
Social and Ethics Committee	Elizna Read (Chairman) Cheree Dyers Tony Taylor
Company Secretary	Bianca Pieters PBT House, 2 Mews Close, Waterford Mews, Century City, 7441, South Africa
Registered office	PBT House, 2 Mews Close, Waterford Mews, Century City, 7441, South Africa
Postal address	PO Box 276, Century City, 7446, South Africa
Registration number	1936/008278/06
Auditors	BDO Cape Incorporated
Sponsor	Sasfin Capital (a Member of the Sasfin Group)
Transfer Secretaries	Link Market Services South Africa Proprietary Limited PO Box 4844, Johannesburg, 2000, South Africa 19 Ameshoff Street, Braamfontein, 2001, South Africa
JSE share code	PBG
ISIN	ZAE000256319
Website	www.pbtgroup.co.za



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