4SIGHT HOLDINGS LIMITED
(Incorporated in the Republic of Mauritius)
(Registration number: 48335 C1/GBL)
("4Sight Holdings" or "the Company" or "the Group")
ISIN Code: MU0557S00001 JSE Code: 4SI

REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS
FOR THE SIX MONTH ENDED 30 JUNE 2019

GROUP AND FINANCIAL HIGHLIGHTS:

The Board of Directors is pleased to present its second set of six-month results from 1 January 2019 to 30 June 2019. The date of incorporation of the listed holding company, 4Sight Holdings, was on 28 June 2017 although most of the subsidiaries have operated for several years. These interims should be read in conjunction with the Group's latest consolidated annual financial statements for the year ended 31 December 2018. These comparative numbers may not be strictly comparable due to the acquisition of AccTech Systems Proprietary Limited ("AccTech") and Dynamics Africa Services Proprietary Limited ("Dynamics"), together the "AccTech Acquisition", as well as Simulation Engineering Technologies ("SET"), which were acquired with effect from 1 April 2018.

During the first half of the year, the Company had the following highlights:

- Revenue from contracts with customers for the six months to 30 June 2019 increased to \$22 017 690 (2018: \$18 713 611). Our clusters namely Telco, MMEC and Platform contributed \$5 451 200, \$4 916 218 and \$11 650 272 respectively.

- Operating expenses are \$24 705 649 (2018: \$11 476 199), 115.2% higher compared to the prior period. The causes of the increase was mainly due to the once off goodwill impairments of \$10 545 900, increase in the credit loss allowances by \$2 283 401 and restructuring costs in relation to the Telco cluster of approximately \$561 818 incurred during the six month period ended 30 June 2019. Operating expenses, excluding goodwill impairment, credit loss allowance and restructuring costs, amounted to \$11 314 530 (2018: 11 476 199), a 1.4% decrease from prior period.

- Operating profit (excluding any goodwill impairment) was \$276 152 (2018(Restated): \$1 022 634) and cash flow from operations was \$404 739 (2018: \$495 197) for the period.

- Despite the difficult trading environment in which we are operating, two of our three clusters recorded commendable increases in trading profit, while there was also strong earnings growth from our associate company.

- Diluted Headline (Loss) / Earnings per Share ("HEPS") was (0.02) (2018(Restated): 0.11) (USD cents), based on 898 255 289 (2018: 559 350 277) weighted average diluted number of shares in issue.

BUSINESS PERFORMANCE

The MMEC Cluster Overview

The Mining, Manufacturing, Energy and Chemicals ("MMEC") Cluster is on track to deliver on the board approved budget for 2019. The self-funding digital transformation strategy is also bearing fruit. Our teams have secured big wins at a major diamond mine group in Botswana as well as other tier-1 mining and Petro-chemical companies. Our MMEC customers, in many cases, have selected 4Sight as their digital transformation partner due to our deep experience in the operational technology space.

BluESP is ahead of target year to date and well positioned with numerous tier-1 customers in both the mining and Petro-chemical sectors. Growth areas for BluESP include advanced process control ("APC"), multivariable process analytics and prescriptive maintenance utilising machine learning ("Ml") and artificial intelligence ("AI"). Results achieved from these technologies will provide exciting references to help with aggressive growth plans.

AGE Technologies ("AGE") had a challenging 2018, however, through a restructuring and cost cutting exercise as well as introducing a new sales strategy with a focus on annuity income generating projects like "Metering as a Service" ("MaaS"). The first half of 2019 has been profitable year to date with a very strong pipeline with big orders in hand.

Simulation Engineering Technologies ("SET") had a slower start to 2019 after a very profitable 2018. The Company, through its digital twin simulation technology, plays a key role in the 4Sight digital transformation strategy ensuring digital initiatives are focussed in areas in the value chain that will deliver maximum benefits. With a strong order book with awarded deals from America, Australia and major local mining company as well as a healthy pipeline, we are confident SET will make up the budget deficit before year-end.

Strategix ("SAS") and One Source Africa ("OSA") is on target as per budget with a stronger than expected order book. Digitising the Governance, Risk and Compliance (GRC) space utilising our cloud based xGRC product suite has become an essential part of the Digital Transformation for industrial and other industry sectors. We have experienced consistent growth with many orders received for implementing health and safety solutions as our customers focus on ensuring health and safely is a priority in their businesses.

The Telco Cluster Overview

Within the telecommunications and media ("Telco") cluster, historically, the majority of Digitata's revenue is realised in the second half of the year. The Telco cluster continues with its strategy in supporting its partners and customers on their Fourth Industrial Revolution ("4IR") journey through digital transformation initiatives within the telecoms sector.

With Digitata Intelligent Pricing and Insights, our new Vaitom platform continues to successfully assist numerous global mobile operators with their digital transformation journeys. The key objectives of Digitata remains to intelligently price voice and data services and provide excellent customer engagements where the results have exceeded the committed Return on Investment.

The Digitata Networks stream continues to deliver and exceed on its budget, with the new products delivering a return earlier than anticipated. The stream is continuing on its international expansion with a major focus on the Americas region, which is proving very successful.

A major focus for Fleek was accelerating the development of cutting-edge solutions in the AI and automation space, and we have now seen this activity gaining the traction we knew it would. Multiple customers have all signed on for Fleek's bot and automation products. Fleek's new Smart IVR product has had a successful introduction into the market with positive customer feedback on the products.

The Platform Cluster Overview

The Platform Cluster has continued to perform well over the reporting period. AccTech's traditional ERP practices implementing Sage and Microsoft offerings is performing well despite the tough economic and political climate in South Africa. AccTech's ability to give 360 solutions covering all areas of a business extends the traditional ERP sales.

The addition to their 360 offering is Data Enablement. The team invested aggressively in their data strategy and developed IP around this to bring a sustainable and proudly South African data enablement offering to the market. Strategically, this is aligning with our Microsoft Azure Cloud strategy where data and AI is a crucial pillar.

Working with other 4Sight subsidiaries (Age Technologies, BluESP and SET), the AccTech team is accelerating the integration of data from the operational technologies world into the Azure cloud platform. This will close the loop, integrating operational technologies with AccTech's cloud, data enablement and software development growth areas.

Dynamics is on target and continues to deliver Microsoft Cloud Service Provider ("CSP") services to over 400 partners and their customers in the MEA region. More strategic partnerships continue to be signed up enabling the key innovations inherent in the Microsoft Azure cloud platform provided to partners. Dynamics focus remains to continue educating its partners on the industry 4.0 opportunities and offerings available in the Azure cloud platform. This is coupled with co-selling other solutions and intellectual property via their partner channel. Dynamics has focused on localising the Microsoft Dynamics offerings for the various African regions.

Casewise South Africa ("Casewise") had a strong 2018. But activities slowed down in the second quarter of 2019. This allowed Casewise to evolve its strategy from a traditional product offering to focus on value creating solutions for its customers. This included harnessing technologies which allow for auto-discovery of data that is a critical part of the value offering of 4Sight.

MARKET

Embracing the Fourth Industrial Revolution (4IR) has proven to be a challenge, as well as an opportunity for the private and public sectors in many emerging markets, South Africa included.

The emergence of the 4IR economy, built on people and data, is enabling more informed and better decisions for organisations in the modern digital economy. Locally, the momentum of the 4IR Presidential initiative has continued through the first half of 2019. As initiatives like 4IR in SA continue to grow, the underlying goal continues to be to enhance the ability of public and private sector organisations to implement sustainable digital transformation initiatives - and this is where both the opportunities and challenges lie.

The global trend of digital transformation was one of the key contributors to the start of the 4Sight Holdings' journey. We saw the opportunity and applicability of new 4IR technologies in the South African context. Additionally, we consistently witnessed customers initiating digital transformation projects, only for those self-same projects to fade away as quickly as they started.

This has largely been due to:

- Misalignment on the business's digital transformation roadmap;
- Lack of stakeholder and leadership 'buy-in';
- A poor understanding of "Data" and its utility;
- Minimal internal digital project ownership;
- Lack of skills and expertise with new 4IR technologies;
- Peoples' readiness for change within the organisation; and
- Ownership of the digital transformation journey.

With the above in mind, our investment strategy was built on finding industry-specific technology companies that performed well. We recognised that such companies, when stitched together within a larger technology group, would be able to generate increased value by maximising on the collective value that the group can provide. This has accelerated our subsidiaries' drive towards implementing sustainable digital transformation initiatives with partners and customers.

Additionally, the group provided partners with not only the technology solutions, but the breadth of scope to allow for full end-to-end transformation strategies. Now recognised as a key cornerstone of 4Sight Holdings' value contribution, partners and customers are embracing our clusters and subsidiaries' sustainable digital transformation frameworks, which are tailored to specific industries and business requirements. This formula provides for the integrated solutions we create from across our group to deliver meaningful returns and enable the implementation, and ownership of sustainable digital transformation journeys.

Our frameworks empower our customers to embrace organisation-wide digitalisation focusing on people and data-centric journey's. This allows data and new technologies to amplify an organisation's human capital, in order to thrive in the modern digital economy.

Through our approach, we are able to take our partners on a journey from "no-sight" (zero-digital, no data visibility and running the business blind) to "foresight". That is, the ability to predict the future using real-time "insight" data and technologies like ML, AI and digital twin to make continuous and meaningful business decisions based on what will happen. Our goal remains to transition our customers into the realm of "4Sight", using autonomous intelligence solutions where the technology not only makes but also implements the decisions maximising business profitability and efficiency and minimising risk.

Through our subsidiaries, strategic partners and software distribution relationships, the combination of skills, expertise and technologies enable customers to experience true and sustainable transformation that encompasses 4IR key technologies including digital twin simulation, cloud computing, operational and information technology integration and big data and analytics. As the technologies come together, our digital transformation frameworks empower our customers to ensure the sustainability of digital initiatives. Prioritised are the following processes:

1. Identified and agreed digital roadmaps;
2. Organisational-wide alignment on selected digital initiatives;
3. Measurable and people orientated change management;
4. Facilitating the convergence of the OT and IT worlds;
5. Ensuring key business themes are all accounted for in the journey;
6. Modern digital and 4IR solutions are implemented with a measurable ROI; and
7. People and data are at the epicentre of the digital transformation journey.

As our subsidiaries roll-out these frameworks across their customer base, our goal remains to be the digital transformation partner of choice to implement sustainable digital transformation and 4IR technology solutions in our emerging 4IR and digital economy.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in US Dollars	Reviewed six-month period ended 30 June 2019	Unaudited Six-month period ended 30 June 2018 (Restated)	Audited 12 months ended 31 December 2018
Revenue	**22 017 690**	**18 713 661**	**44 538 909**
Cost of Sales	(9 295 404)	(6 229 509)	(15 893 077)
Gross Profit	**12 722 286**	**12 484 152**	**28 645 832**
Other income	1 713 615	14 681	3 464 518
Operating expenses	(24 705 649)	(11 476 199)	(31 703 326)
Operating profit/ (loss)	**(10 269 748)**	**1 022 634**	**407 024**
Investment income	97 222	19 401	89 585
Finance costs	(274 727)	(267 694)	(718 408)
Income from equity accounted investments	300 879	101 141	171 539
Profit / (Loss) before taxation	**(10 146 374)**	**875 482**	**(50 260)**
Taxation	(530 529)	(190 398)	(1 031 169)
Profit / (Loss) for the period	**(10 676 903)**	**685 084**	**(1 081 429)**
Other comprehensive income/ (loss):			
Items that may be classified to profit or loss			
Unrealised exchange differences on translating foreign operations	264 357	(1 462 528)	(1 385 411)
Other comprehensive income/ (loss) for the period net of taxation	**264 357**	**(1 462 528)**	**(1 385 411)**
Total comprehensive income/ (loss) for the period	**(10 412 546)**	**(777 444)**	**(2 466 840)**
Profit/ (loss) attributable to:			
Owners of the parent	(10 750 173)	582 686	(1 235 356)
Non-controlling interest	73 270	102 398	153 927
	(10 676 903)	**685 084**	**(1 081 429)**
Total comprehensive income/ (loss) attributable to:			
Owners of parent	(10 486 392)	(781 159)	(2 422 558)
Non-controlling interest	73 846	3 715	(44 282)
	(10 412 546)	**(777 444)**	**(2 466 840)**
Per share information:	**USD Cents**	**USD Cents**	**USD Cents**
Earnings/ (loss) per share	(1.78)	0.12	(0.25)
Diluted earnings/ (loss) per share	(1.20)	0.10	(0.16)
Headline earnings/ (loss) per share	(0.03)	0.13	1.13
Diluted headline earnings/ (loss) per share	(0.02)	0.11	0.72
Weighted average number of shares in issue	604 137 641	476 268 895	486 807 063
Fully diluted weighted average number of shares in issue	898 255 289	559 350 277	762 650 992

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in US Dollars	Reviewed six-month period ended 30 June 2019	Unaudited Six-month period ended 30 June 2018 (Restated)	Audited 12 months ended 31 December 2018
ASSETS			
Non-Current Assets	**39 938 741**	**56 561 488**	**50 217 998**
Property, plant and equipment	2 935 232	3 026 742	2 853 791
Goodwill	22 241 361	39 502 676	32 787 261
Intangible assets	13 400 593	12 839 984	13 348 700
Deferred tax	1 099 574	1 057 669	1 025 252
Investment in associates	261 981	134 417	202 994
Current Assets	**16 831 903**	**14 612 836**	**18 810 801**
Inventories	22 603	182 688	80 291
Trade and other receivables	11 998 422	9 369 402	14 241 733
Contract assets	890 523	435 670	321 523
Other financial assets	106 602	21 351	20 132
Current tax receivable	124 188	84 280	230 822
Cash and cash equivalents	3 689 565	4 519 445	3 916 300
Total Assets	**56 770 644**	**71 174 324**	**69 028 799**
EQUITY AND LIABILITIES			
Equity			
Equity attributable to Equity Holders of Parent			
Share capital	55 837 544	50 510 998	50 510 998
Reserves	(3 883 562)	(4 323 986)	(4 147 343)
Retained income/ (Accumulated loss)	(10 014 843)	2 553 372	735 330
	41 939 139	**48 740 384**	**47 098 985**
Non-controlling interest	(93 766)	(88 412)	(157 424)
	41 845 373	**48 651 972**	**46 941 561**
Liabilities			
Non-Current Liabilities	**1 510 923**	**7 559 441**	**5 550 788**
Other financial liabilities	1 373 738	7 147 155	5 358 347
Contract liability	-	380 132	58 431
Deferred taxation	137 185	32 154	134 010
Current Liabilities	**13 414 348**	**14 962 911**	**16 536 450**
Trade and other payables	7 621 940	4 749 932	6 904 671
Other financial liabilities	4 460 489	8 141 968	7 323 334
Contract liability	804 675	1 650 185	2 081 789
Bank overdraft	177 301	218 179	150 421
Current tax payable	349 943	202 647	76 235
Total Liabilities	**14 925 271**	**22 522 352**	**22 087 238**
Total Equity and Liabilities	**56 770 644**	**71 174 324**	**69 028 799**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in US Dollars	Share capital	Treasury Shares	Foreign Currency Translation reserve	Non-Distributable Reserves	Retained Income	Total attributable to equity holders of the Group	Non-controlling interest	Total equity
Balance at 31 December 2017	**41 295 921**	**-**	**256 982**	**(3 217 123)**	**1 832 044**	**40 167 824**	**(87 550)**	**40 080 274**
Adjustment on initial application - of IFRS 15, net of taxes	-	-	-	-	138 642	138 642	-	138 642
Restated balance at 1 January 2018	**41 295 921**	**-**	**256 982**	**(3 217 123)**	**1 970 686**	**40 306 466**	**(87 550)**	**40 218 916**
Profit for the period	-	-	-	-	582 686	582 686	102 398	685 084
Other comprehensive income	-	-	(1 363 845)	-	-	(1 363 845)	(98 683)	(1 462 528)
Total comprehensive income for the period	**-**	**-**	**(1 363 845)**	**-**	**582 686**	**(781 159)**	**3 715**	**(777 444)**
Issue of shares	9 968 645	-	-	-	-	9 968 645	-	9 968 645
Treasury shares	-	(753 568)	-	-	-	(753 568)	-	(753 568)
Business combinations	-	-	-	-	-	-	(4 577)	(4 577)
Balance at 30 June 2018	**51 264 566**	**(753 568)**	**(1 106 863)**	**(3 217 123)**	**2 553 372**	**48 740 384**	**(88 412)**	**48 651 972**
Balance at 31 December 2018	**51 264 566**	**(753 568)**	**(930 220)**	**(3 217 123)**	**735 330**	**47 098 985**	**(157 424)**	**46 941 561**
Profit for the period	-	-		-	(10 750 173)	(10 750 173)	73 270	(10 676 903)
Other comprehensive income	-	-	263 781	-		263 781	576	264 357
Total comprehensive income for the period	**-**	**-**	**263 781**	**-**	**(10 750 173)**	**(10 486 392)**	**73 846**	**(10 412 546)**
Issue of shares	5 326 546	-	-	-	-	5 326 546	-	5 326 546
Treasury shares	(753 568)	753 568	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	(10 188)	(10 188)
Balance at 30 June 2019	**55 837 544**	**-**	**(666 439)**	**(3 217 123)**	**(10 014 843)**	**41 939 139**	**(93 766)**	**41 845 373**

CONSOLIDATED STATEMENT OF CASH FLOWS

Figures in US Dollars	Reviewed six-month period ended 30 June 2019	Unaudited Six-month period ended 30 June 2018	Audited 12 months ended 31 December 2018
Cash flows from operating activities			
Cash generated from operations	540 166	550 098	2 398 637
Interest income	97 222	19 401	89 585
Finance costs	(104 830)	(36 925)	(288 677)
Tax paid	(127 819)	(37 377)	(942 093)
Net cash from operating activities	**404 739**	**495 197**	**1 257 452**
Cash flows (used in)/generated from investing activities			
Purchase of property, plant and equipment	(56 871)	(105 533)	(223 537)
Proceeds on disposal of property, plant and equipment	-	23 817	66 903
Purchase of intangible assets	(495 446)	(803 123)	(1 558 108)
Business combinations	-	520 060	468 740
Net cash (used in)/generated from investing activities	**(552 318)**	**(364 779)**	**(1 246 002)**
Cash flows (used in)/generated from financing activities			
Expenditure on share issue	(6 951)	(41 862)	(41 862)
Dividend paid	(10 188)	-	(21 015)
Payments to other financial assets	(220 780)	-	-
Receipts from other financial assets	134 310	-	-
Proceeds from other financial liabilities	-	810 971	1 016 165
Repayments of other financial liabilities	(80 081)	(206 804)	(442 445)
Net cash (used in)/generated from financing activities	**(183 690)**	**562 305**	**510 843**
Total cash movement for the period	**(331 269)**	**692 723**	**522 293**
Total cash at the beginning of the period	3 765 879	4 218 268	4 218 268
Effect of translation of foreign entities	77 654	(609 725)	(974 682)
Total cash at end of the period	**3 512 264**	**4 301 266**	**3 765 879**

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group was established with the incorporation of the holding company on 28 June 2017 with its year end set at 31 December each year.

The reviewed condensed consolidated interim financial statements are 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 Reporting Pronouncements as issued by Financial Reporting Standards Council, the requirements of the Companies Act of Mauritius and the JSE Limited Listing Requirements.

The reviewed condensed consolidated interim financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies. The accounting policies applied in preparation of these reviewed condensed consolidated interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous consolidated annual financial statements, except for the first time adoption of IFRS 16: *Leases*. Details of the effect of the adoption of the new standard has been disclosed below under changes in accounting policies.

These interims results should be read in conjunction with the Group's latest consolidated annual financial statements as at and for the year ended 31 December 2018 and do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the latest annual financial statements.

The reviewed condensed consolidated interim financial statements were prepared by the corporate reporting staff and supervised by Eric van der Merwe, the Group's Financial Director, and were approved by the board of directors on 13 December 2019.

The directors of 4Sight Holdings ("the Board") take full responsibility for the preparation of the reviewed condensed consolidated interim financial statements.

The reviewed condensed consolidated interim financial statements are presented in US Dollars, which is the Company's functional currency.

AUDITORS QUALIFIED REVIEW OPINION

These condensed consolidated interim financial statements for the six month period ended 30 June 2019 have been reviewed by Nexia SAB&T, who have expressed a qualified review conclusion. The review was performed in accordance with ISRE 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

The auditor's review report contained the following "Basis for Qualified Conclusion", "Other matter" and "Reportable Irregularity" paragraphs:

“Basis for Qualified Conclusion

The condensed consolidated interim financial statements for the six months period ended 30 June 2019 includes financial results pertaining to Visualitics (Pty) Ltd and its subsidiaries. Due to poorly maintained accounting records, we were unable to obtain sufficient and appropriate evidence to verify the balances and transactions of these companies, as disclosed in Note 16. We were unable to satisfy ourselves by alternative means. Consequently, we were unable to determine whether any adjustments were necessary to the balances and transactions of these companies on the condensed consolidated Statement of Financial Position and condensed consolidated Statement of Profit or Loss and Other Comprehensive Income.”

“Other matter

The condensed consolidated interim financial statements of 4Sight Holdings Limited includes comparative financial information for the six months ended 30 June 2018 which have not been reviewed or audited as there was no requirement for this preceding corresponding period to be reviewed or audited.

Our review conclusion is not modified in respect of this matter.”

“Report on other legal and regulatory requirements

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified reportable irregularities in terms of the Auditing Profession Act. We have reported such matters to the Independent Regulatory Board for Auditors. The matters pertaining to the reportable Irregularities have been described below:

- Payments totalling approximately $220 780 were made by Simulation Engineering Technologies (Pty) Ltd to a director/ shareholder without authorisation as required in accordance with section 45(3)(a)(ii) of the Companies Act of South Africa.
- Accounting records related to Visualitics (Pty) Ltd and its subsidiaries were not maintained in accordance with Section 28 of the Companies Act of South Africa.
- Financial statements relating to Visualitics (Pty) Ltd and its subsidiaries were not prepared in accordance with Section 30(2) of the Companies Act of South Africa.
- Potential fraudulent transactions were entered into by Visualitics (Pty) Ltd and a previous Director. This indicates that the previous director may have failed to act in the best interests of the company in accordance with the requirements prescribed by Section 76(3) of the Companies Act of South Africa.”

A copy of the auditor’s ISRE 2410 review report is available for inspection at the company’s registered office.

The review opinion does not necessarily report on all of the information in this announcement. 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 that report from the company’s registered address.

Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group’s external auditors.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. FIRST TIME ADOPTION OF NEW ACCOUNTING STANDARD

1.1 IFRS 16 – LEASES

The Group has applied IFRS 16 Leases from 1 January 2019.

IFRS 16 introduced a single, on-balance sheet accounting model for leases. As a result, the Group, as a lessee, has recognised right-of-use assets representing its right to use the underlying assets and lease liabilities presenting its obligation to make lease payments.

The Group has applied IFRS 16 using the modified retrospective approach. Accordingly, the comparative information for 2018 has not been restated. The details of the changes in accounting policy are disclosed below.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4. *Determining whether an Arrangement contains a lease*. The Group now assesses whether a contract contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts which were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership.

However, the Group has elected not to recognise right-of-assets and lease liabilities for some leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents right-of-assets that do not meet the definition of investment property in property, plant and equipment, the same line item as it presents underlying assets of the same nature it owns.

The Group presents lease liabilities in other financial liabilities in the Statement of Financial Position.

Significant Accounting Policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjustment for certain re-measurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lese or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, change in the assessment of whether a purchase or extension option is reasonably certain to be exercised or termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for those contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Transition

Previously, the Group classified property leases as operating leases under IAS 17. These include office property. The leases run for period of between 3-5 years. Some leases include an option to renew the lease for an additional period after the end of the non-cancellable period. Some leases provide for additional rent that are based on changes in local inflation.

At transition, for leases classified as operating leases under IAS 17, the lease liabilities were measured at the present value of the remaining lease payments, discounted at the Groups incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- excluded initial direct cost from measuring the right-to-use assets at date of initial application.
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Impact on Financial Statements
Impact on transition
On transition to IFRS 16, the Group recognised additional right-of-use assets, including additional lease liabilities. The impact on transition is summarised below:

Figures in US Dollars	1 January 2019
Impact on the statement of financial position	
Assets	
Right-of-use presented in property, plant and equipment	63 380
Deferred tax asset	(252)
Liabilities	
Right-of-use Lease liabilities	(64 028)
Operating lease liabilities	900
Retained earnings	-

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 10.25%.

Impact for the period

The financial impact for the interim period ended 30 June 2019 is disclosed below:

Figures in US Dollars	Reviewed six-month period ended 30 June 2019
Impact on the statement of financial position	
Assets	
Right-of-use assets	54 600
Liabilities	
Right-of-use lease liabilities	(57 171)
Impact on statement of profit or loss and other comprehensive income	
Increase in depreciation expense	(13 318)
Decrease in rental expense	12 533
Increase in finance cost	(2 830)
Taxation	645
Impact for the period on the statement of comprehensive income	**(2 970)**

2. CORRECTION OF PRIOR INTERIM PERIOD ERROR

The Group's prior year interim results for the six-month period ended 30 June 2018 contained no adjustments from the first-time adoption of IFRS 9 Financial instruments and IFRS 15 Revenue from Contracts with Customers.

Following the publication of the interim results for the six months ended 30 June 2018, the Group performed additional assessments of the financial impact associated with the first-time adoption of IFRS 9 Financial instruments and IFRS 15 Revenue from Contracts with Customers. The aforementioned assessments resulted in the following changes on our Group statement of financial position and statement of comprehensive income for the interim results ended 30 June 2018.

Figures in US Dollars	**Unaudited Six-month period ended 30 June 2018**	**Unaudited IFRS 15 Restatement**	**Unaudited Six-month period ended 30 June 2018 (restated)**
Impact on the statement of financial position			
Assets			
Current Assets			
Trade and other receivables	9 805 072	(435 670)	9 369 402
Contract assets	-	435 670	435 670
Liabilities			
Non-Current Liabilities			
Deferred income	380 132	(380 132)	-
Contract Liabilities	-	380 132	380 132
Current Liabilities			
Deferred income	1 650 185	(1 650 185)	-
Contract Liabilities	-	1 650 185	1 650 185
Impact on statement of profit or loss and other comprehensive income			
Revenue	19 374 220	(660 559)	18 713 661
Cost of sales	(6 697 510)	468 001	(6 229 509)
Profit from operating activities	**1 215 192**	**(192 558)**	**1 022 634**
Taxation	(244 314)	53 916	(190 398)
Impact on profit for the period	**823 726**	**(138 642)**	**685 084**

	USD Cents	USD Cents
Earnings per Share	0.15	0.12
Diluted Earnings per Share	0.13	0.10
Headline Earnings per Share	0.15	0.13
Diluted Headline Earnings per Share	0.13	0.11
Weighted average number of shares in issue	476 268 895	476 268 895
Fully diluted weighted average number of shares in issue	559 350 277	559 350 277

The restatement had no impact on cash generated from operations or working capital movements.

3. SEGMENTAL REVENUE, TOTAL ASSETS, TOTAL LIABILITIES AND RESULTS

The Executive Directors assess the performance of the operating Clusters based on the measure of operating profit. The Group has three strategic reportable Clusters. These Clusters (or divisions) offer different products and services and are managed separately as they require different technology and marketing strategies.

The three reportable Clusters consist of:

- The Mining, Manufacturing, Energy and Chemicals (MMEC) Cluster;
- The Telecommunications and Media (Telco) Cluster; and
- The Platform Systems (Platform) Cluster.

The following summary describes the operations of each reportable segment.

Mining, Manufacturing, Energy and Chemicals (MMEC) Cluster:

The MMEC Cluster provides key 4IR technologies and services needed to help industrial customers with their full end-to-end digital transformation journey, while following a cost effective and low risk self-funding methodology. This allows customers to remain competitive in the digital economy while making sure any digital initiative has a 6 month or better return on investment (ROI).

The Cluster consists of five subsidiaries namely BluESP, Age Technologies, Simulation Engineering Technologies, Strategix and One Source Africa.

- **BluESP Proprietary Limited (BluESP)** is a leading engineering technology company, focussing on delivering software solutions to industrial customers. These solutions enable companies to operate their processing plants or manufacturing processes optimally, maximising revenues, eliminating inefficiencies and minimising costs. BluESP is an AspenTech partner and brings their technologies to the African market.

- **AGE JHB Technologies Proprietary Limited (AGE)** is a leading system integration company, specialising in automation, electrical and green energy engineering projects across Africa. Within the Group, AGE is responsible to link the customer's physical plant to the digital world.

- **Simulation Engineering Technologies Proprietary Limited (SET)** is a world-leading computer simulation consulting and software company that specialises in creating accurate discrete-event and continuous computer simulation models of complex systems ('digital twins'). SET is also the African distributor of Simio Software for industrial simulation development.

- **Strategix Applications Solutions Proprietary Limited (SAS)** are the developers of the xGRC Software Suite which provides an integrated management system for governance, risk and compliance (GRC), health, occupational health, safety, environment and quality; based on the various ISO Standards for industrial and other sector customers.

- **Combined Source Trading Proprietary Limited (Trading as One Source Africa) - ("OSA")** provides strategic advisory and implementation services to enterprises across innovation, affordability and effectiveness of governance, risk and compliance systems.

The Telecommunications and Media Cluster

Enables our Subsidiaries to link telephony customers and service providers in the digital economy. This Cluster focuses on providing 4IR solutions to the telecommunications industry across the areas of service revenue management through our intelligent pricing solution, customer engagement through gamification, a suite of mobile network management products as well as cloud-based office and call centre telephony solutions.

- **Digitata Intelligent Pricing's** suite of mobile voice and data products intelligently transforms pricing for mobile operators. By using Big Data and machine learning algorithms, mobile operators can make better and more informed decisions regarding product pricing to meet and exceed business objectives. This is enabled through Vaitom, Digitata's Intelligent Pricing Platform.

- **Digitata Networks** offers mobile operators a suite of subscriber-centric, network-centric, site-centric and multicentric solutions to monitor, audit, control and automate mobile technologies (2G, 3G, 4G) across multi-domains (RAN, CS-Core, PS-Core, TX), OEM independent.

- **Digitata Insights** enables intelligent digital transformation for mobile operators and brands by applying gamification to customer engagement to drive specific human behaviour. This allows clients to gain meaningful insights into how their customers engage with their products and services.

- **Fleek Consulting Proprietary Limited (Fleek)** provides the ability to digitise and optimise business-to-consumer communication touch points through fixed line networks, using "Voice-over-Internet Protocol ("VOIP") in a cloud-based call centre and Private Branch Exchange ("PBX") solution environment. Fleek provides cloud-based telecoms solutions to small and medium-sized businesses and corporate environments across South Africa. Revenue is generated based on a flat fee "software-as-a-service" ("SaaS") model through direct and indirect sales channels.

Platform Systems Cluster

The Platforms Cluster enables the creation of an ecosystem where 4Sight subsidiaries, partners, and alliances can build, run and grow their Industry 4.0 offerings. This transcends into the value that can be created for customers embarking on their digital transformation journey. The Platforms Cluster is focused on driving digitised business operations, adoption of technology platforms and ensuring that data management is correctly executed through digital and advisory services.

- **AccTech Systems Proprietary Limited (AccTech)** has been servicing the private and government sectors with Enterprise Resource Planning (ERP) products since 1994, with over 1 200 customers and 35 600 users internationally (80% in RSA). The AccTech offering is geared towards 4IR and Digital Transformation of its customers. This business transformation journey includes engaging customers, empowering employees, transforming products and optimising operations. The main products and services include business software (ERP), Business Process Management (BPM), Human Resource Management (HRM), Data Analytics and Advisory, Business Intelligence (BI), implementation services, software development and system support.

- **Casewise South Africa Proprietary Limited (Casewise)** specialises in enterprise architecture, enterprise data modelling and design; the cornerstones of enabling digitisation of physical assets. These data management tools form the basic design and deployment tools of analysing, constructing, and deploying data in 4IR applications.

- **Dynamics Africa Services Proprietary Limited (Dynamics)** has been appointed by Microsoft as an indirect Cloud Solutions Provider ("CSP") for the regions Middle East, Central Europe and Africa regions ("MEA"). The CSP program allows for the distribution of Microsoft's range of cloud applications, including Office 365, Dynamics Africa 365 and Microsoft Azure to its dedicated partners across the globe.

- **GLOVent Solutions Proprietary Limited (GLOVent)** enhances community lifestyle by applying state-of-the-art technology that provides innovative solutions which improves community management efficiency and overall community living experience. GLOVent focuses on providing smart property solutions in the 4IR economy, ranging from smart utility management to communication and billing services.

The segmental information for the three main segments is presented below:

Figures in US Dollars	Telco Cluster		Mining and Manufacturing (MMEC) Cluster		Platform Cluster		Consolidation		Total	
Segmental service line	**Reviewed six-month period ended 30 June 2019**	**Unaudited six-month period ended 30 June 2018**	**Reviewed six-month period ended 30 June 2019**	**Unaudited six-month period ended 30 June 2018 (Restated)**	**Reviewed six-month period ended 30 June 2019**	**Unaudited six-month period ended 30 June 2018**	**Reviewed six-month period ended 30 June 2019**	**Unaudited six-month period ended 30 June 2018**	**Reviewed six-month period ended 30 June 2019**	**Six-month period ended 30 June 2018 (Restated)**
Revenue										
External	5 451 200	7 845 700	4 916 218	4 269 857	11 650 272	6 598 104	-	-	22 017 690	18 713 661
Internal	11 560	-	1 432	-	156 918	197 451	(169 910)	(197 451)	-	
Operating Profit/(Loss)	**(886 747)**	**724 650**	**435 536**	**106 385**	**383 657**	**945 076**	**1 205 055**	**(84 775)**	**1 137 501**	**1 691 336**
Depreciation and amortisation	(473 706)	(504 076)	(38 004)	(40 158)	(41 134)	(40 851)	(948)	-	(553 792)	(585 085)
Impairment of goodwill	-	-	-	-	-	-	(10 545 900)	-	(10 545 900)	-
Vendor Liability Interest-Non-cash item	-	-	-	-	-	-	(184 183)	(230 769)	(184 183)	(230 769)
Taxation	(166 615)	(20 703)	(126 101)	6 896	(319 475)	(179 477)	81 662	2 886	(530 529)	(190 398)
Profit/(Loss)	**(1 527 068)**	**199 871**	**271 431**	**73 123**	**23 048**	**724 748**	**(9 444 314)**	**(312 658)**	**(10 676 903)**	**685 084**

The Executive Directors do not monitor assets and liabilities by segment.

Geographical segment

The Group operates principally in Mauritius and South Africa. Thus, these locations have been disclosed, however, areas such as the Seychelles, Malaysia and other locations are insignificant, and thus not shown as a separate segment:

Figures in US Dollars	**South Africa**		**Mauritius**		**Consolidation**		**Total**	
Geographical segmental	**Reviewed six-month period ended 30 June 2019**	**Unaudited six-month period ended 30 June 2018 (Restated)**	**Reviewed six-month period ended 30 June 2019**	**Unaudited six-month period ended 30 June 2018**	**Reviewed six-month period ended 30 June 2019**	**Unaudited six-month period ended 30 June 2018**	**Reviewed six-month period ended 30 June 2019**	**Unaudited six-month period ended 30 June 2018 (Restated)**
Revenue								
External	18 578 081	13 991 980	3 439 609	4 721 681	-	-	22 017 690	18 713 661
Internal	2 930 376	3 175 442	878 398	3 116 568	(3 808 774)	(6 292 010)	-	-
Operating Profit/(Loss)	**639 420**	**794 639**	**542 828**	**896 697**	**(44 747)**	**-**	**1 137 501**	**1 691 336**
Depreciation and amortisation	(195 022)	(162 984)	(358 770)	(422 101)	-	-	(553 792)	(585 085)
Impairment of goodwill	-	-	(10 545 900)	-	-	-	(10 545 900)	-
Vendor Liability Interest-Non-cash item	-	-	(184 183)	(230 769)	-	-	(184 183)	(230 769)
Taxation	(415 684)	(157 512)	(114 845)	(32 886)	-	-	(530 529)	(190 398)
Profit/(Loss)	**28 714**	**474 143**	**(10 660 870)**	**210 941**	**(44 747)**	**-**	**(10 676 903)**	**685 084**

The Executive Directors do not monitor assets and liabilities by segment.

4. HEADLINE EARNINGS RECONCILIATION

The headline earnings reconciliation and per share information is set out below:

Figures in US Dollars	Reviewed six-month period ended 30 June 2019	Unaudited Six-month period ended 30 June 2018(Restated)	Audited 12 months ended 31 December 2018
Profit/ (Loss) attributable to owners of the parent	(10 750 173)	582 686	(1 235 356)
Adjustments for:			
Profit/(loss) on disposal of property, plant and equipment – net of tax	2 779	15 566	(28 691)
Impairment of goodwill	10 545 900	-	6 751 234
Headline (loss)/earnings for the period	**(201 494)**	**598 252**	**5 487 187**
Restructure cost after taxation	440 258	-	-
Headline earnings after restructure costs	**238 764**	**598 252**	**5 487 187**
Per share information:	**US Cents**	**US Cents**	**US Cents**
Headline (loss)/earnings per share	(0.03)	0.13	1.13
Diluted headline (loss)/earnings per share	(0.02)	0.11	0.72
Headline (loss)/earnings per share after restructure costs	0.04	0.13	1.13
Diluted headline (loss)/earnings per share after restructure costs	0.03	0.11	0.72
Weighted average number of shares in issue	604 137 641	476 268 895	486 807 063
Fully diluted weighted average number of shares in issue	898 255 289	559 350 277	762 650 992

5. REVENUE

Figures in US Dollars	Reviewed six-month period ended 30 June 2019	Unaudited Six-month period ended 30 June 2018 (Restated)	Audited 12 months ended 31 December 2018
Sale of goods	2 142 785	2 648 226	5 315 019
Licencing and associated services	19 874 905	16 065 435	39 223 890
	22 017 690	**18 713 661**	**44 538 909**

6. GOODWILL

The movement of goodwill for the period ended is as follows:

Figures in US Dollars	Reviewed six-month period ended 30 June 2019	Unaudited Six-month period ended 30 June 2018	Audited 12 months ended 31 December 2018
Balance at the beginning of the period	32 787 261	23 803 478	23 803 478
Additions through business combinations	-	15 699 198	15 735 017
Goodwill impairment	(10 545 900)	-	(6 751 234)
Total goodwill at the end of the period	**22 241 361**	**39 502 676**	**32 787 261**

Impairment of goodwill
The above impairment assessments have resulted in the impairment of three separate cash generating units ("CGU's"). These CGU's are Corporate Life Style Management (Pty) Ltd ("Corporate Lifestyle Management"), Strategix Applications Solutions (Pty) Ltd and Digitata Limited ("Digitata") which were impaired by $92 228, $ 220 863 and $10 232 809 respectively. The main assumptions applied which resulted in the respective impairments were:

- Strategix has not achieved profitability for the last 2 periods and future cash flow forecasts indicate that future earn outs are not expected to be achieved.
- Corporate Life Style Management, which investment is held under Visualitics (Pty) Ltd ("VLS") with which entity the Group has a dispute; and
- Digitata, which entity represents the majority of the Telco structure has incurred a loss for the six month period ended 30 June 2019 due to a decline in market demand. The Telco segment had to undergo a significant restructuring process during the interim period, which resulted in a decrease in service delivery capacity and ultimately negatively impacts the future earnings potential of the CGU's. In addition, the Telco cluster, which normally sees increased revenue during the second half of the year, has not secured any significant contracts with customers which further worsens the situation.

7. TRADE AND OTHER RECEIVABLES

The movement in the trade and other receivable balance for the six-month period ended June 2019 includes mostly an increase in the credit loss allowances by $2 283 401.

7.1 ALLOWANCE FOR CREDIT LOSSES

The movement of the credit loss allowances for the period is as follows:

Figures in US Dollars	Reviewed six-month period ended 30 June 2019	Unaudited Six-month period ended 30 June 2018	Audited 12 months ended 31 December 2018
Balance at the beginning of the period	(840 877)	(68 798)	(68 798)
Allowance for credit loss movement – (Increase)	(2 283 401)	-	(772 079)
Total allowance for credit losses at the end of the period	**(3 124 278)**	**(68 798)**	**(840 877)**

The increase in the credit loss allowance during the interim period is mainly due to further default beyond normal credit terms and non-performance. Refer to the litigation section of the interim results for further clarification in this regard.

8. NON-CONTROLLING INTEREST

The movement of the non-controlling interest for the period ending is as follows:

Figures in US Dollars	Reviewed six-month period ended 30 June 2019	Unaudited Six-month period ended 30 June 2018	Audited 12 months ended 31 December 2018
Balance at the beginning of the period	(157 424)	(87 550)	(87 550)
Non-controlling interest recognised in other comprehensive income/ (loss)	73 846	3 715	(44 282)
Business combinations	-	(4 577)	(4 577)
Dividend paid	(10 188)	-	(21 015)
Total non-controlling interest at the end of the period	**(93 766)**	**(88 412)**	**(157 424)**

9. OTHER FINANCIAL LIABILITES

Other financial liabilities, both non-current and current, decreased due to the settlement of the deferred vendor liabilities following these companies having achieved their respective profit targets.

Details of the Other Financial Liabilities are set out below:

Figures in US Dollars	Reviewed six-month period ended 30 June 2019	Unaudited six-month period ended 30 June 2018	Audited 12 months ended 31 December 2018
ABSA Bank Ltd - Instalment Sale Agreements	22 020	84 814	25 202
ABSA Bank Ltd - Mortgage Bond	168 078	179 094	173 218
Standard Bank of South Africa Ltd - Mortgage Bond	1 218 463	1 312 861	1 214 733
Strategix Business Solutions	187 279	203 235	195 919
Instalment Sale Agreement	46 618	-	54 518
Randburg Control	33 484	49 565	53 678
Blue Sparrow Trust	156 668	166 670	156 668
N.L Jackson	97 259	153 341	117 727
M.A Powel	57 230	68 631	62 793
Digitata Investment Trust	223 306	4 233	209 427
Telesto Communications	16 517	-	16 988
Lease liabilities (Right-of-use)	57 171	-	-
Deferred Vendor Liability	**3 550 134**	**13 066 679**	**10 400 810**
- AGE	-	2 950 404	-
- SET	-	2 181 284	2 241 372
- AccTech	2 840 106	6 347 993	6 527 550
- Dynamics	710 028	1 586 998	1 631 888
	5 834 227	**15 289 123**	**12 681 681**
Non-current liabilities			
At amortised cost	1 373 738	7 147 155	5 358 347
Current liabilities			
At amortised cost	4 460 489	8 141 968	7 323 334
	5 834 227	**15 289 123**	**12 681 681**

10. COMMITMENTS AND SUBSEQUENT EVENTS

The acquisition of AccTech Namibia was reviewed and subsequently concluded during December 2019 and is still subject to conditions precedent. This acquisition will expand the Group's operations in the Southern African region.

Subsequent to 30 June 2019 the Digitata entered into a share sale agreement for the disposal of its 73.68% shareholding in GLOVent effective 29 August 2019.

Foursight Holdings (Pty) Ltd was placed under Business Rescue on the 9 October 2019 and the Business Rescue process was terminated on the 29th November 2019.

11. SHARE ISSUES AND REPURCHASES

The Company had 497 489 514 shares in issue at the beginning of the period under review.

The following shares were issued during the period:

- 89 817 063 shares at $0.021 per share in relation to the achievement of profit warranties related to the acquisition of 70% in SET; and
- 203 998 368 shares at $0.017 per share as settlement of the first earn-out consideration payable relating to the acquisition of AccTech and Dynamics.

Figures in US Dollars	**Reviewed six-month period ended 30 June 2019**	**Unaudited Six-month period ended 30 June 2018**	**Audited 12 months ended 31 December 2018**
Balance at the beginning of the period	497 489 514	418 106 476	418 106 476
Issue of shares to settle deferred vendor liabilities / acquire subsidiaries	293 815 431	84 843 038	84 843 038
Treasury shares	-	(5 460 000)	(5 460 000)
	791 304 945	**497 489 514**	**497 489 514**
Issued			
Balance at the beginning of the period	50 510 998	41 295 921	41 295 921
Ordinary shares of no par value	5 333 497	10 010 507	10 010 507
Treasury shares	-	(753 568)	(753 568)
Share issue cost written off against share capital	(6 951)	(41 862)	(41 862)
	55 837 544	**50 510 998**	**50 510 998**

The above share issues are reflected at the fair value at the date that the acquisition became unconditional in accordance with IFRS.

There have been no repurchases of shares by the Company or any of its subsidiaries during the period under review.

12. RELATED PARTY DISCLOSURE

SHARES ISSUED IN RESPECT OF SUBSIDIARIES ACQUIRED

During the period under review shares were issued to settle the deferred vendor liabilities as disclosed below:

- 89 817 063 shares were issued to the seller of SET being Jacobus Botha ("Botha"), an Executive Director of SET.

- 203 998 368 shares were issued to the sellers of AccTech and Dynamics being Morné Gerhard Swanepoel ("Swanepoel"), Marie-Louise Zitzke ("ML Zitzke" and Tertius Emil Zitzke ("TE Zitzke") who are all Executive Directors of AccTech, whilst Swanepoel and TE Zitzke are Executive Directors of Dynamics.

OTHER FINANCIAL ASSET

- J Botha borrowed an amount of $94 744 from SET as at 30 June 2019.

OPERATING LEASE EXPENDITURE

- Double Peak Properties 41 (Pty) Ltd (A company related to TE Zitzke and Swanepoel) $114 087.
- SETEC Software (Pty) Ltd (A company related to Botha) $14 097.

13. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

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

14. GOING CONCERN

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

15. LITIGATION

As at 30 June 2019 there was litigation pending against the Company or its subsidiaries, the Group has the following ongoing litigation matters:

- The Group has a legal dispute with one of its former Non-Executive Directors, who previously served as a Director and contractor with various companies within the Group.
- The Group has a legal dispute with one of its former Executive Director. The Group has impaired its investment in VLS which was acquired as a related party from the former Executive Director.
- The Group has commenced arbitration proceedings against a customer in order to enforce payment in terms of a contract for licenses. An expected credit loss has been provided for against this customer.

16. VISUALITICS (PTY) LTD AND ITS SUBSIDIARIES

The financial results for the six months period ended 30 June 2019 includes those related to Visualitics (Pty) Ltd and its subsidiaries, as detailed below.

Components included in the reviewed consolidated financial results	**Balance as at 30 June 2019**
Property plant and equipment	89 427
Deferred tax asset	48 613
Inventory	12 443
Trade and other receivables	59 805
Cash and cash equivalents	7 937
Trade and other payables	(180 223)
Carrying Value	**38 002**

Property plant and equipment consist of computer equipment, office equipment and furniture and fittings. Deferred tax assessed is as a result of the assessed loss in the prior periods. Figures are included the Platform.

17. CONTINGENT LIABILITIES

At the financial year end the Group had the following contingent liabilities:

- The Group received two claims to the value of $1 292 247 from the previous shareholders of BluESP (Pty) Ltd and BluESP Holdings (Pty) Ltd. The Group is disputing the claims. Based on legal advice, management believes that the defence against the action will be successful.
- The Group received a claim to the value of $253 333 in relation to pre-acquisition profits from the previous majority shareholder of SET. Management believes that the defence against the action will be successful.

18. OUTLOOK

With many of our customers ensuring that digital transformation is an organisation-wide imperative, we continue to benefit due to our unique digital transformation approach. By taking our customers on a journey from hindsight to insight and finally 4Sight, we are accelerating our customers own initiatives to future-proof their businesses.

This is accelerated by our continuous push to drive synergies across our subsidiaries and to provide industry leading solutions that address the convergence of operational and information technologies. Over the short term, we will continue to focus on organic growth; growing the skills of our most important resource, our people; and leveraging the expertise of our partners.

Still being a 'young' business, having just listed in 2017; we acknowledge that there will always be challenges. However, these challenges present opportunities. We are taking advantage of the current landscape and identify collaboration within the Group to enable our Digital transformation initiatives with our partners.

19. BOARD OF DIRECTORS

At the end of the period under review, the board comprised the following board members:

Director	Date of appointment	Date of departure
Mr Vincent Raseroka (Chief Executive Officer)	1-Jan-19	28-Oct-2019
Mr Jacques Hattingh (Financial Director)	28-Jun-17	14-Jun-19
Mr Gary Lauryssen (Group Executive – Mergers and Acquisitions)	28-Jun-17	29-Oct-2019
Mr Tinus Neethling (Executive Director)	28-Jun-17	29-Oct-2019
Mr Jason du Plessis (Financial Director)	1-Jul-19	29-Oct-2019

Dr Rama Sithanen (Independent Chairman)	24-Aug-17	8-Oct-2019
Mrs Selvida Naiken (Independent Non-Executive Director)	11-Dec-18	22-Oct-2019
Mr Geoffrey Carter (Independent Non-Executive Director)	24-Aug-17	7-Oct-2019
Mr Tertius Zitzke (Chief Executive Officer)	29-Oct-2019	-
Mr Eric van der Merwe (Financial Director)	29-Oct-2019	-
Mr Christopher Crowe (Independent Non-Executive Director)	29-Oct-2019	-
Mrs Marichen Mortimer (Independent Non-Executive Director)	29-Oct-2019	-
Mr Andrew Murgatroyd (Independent Non-Executive Director)	29-Oct-2019	-
Mr Johan Nel (Independent Non-Executive Director) Mr Herman Singh (Independent Non-Executive Director)	29-Oct-2019 29-Oct-2019	-
Mr Kamil Patel (Independent Non-Executive Director)	27-Nov-2019	-

20. DIVIDEND

The Board has agreed a formal dividend pay-out policy of at least 6.6 times cover, being at least 15% of headline earnings of the consolidated group of companies, unless the Board is of the opinion that a lower dividend is to be declared because of the necessity to apply the Group's cash resources to any planned acquisitions or that it is in the interest of the Group to build up cash reserves for foreseeable unfavourable market or economic conditions.

No dividend has been declared for the interim period ended 30 June 2019.

21. APPRECIATION

Across our business, our priorities remain our people, partners and the solutions we deliver to our customers. The success and overall growth we experience is achieved through combined team efforts both internally and externally with our OEM vendors and customers (collectively our partners). I would like to thank our partners for the continued faith you have shown in us in the first half of 2019.

Lastly, and most importantly, to all our people, from our subsidiaries through to the executive management team at 4Sight Holdings, thank you for all the support you have provided our business so far this year. Everyone continues to show the passion that allows us to achieve our success, growth and development across our business.

For and on behalf of the Board

13 December 2019

Chief Executive Officer
Tertius Zitzke

Chief Financial Officer
Eric van der Merwe

Executive Directors
Mr Tertius Zitzke (Chief Executive Officer)
Mr Eric van der Merwe (Chief Financial Officer)

Independent Non-executive directors
Mr Christopher Crowe
Mrs Marichen Mortimer
Mr Andrew Murgatroyd
Mr Johan Nel
Mr Kamil Patel
Mr Herman Singh

Company Secretary and Registered Office
Amicorp (Mauritius) Limited
NexTeracom Building Cybercity, Ebène, Mauritius

Designated Advisor
Arbor Capital Sponsors Proprietary Limited
20 Stirrup Lane, Woodmead Office Park, Corner Woodmead Drive & Van Reenens Avenue, Woodmead

Transfer Secretaries
Link Market Services South Africa Proprietary Limited
13th Floor, 19 Ameshoff Street
Braamfontein, 2021

WEBSITE
http://www.4sightholdings.com