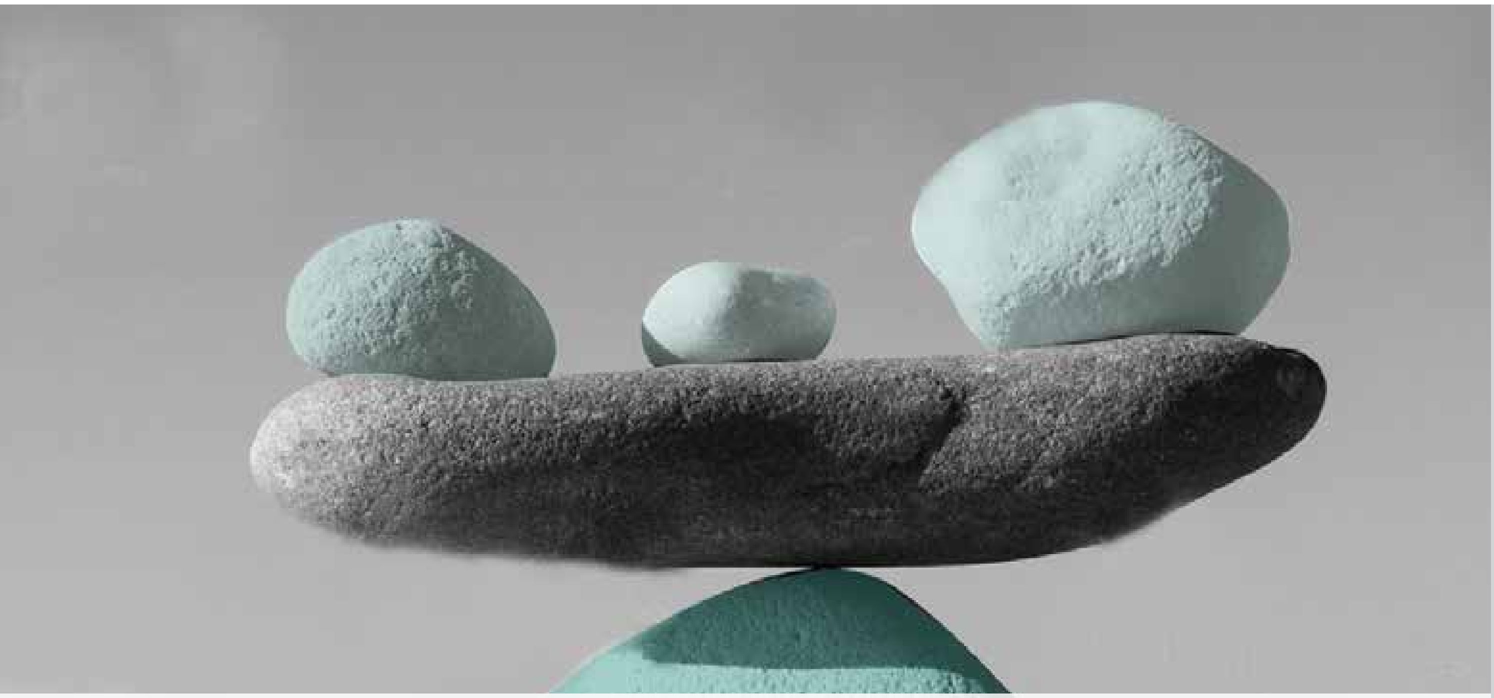
alviva
HOLDINGS

Technology. Delivered.



REVENUE	AT **R14 billion**	UP 6%
ATTRIBUTABLE PROFIT	AT **R422 million**	UP 4%
HEPS	AT **273,2 cents**	UP 12%
CORE EPS	AT **302,2 cents**	UP 18%
DIVIDEND DECLARED	OF **27 cents**	UP 8%
CASH GENERATED	OF **R1 billion**	

PRELIMINARY REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS

FOR THE YEAR ENDED 30 JUNE 2018

and final cash dividend

GROUP STRUCTURE

alviva HOLDINGS

ICT DISTRIBUTION

The ICT Distribution segment imports ICT hardware and software and distributes it into the sub-Saharan African markets via reseller channels and national retail chains.

- Axiz
- OBSCURE
- pinnacle
- vH FIBRE OPTICS

FINANCIAL SERVICES

The Financial Services segment offers asset-based finance to customers to enable them to pursue growth opportunities in the technological landscape.

- centrafin – RAPID | RELIABLE | RESPONSIVE

GROUP CENTRAL SERVICES

Group Central Services provides strategic direction and shared services to the Group.

- GROUP ADMINISTRATION
- GROUP TREASURY
- GROUP IT

SERVICES AND SOLUTIONS

The Services and Solutions segment offers systems integration and ICT solutions, including cyber security, in South Africa as well as undertakes projects in the renewable energy sphere.

- datacentrix
- DG digital generation
- SINTREX
- Solareff

The grouping and classification of the entities in the Group structure is based on the reportable operating segments of the Group and not a representation of the various investments held in the disclosed entities.

COMMENTARY

INTRODUCTION

The Board of Directors of Alviva is pleased to present the preliminary reviewed condensed consolidated financial results for the year ended 30 June 2018.

OVERVIEW

Alviva produced a satisfactory performance for the year in spite of the market and economic conditions that were, and remain, prevalent. As we had cautioned in the interim reporting, the tougher trading conditions continued into the second half.

Notwithstanding, the Group has delivered reasonable returns to shareholders. The results are predominantly attributable to the performance of the ICT Distribution segment and Alviva's recent investments, mainly the acquisition of the balance of Datacentrix Holdings Limited ("Datacentrix") in February 2017 along with the investment into Alviva's share repurchase programme.

The Group is well diversified and most divisions performed well, showing encouraging growth throughout the year with the exception of our three infrastructure businesses namely: Datanet, Infrasol and Solareff.

Further acquisitions have been finalised during the year, as detailed below, and these will start to contribute more meaningfully in the ensuing reporting periods.

FINANCIAL RESULTS

Income statement

Revenue for the year increased by 6% to R13,6 billion (2017: R12,8 billion), largely attributable to the additional revenue from growth in the ICT Distribution segment and acquired companies.

The Group performed reasonably well in all areas, except for the businesses exposed to what we refer to as infrastructure businesses namely our manufacturing, cabling, contractual cabling and infrastructure work, and solar photovoltaic installations. The combined effect of the performance of these businesses was a reduction in net profit before tax of approximately R127 million from the previous year. Additionally, expenses, although well controlled, increased at a greater rate than revenue due to our diversification strategy and investment into certain key areas of the business from which future growth is expected. This left the Group's EBITDA marginally down at R820 million (2017: R824 million). Amortisation charges related to intangible assets recognised on business combinations increased by R34 million.

The average weighted number of shares, from which earnings per share and headline earnings per share are derived, at the end of June 2018 was 154 million shares (2017: 166 million). This has been due to share repurchases and treasury shares purchases for the Group's share incentive scheme.

Earnings per share increased by 12% to 273,5 cents per share (2017: 244,2 cents per share) and headline earnings per share were up by the same percentage to 273,2 cents per share (2017: 243,9 cents per share).

Statement of financial position

Intangible assets and goodwill, which includes the intangibles related to the business combinations, amounted to R847 million (2017: R463 million). Intangible assets and goodwill acquired in the business combinations for the financial year amounted to R439 million. Apart from the annual amortisation, there were no further impairments recognised in profit or loss.

Working capital remains a key focus and continued to be well controlled throughout the Group during the year and ended on R789 million (2017: R933 million). This ensured that the Group had significant cash resources of R691 million (2017: R390 million) at its disposal. Interest-bearing liabilities principally comprise the asset-backed senior loan from Nedbank on the Centrafin receivables of R436 million and preference share funding from Absa of R340 million.

Cash flow statement

Cash generated by operating activities for the year ended 30 June 2018 was a healthy R1,0 billion (2017: R1,3 billion).

The purchase consideration paid on business combinations during the year was R243 million and share repurchases (including treasury shares acquired in support of the Group's share incentive scheme) amounted to R254 million.

COMMENTARY (CONTINUED)

SEGMENT PERFORMANCE

ICT Distribution

The ICT Distribution segment increased revenue by 9% and EBITDA by 8%. The segment has traded well in a difficult market. Working capital was well managed throughout the year, resulting in reduced finance costs. Margins were improved due to the improved deal management, optimised product mix and more consistent inventory management.

Services and Solutions

The Services and Solutions segment increased revenue by 4% but EBITDA decreased by 13%. The segment experienced delayed projects and were unable to repeat some of the large projects executed in the prior year, even though the activity levels and quote registers have increased over the year. The effect of the infrastructure businesses of Infrasol and Solareff had a marked impact on its performance.

Financial Services

Centrafin (the Financial Services segment) increased revenue by 2% and EBITDA was marginally lower by 1%. The segment continued to manage its book very well in tougher market conditions. The recent brand refresh, combined with a move to new premises, had a short-term diminution in the returns of the entity, but Alviva remains confident that the business is being positioned for growth in the longer term.

CORPORATE ACTIVITY

Gridcars Proprietary Limited ("Gridcars")

On 31 August 2017, Alviva, through its 51%-held subsidiary Solareff Proprietary Limited, subscribed for shares in Gridcars to the value of R3 million, representing 75% of the total issued equity. Gridcars is a Pretoria-based developer of electric vehicle charge-point software management systems and supplier of charge points. Alviva believes that growing a network of charge points in South Africa will be the enabler of a carbon-free transport system. This acquisition forms part of the Group's renewable energy business strategy.

Sintrex Integration Services Proprietary Limited ("Sintrex")

Effective 31 October 2017, Alviva, through its subsidiary company DCT Holdings Proprietary Limited ("DCT"), entered into an agreement to acquire 51% of the shareholding in Sintrex for R102 million, and has an option to acquire a further 24% within a two-year period following the effective date of the transaction. Sintrex is an infrastructure management company, based in South Africa, providing end-to-end IT solutions and services. Sintrex develops IT products, services and solutions that, along with global partnerships, provide clients with the visibility and performance insight into IT infrastructure management, network management and monitoring solutions.

The Sintrex acquisition will not only add a specialised products and services offering, but also a higher margin business to the Group.

VH Fibre Optics Proprietary Limited ("VH Fibre")

Effective 30 November 2017, Alviva, through its subsidiary company DCT, acquired 100% of the equity of VH Fibre for a total purchase consideration of R110 million. VH Fibre specialises in supplying fibre-to-the-home and fibre-to-the-building passive network solutions to its customers and has the exclusive Prysmian Group distribution agreement for South Africa.

This acquisition will give the Group access to the fibre infrastructure business that it had not really addressed properly and will enhance the margin in these product sets.

Obscure Enterprises Proprietary Limited ("Obscure")

With effect from 1 February 2018 Alviva, through its subsidiary company DCT, acquired 72% of the equity of Obscure for a purchase consideration of R72 million based on future earnings. Obscure specialises in brokering best-of-breed security solutions to market, creating a channel for vendor and customers through its offering of information security products and concepts. The Obscure acquisition will enhance the cybersecurity product offering in Alviva's distribution cluster.

DG Store (SA) Proprietary Limited ("DG")

With effect from 1 March 2018 Alviva, through its subsidiary company Datacentrix Holdings Proprietary Limited, acquired 70% of the equity of DG for a purchase consideration of R118 million. DG is a leading provider of custom-made ICT business solutions, designed to unlock and maximise the full lifecycle value of ICT products, services and infrastructure for businesses in both the public and private sectors. Its world-class products and solutions range from the sourcing and supply of end-user equipment like mobile devices, laptops and desktop PCs to the provision and setup of high-end servers and networks, as well as comprehensive infrastructure design and implementation and full data centre solutions delivered on-premises, in the cloud or via hybrid systems. The DG acquisition will enhance the services offering to Alviva and adds to the Group's exposure to enterprise customers.

CHANGES TO THE BOARD

Resignation and appointment of new Chairperson

Following the resignation of Mr AJ Fourie, the Board announced that Mr A Tugendhaft, the then current Deputy Chairperson, had been appointed as the new Non-Executive Chairperson of Alviva. The appointment was effective 3 October 2017. Mr Tugendhaft has had a long-standing association with the Company, having served the Board in various capacities including non-executive director, Deputy Chairperson and member of the Remuneration Committee. The Board thanks Mr Fourie for his phenomenal contribution to the Group over the past twenty-five years and wishes him all of the best in his future endeavours. The succession planning process, that started two years ago, has therefore been successfully implemented.

Appointment of a Lead Independent Director

Following the annual general meeting held on 23 November 2017, Mr B Sibiya, the Lead Independent Director, opted not to stand for re-election as a director. Ms P Natesan (38) was appointed as an independent non-executive director and Lead Independent Director with effect from 6 December 2017. Ms Natesan was also appointed as a member of the Audit and Risk Committee and the Social and Ethics Committee.

Ms Natesan holds the following qualifications – BCom (Cum Laude), BCom (Honours), Chartered Accountant (SA). She joined the Institute of Directors in Southern Africa ("IoDSA") in 2010 as senior governance specialist and has served as an executive director of the IoDSA since September 2014. She serves on various committees and holds various memberships including: member of the South African Institute of Chartered Accountants, King Committee on Corporate Governance, King IV™ Task Team, the Institute of Directors in Southern Africa and the Institute of Directors UK.

SHARE REPURCHASES

At the AGM held on 25 November 2016, which authority was renewed at the AGM held on 23 November 2017, shareholders gave the Board general approval in terms of sections 46 and 48 of the Companies Act, by way of special resolution, to acquire shares in the Company. The Board exercised this authority and mandated the repurchase of issued ordinary shares of the Company, to a maximum of 32 993 583 shares. In the financial year, 11 020 717 ordinary shares have been repurchased and cancelled.

DIVIDEND

The Company's policy is to declare a dividend of 10% of HEPS (and since the introduction of Dividends Tax, a gross dividend of 10% of HEPS before deducting Dividends Tax). To this end, the Board has declared a final dividend of 27 cents (2017: 25 cents) per ordinary share for the financial year ended 30 June 2018.

Notice is hereby given that a final dividend of 27 cents per ordinary share for the year ended 30 June 2018 has been declared by the Board of Directors of the Company.

The salient dates applicable to the final dividend are as follows:

	Date
Last day of trade "cum" dividend	Tuesday, 13 November 2018
First day to trade "ex" dividend	Wednesday, 14 November 2018
Record date	Friday, 16 November 2018
Payment date	Monday, 19 November 2018

No share certificates may be dematerialised or rematerialised between Wednesday, 14 November 2018 and Friday, 16 November 2018, both days inclusive.

Dividends are to be paid out of distributable reserves. Dividends Tax of 20% will be withheld in terms of the Income Tax Act for those shareholders who are not exempt from dividend tax. In accordance with paragraphs 11.17(a)(i) to (ix) and 11.17(c) of the JSE Listings Requirements, the following additional information is disclosed:

- The gross local dividend amount is 27 cents per ordinary share for shareholders exempt from Dividends Tax;
- The net local dividend amount is 21,6 cents per ordinary share for shareholders liable to pay Dividends Tax;
- Alviva Holdings Limited has 157 217 917 ordinary shares in issue (which includes 11 285 000 treasury shares of which 4 785 000 are FSP shares); and
- Alviva Holdings Limited's income tax reference number is 9675/146/71/7.

Where applicable, payment in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on the payment date. In the absence of specific mandates, payment cheques will be posted to certificated shareholders at their risk on the payment date. Shareholders who have dematerialised their shares will have their accounts at their Central Securities Depository Participant or broker credited on the payment date.

PROSPECTS

The outlook for the year to 30 June 2019 remains uncertain with the South African economy facing significant challenges. As the Group is primarily exposed to this market, it is of concern to us.

Notwithstanding, we are confident that we will see a positive impact from the recent acquisitions and the diversification strategies implemented throughout the year in Centrafin and investments made into cybersecurity, outsourcing and managed services. The renewable energy outlook is more positive and the order book in this division has improved significantly. In addition, market demand is providing the Fibre division with good opportunities and is performing ahead of expectations.

The Group is well positioned to take advantage, with sufficient cash resources and facilities available, of any commercial opportunities that may arise locally or outside the borders of South Africa.

For and on behalf of the Board

A Tugendhaft
Chairperson

P Spies
Chief Executive Officer

5 September 2018
Midrand

CONDENSED CONSOLIDATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2018

	2018 Reviewed R'000	2017 Audited R'000
Revenue	13 628 916	12 811 498
Cost of sales	(11 219 810)	(10 538 710)
Gross profit	2 409 106	2 272 788
Operating expenses	(1 588 623)	(1 448 670)
Selling expenses	(95 923)	(103 738)
Employee benefit expenses	(1 273 532)	(1 156 831)
Administration expenses	(237 749)	(187 361)
Profit on disposal of property, plant and equipment	634	858
Gain on discounting of finance lease agreements	2 656	3 702
Gain/(loss) on foreign exchange	15 291	(5 300)
EBITDA *	820 483	824 118
Depreciation and amortisation	(130 354)	(90 594)
Operating profit before interest	690 129	733 524
Net finance costs	(121 257)	(107 037)
Investment income	39 909	39 453
Finance costs	(161 166)	(146 490)
Profit before tax	568 872	626 487
Income tax expense	(151 548)	(182 494)
Net profit for the year	417 324	443 993
– Owners of the Company	421 707	405 277
– Non-controlling interests	(4 383)	38 716
Other comprehensive income		
– Items that can be reclassified to profit or loss net of tax:	1 136	3 028
Exchange differences from translating foreign operations	1 684	758
Cash flow hedge	(548)	2 270
Total comprehensive income for the year	418 460	447 021
– Owners of the Company	422 843	408 305
– Non-controlling interests	(4 383)	38 716
Earnings per ordinary shares (cents)		
– Basic earnings per ordinary share	273,5	244,2
– Diluted basic earnings per ordinary share	269,4	243,5

** Earnings before interest, tax, depreciation and amortisation.*

CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION

as at 30 June 2018	2018 Reviewed R'000	2017 Audited R'000
ASSETS		
Non-current assets	1 554 618	1 079 064
Property, plant and equipment	120 697	104 661
Intangible assets and goodwill	847 153	462 703
Investment in equity-accounted investee	62 077	–
Finance lease receivables	449 930	434 581
Deferred tax	74 761	77 119
Current assets	4 271 704	3 670 358
Inventory (Note 6)	774 111	751 702
Derivative financial asset	–	3 287
Trade and other receivables	2 537 275	2 304 629
Finance lease receivables	230 508	210 972
Income tax receivable	38 352	10 008
Cash and cash equivalents	691 458	389 760
Total assets	5 826 322	4 749 422
EQUITY AND LIABILITIES		
Capital and reserves	2 227 404	2 020 223
Stated capital	1 584	43 359
Treasury shares	(129 090)	(98 492)
Other equity reserves	54 268	41 436
Cash flow hedge reserve	–	548
Retained earnings	2 211 329	2 010 921
Non-controlling interests	89 313	22 451
Non-current liabilities	943 016	585 642
Interest-bearing liabilities	749 636	510 145
Non-interest-bearing liabilities	98 635	–
Deferred revenue	11 327	39 320
Deferred tax	83 418	36 177
Current liabilities	2 655 902	2 143 557
Trade and other payables	2 364 929	1 974 752
Interest-bearing liabilities	42 019	5 572
Non-interest-bearing liabilities	68 850	–
Deferred revenue	157 235	148 818
Income tax payable	22 869	14 415
Total equity and liabilities	5 826 322	4 749 422

ADDITIONAL INFORMATION

Capital management		
Net asset value per share (cents)	1 453,6	1 251,2
Net tangible asset value per share (cents)	877,7	961,4
Working capital management		
Investment in working capital (R'000)	789 222	932 761
Liquidity and solvency		
Debt to equity (%)	37,0	25,8
Current ratio (excluding inventory in transit and work in progress)	1,64	1,74
Acid test (excluding inventory in transit and work in progress)	1,39	1,42

This information does not form part of the statement of financial position but is disclosed as additional information for the user.

CONDENSED CONSOLIDATED
STATEMENT OF CASH FLOWS

for the year ended 30 June 2018

	2018 Reviewed R'000	2017 Audited R'000
Profit before tax	568 872	626 487
Adjusted for:		
Investment income	(39 909)	(39 453)
Finance costs	161 166	146 490
Non-cash flow items	140 087	89 845
– Profit on disposal of fixed assets (included in EBITDA)	(634)	(858)
– Depreciation and amortisation	130 354	90 594
– Equity-based share-based payment expense	11 222	4 570
– Other non-cash flow items	(855)	(4 461)
Changes in working capital	218 884	436 434
Cash generated by operating activities	1 049 100	1 259 803
Net finance costs	(121 257)	(107 037)
Interest income received	39 909	39 453
Finance costs paid	(161 166)	(146 490)
Tax paid	(186 364)	(202 484)
	741 479	950 282
Cash flows from investing activities		
Property, plant and equipment acquired	(47 394)	(29 778)
Proceeds on disposals of property, plant and equipment	5 059	8 398
Acquisition of intangible assets	(26 447)	(9 044)
Advances of loans to equity-accounted investee	(62 077)	–
Acquisition of subsidiaries	(243 069)	–
Net investment in finance leases receivables	(34 111)	(58 870)
	(408 039)	(89 294)
Cash flows from financing activities		
Interest-bearing liabilities raised	235 619	150 000
Interest-bearing liabilities repaid	–	(4 007)
Repurchase of shares	(254 084)	(209 433)
Non-controlling interest acquired	–	(598 107)
Dividends paid to shareholders	(39 662)	(33 347)
	(58 127)	(694 894)
Increase in net cash, cash equivalents and overdrafts	275 313	166 094
Net cash acquired from business combinations	24 701	–
Net cash, cash equivalents at beginning of the year	389 760	222 908
Effects of exchange rate changes on the balance of cash held in foreign currencies	1 684	758
Net cash, cash equivalents at end of the year	691 458	389 760

CONDENSED CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018

	2018 Reviewed R'000	2017 Audited R'000
Opening balance	2 020 223	2 409 517
Ordinary shares repurchased and cancelled	(223 486)	(150 231)
Treasury shares purchased *	(30 598)	(59 201)
Net profit for the year	417 324	443 993
Other comprehensive income	1 136	3 028
– Foreign currency translation reserve movements	1 684	758
– Cash flow hedge reserve movements	(548)	2 270
Net movements in non-controlling interest **	71 245	(598 106)
Equity-accounted share-based payment reserve movements	11 222	4 570
Dividend paid	(39 662)	(33 347)
Closing balance	2 227 404	2 020 223
Attributable to:		
Owners of the Company	2 138 091	1 997 772
Non-controlling interests	89 313	22 451

** These transactions include ordinary shares purchased and not cancelled to service the forfeitable share plan.*

*** Excluding net profit attributable to non-controlling interests.*

SEGMENT ANALYSIS

for the year ended 30 June 2018

	2018 Reviewed R'000	2017 Audited R'000
Revenue		
ICT Distribution	10 440 627	9 537 040
Services and Solutions	3 685 842	3 539 563
Financial Services	175 315	172 237
Less: Intra-segmental revenue	(672 868)	(437 342)
	13 628 916	12 811 498
EBITDA *		
ICT Distribution	458 509	422 636
Services and Solutions	235 673	271 979
Financial Services	115 926	116 831
Group Central Services	10 375	12 672
	820 483	824 118
Reconciliation of profit		
Segment EBITDA	820 483	824 118
Depreciation and amortisation	(130 354)	(90 594)
Net finance costs	(121 257)	(107 037)
Profit before tax	568 872	626 487
Net operating assets		
ICT Distribution	1 144 079	1 019 142
Services and Solutions	611 195	499 213
Financial Services	193 429	197 254
Group Central Services	278 701	304 614
	2 227 404	2 020 223

** Earnings before interest, tax, depreciation and amortisation.*

The segments of the entity are based on the information reported to the chief operating descision maker (CEO) and has not changed from the prior reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

for the year ended 30 June 2018

1. SALIENT FEATURES OF THE PRELIMINARY REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS

The preliminary reviewed condensed consolidated financial statements comprise the condensed consolidated statement of financial position at 30 June 2018, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows and notes for the year then ended. When reference is made to the "Group" in the accounting policies, it should be interpreted as referring to the Company, where the context requires, unless otherwise noted.

Responsibility for annual results

The Board takes full responsibility for the preparation of this preliminary report.

Basis of preparation and statement of compliance

The preliminary reviewed condensed consolidated financial statements for the year ended 30 June 2018 have been prepared in accordance with the Group's accounting policies under the supervision of the Group Financial Director, Richard Lyon CA, and complies with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), SAICA financial reporting guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements for preliminary reports of the JSE Limited, the requirements of the Companies Act of South Africa (Act 71 of 2008), as amended and to also as a minimum, contain all of the information required by IAS 34: Interim Financial Reporting.

The preliminary reviewed condensed consolidated financial statements of the Group are prepared as a going concern on a historical basis except for certain financial instruments, which are stated at fair value as applicable.

Accounting policies, estimates and judgements

The accounting policies, inclusive of reasonable judgements and assessments, applied in the preliminary reviewed condensed consolidated financial statements, are consistent with those applied in the preparation of the audited consolidated annual financial statements as at and for the year ended 30 June 2017. The accounting policies applied are consistent to the accounting policies applied in the consolidated annual financial statements for the Group and comply with IFRS.

The preparation of the consolidated annual financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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.

Presentation currency

The preliminary reviewed condensed consolidated financial statements are presented in South African Rands, the functional currency of the Group. All amounts are rounded to the nearest thousand, except where another rounding measure had been indicated in the condensed consolidated annual financial statements.

New standards and interpretations

All new standards and interpretations that came into effect during the year were assessed and adopted with no material impact to the preliminary reviewed condensed consolidated financial statements.

The Group embarked on an extensive review programme of the impact of the adoption of new standards and interpretations that become effective in the next reporting period.

1. SALIENT FEATURES OF THE PRELIMINARY REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS (continued)

IFRS 9: Financial Instruments

The majority of financial assets held by the Company include debt instruments namely trade and other receivables.

These debt instruments are currently classified as loans and receivables and are measured at amortised cost. Trade and other receivables continue to qualify for measurement at amortised cost under this standard because they are held to collect contractual cash flows comprising principal and interest and held within the same business model, therefore there is no change to the accounting for these assets. Accordingly, the Company does not expect the new guidance to affect the classification of these financial assets.

There will be no impact on the Group's accounting for financial liabilities. The new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss but the nature of the liabilities of the Group classified in this category, is not dependent on the credit rating of the Group but represents a loan commitment. The derecognition rules have been transferred from IAS 39: Financial Instruments: Recognition and Measurement and have not been changed.

Simplified impairment approach

The Group primarily holds trade and other receivables which qualify for the simplified impairment approach under this standard i.e. the recognition of lifetime expected credit losses, as none of these items exceed 12 months under normal trading conditions. The impact of the future recognition of impairment losses will not change materially, in future periods for the Group, in relation to trade and other receivables which qualifies for the simplified impairment approach.

Impairment matrix and forward-looking approach

The Group is currently in the process of assessing the impact of this standard using the provision matrix approach with reference to all financial instruments within the scope of the impairment assessment criteria of the new standard. The impact of the future recognition of impairment losses will not change materially in future periods as the Group's current impairment assessment includes forward-looking information, as required by the new standard, in the assessment models applied to all financial instruments.

IFRS 15: Revenue from Contracts with Customers

Management has extensively reviewed all revenue streams within the company. Due to the nature of the business, the timing of recognition is not expected to materially impact the revenue number for the reporting period commencing 1 July 2018.

This standard introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its revenue particularly in the year of the adoption of this standard. Disclosures shall include the disaggregation of revenue by key categories.

IFRS 16: Leases

The Group has completed a detailed assessment of the potential impact on its annual financial statements. The detailed assessment was performed adopting an interest rate implicit to the lease of 8,8% based on the incremental borrowing interest rate. Furthermore, the assessment is based on the active leases of the Group, the current lease amount (exclusive of any variable lease elements i.e. parking, cleaning and similar items) and the current assessment of the reasonable certainty in relation to the lease term.

The most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases of premises. As at 30 June 2018, the Group's discounted future minimum lease payments under non-cancellable operating leases will result in a right of use asset of R250,01 million with a corresponding lease liability of R250,01 million in the statement of financial position.

The lease assessment indicated a net liability position impact on the statement of financial position over the period of the lease until the expiry of the lease period.

Management assessed all the standards and interpretations and is of the opinion that none of these standards and interpretations will have a material impact on the results of the Group in future periods.

1. SALIENT FEATURES OF THE PRELIMINARY REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS (continued)

Comparative figures

Unless otherwise indicated, comparative figures refer to the 12 months ended 30 June 2017.

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated annual financial statements as at and for the year ended 30 June 2017.

Review conclusion

The condensed consolidated financial statements and this preliminary announcement have been reviewed by the Company's auditors, SizweNtsalubaGobodo Grant Thornton Incorporated. The review has been conducted in terms of International Standards on Review Engagements ISRE 2410: Review of Interim Financial Information performed by the Independent Auditor of the Entity. A copy of the unmodified review report is available for inspection at the Company's registered office.

This auditor's review report does not necessarily report on all the information contained 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 this auditor's review report together with the accompanying financial information from the Company's registered office.

Any reference to future financial performance included in this announcement has not been reviewed nor reported on by the Company's auditor.

2. FINANCIAL REVIEW

	2018 Reviewed	2017 Audited
Performance per ordinary share (cents)		
Basic and diluted earnings per ordinary share		
– Basic earnings per ordinary share	273,5	244,2
– Diluted basic earnings per ordinary share	269,4	243,5
Headline basic and headline diluted earnings per ordinary share		
– Headline earnings per ordinary share	273,2	243,9
– Diluted headline earnings per ordinary share	269,1	243,2
Core and diluted core earnings per ordinary share		
– Core earnings per ordinary share	302,2	256,3
– Diluted core earnings per ordinary share	297,7	255,6
Dividend cover	10,6	12,2
Returns (%)		
Gross profit	17,7	17,7
Operating expenses	(11,7)	(11,3)
EBITDA *	6,0	6,4
Operating profit before interest and tax	5,1	5,7
Effective tax rate	26,6	29,1
Attributable net profit	3,1	3,2
Return on equity	20,4	19,9

** Earnings before interest, taxation, depreciation and amortisation.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

for the year ended 30 June 2018

3. RECONCILIATION OF HEADLINE AND CORE EARNINGS

	2018 Reviewed R'000	2017 Audited R'000
Earnings attributable to ordinary shareholders	421 707	405 277
Profit on sale of property, plant and equipment net of tax	(456)	(618)
Profit on sale of property, plant and equipment	(634)	(858)
Less: Tax thereon	178	240
Headline earnings	421 251	404 659
Acquisition costs net of tax	2 869	2 598
Amortisation of intangible assets net of tax	41 910	17 997
Core earnings **	466 030	425 254
Number of ordinary shares in issue ('000)		
– Total number of shares in issue *	147 087	159 673
– Weighted average number of shares in issue *	154 192	165 944
– Weighted average number of shares in issue for purpose of dilution*	156 536	166 417

** Adjusted for treasury shares.*

*** Core earnings per ordinary share is considered a meaningful additional measure of evaluating the performance of the Group's operations. It is based on the headline earnings measure and adjusted to exclude the amortisation cost of intangible assets recognised in terms of business combinations and related business combination acquisition costs. This is not an IFRS measure.*

4. BUSINESS COMBINATIONS

GridCars Proprietary Limited ("Gridcars")

On 31 August 2017, the Group, through its 51%-held subsidiary Solareff Proprietary Limited, obtained control of Gridcars by acquiring a 75% interest in the issued stated capital and voting rights of the company.

Gridcars is a developer of electric vehicle charge-point software management systems and supplier of charge points. The operations of Gridcars are aligned to the renewable energy strategy adopted by the Group.

In the 10 months to the reporting date, Gridcars contributed revenue of R900 000 and a loss of R1,6 million to the Group's results. Due to Gridcars being a start-up company, the contributed revenue and profit would have remained unchanged if the acquisition had occurred at the beginning of the reporting period.

The total consideration was settled in cash by way of electronic transfer during August 2017.

The transaction meets the definition of a business combination as set out in IFRS 3: Business Combinations.

The fair value of the identifiable assets and liabilities included in the consolidated results of Alviva Holdings Limited on the date of acquisition, compared to the carrying amounts of the identifiable assets and liabilities recognised in the accounting records of the acquiree immediately before the acquisition, were as follow:

	Fair value recognised at acquisition date R'000	Previously recognised carrying amounts by acquiree R'000
Property, plant and equipment	1 211	1 211
Intangible assets: software	2 789	2 789
Total assets	4 000	4 000
Total liabilities	–	–
Identifiable net assets	4 000	4 000
Non-controlling interest	(1 000)	
Acquirer's interest	3 000	
Purchase consideration	3 000	
Goodwill on acquisition	–	

The fair values have been determined on a provisional basis. If any new information obtained within a year from the acquisition date about the facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date then the acquisition accounting will be revised.

The goodwill of this business combination will have no impact on the tax asset or liability of the acquirer or acquiree.

No contingent liabilities were recognised as a result of the business combination.

4. BUSINESS COMBINATIONS (continued)

Sintrex Integration Systems Proprietary Limited ("Sintrex")

On 31 October 2017, the Group, through its subsidiary DCT Holdings Proprietary Limited, obtained control of Sintrex by acquiring a 51,03% interest in the issued stated capital and voting rights of the company.

Sintrex is an infrastructure management company providing end-to-end IT solutions and related services.

In terms of the strategy adopted by the Group, the Board of Directors identified the solutions offering of Sintrex as a complementary service line offering to current and future customers as well as synergistic end-to-end solutions within the current spectrum of services of the Group.

In the eight months to the reporting date, Sintrex contributed revenue of R59,5 million and profit of R6,4 million to the group's results. If the acquisition had occurred at the beginning of the reporting period`, Sintrex would have contributed revenue of R88,1 million and a profit of R4,8 million to the Group's results.

The total consideration was settled in cash by way of electronic transfer during November 2017.

The transaction meets the definition of a business combination as set out in IFRS 3: Business Combinations.

The fair value of the identifiable assets and liabilities included in the consolidated results of Alviva Holdings Limited on the date of acquisition, compared to the carrying amounts of the identifiable assets and liabilities recognised in the accounting records of the acquiree immediately before the acquisition, were as follow:

	Fair value recognised at acquisition date R'000	Previously recognised carrying amounts by acquiree R'000
Property, plant and equipment	5 443	5 443
Intangible assets	87 531	1 395
Investments	774	774
Inventories on hand	74	74
Deferred tax	2 008	2 008
Trade and other receivables	9 273	9 273
Cash and cash equivalents	12 190	12 190
Total assets	117 293	31 157
Loan payable	(380)	(380)
Deferred tax on intangible assets: customer relationship	(24 429)	–
Trade and other payables	(9 821)	(9 821)
Current tax liabilities	(332)	(332)
Deferred tax	(2 708)	(2 708)
Total liabilities	(37 670)	(13 241)
Identifiable net assets	79 623	17 916
Non-controlling interest	(38 991)	
Acquirer's interest	40 632	
Purchase consideration	102 058	
Goodwill on acquisition	61 426	
Cash flow information		
Cash and cash equivalents acquired	12 190	

4. BUSINESS COMBINATIONS (continued)

The total intangible assets acquired are classified as customer relationships due to the fact that the Sinteligent system, although being separately identifiable, has no reliable determinable fair value. The customised software is continuously updated to meet the requirements of specific customers which is indicative of a close relationship between the customer relationship intangible asset and the software. Due to the fact that no active market exists for the customised internally developed software, no reliable basis for the separate measurement of the components could be determined by management.

The fair values have been determined on a provisional basis. If any new information obtained within a year from the acquisition date about the facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date then the acquisition accounting will be revised.

The fair value of the trade and other receivables acquired represents the future contractual amounts receivable due to the fact that none of the trade and other receivables extends beyond the contract term. Management is of the opinion that all outstanding trade and other receivables are recoverable.

The non-controlling interest related to the business combination was measured at the proportionate share of the recognised amounts of the acquiree's net identifiable assets.

The goodwill of this business combination will have no impact on the tax asset or liability of the acquirer or acquiree.

No contingent liabilities were recognised as a result of the business combination.

DCT Holdings Proprietary Limited has a call option to purchase an additional 24,28% interest in the issued share capital of Sintrex. The intrinsic value of the call option was determined at 30 June 2018 in terms of a discounted cash flow model of which the following inputs were used:

- Discount rate: 13,20%
- Risk factor: 2%
- Growth rate: 5,37%
- Terminal growth rate: 6%.

The determined intrinsic value approximates the purchase consideration to be paid in terms of the option agreement.

VH Fibre Optics Proprietary Limited ("VH Fibre")

On 30 November 2017, the Group, through its subsidiary DCT Holdings Proprietary Limited, obtained control of VH Fibre by acquiring a 100% interest in the issued stated capital and voting rights of the company.

VH Fibre is an infrastructure management company providing end-to-end IT solutions and related services. In terms of the strategy adopted by the Group, the Board of Directors identified the solutions offering of VH Fibre as a complementary service line offering to current and future customers as well as synergistic end-to-end solutions within the current spectrum of services of the Group.

In the seven months to the reporting date, VH Fibre contributed revenue of R157,9 million and profit of R18,2 million to the Group's results. If the acquisition had occurred at the beginning of the reporting period, VH Fibre would have contributed revenue of R256,8 million and profit of R27 million to the Group's results.

R46 million of the total consideration was settled in cash by way of electronic transfer in December 2017, with the remaining consideration payable over the next two years based on the audited results of the company for the 2018 and 2019 reporting periods. The consideration due has been recorded as a loan payable. The portion of the contingent consideration based on the 2018 financial results will be settled within the next 12 months and the portion relating to the 2019 financial results will be settled during the 2020 financial period. These amounts have been recognised as a current and non-current liability, respectively, in the statement of financial position.

The transaction meets the definition of a business combination as set out in IFRS 3: Business Combinations.

4. BUSINESS COMBINATIONS (continued)

The fair value of the identifiable assets and liabilities included in the consolidated results of Alviva Holdings Limited on the date of acquisition, compared to the carrying amounts of the identifiable assets and liabilities recognised in the accounting records of the acquiree immediately before the acquisition, were as follow:

	Fair value recognised at acquisition date R'000	Previously recognised carrying amounts by acquiree R'000
Property, plant and equipment	3 305	3 305
Intangible assets	44 535	–
Deferred tax	130	130
Trade and other receivables	46 053	46 053
Inventory	20 836	20 836
Cash and cash equivalents	14	14
Total assets	114 873	70 338
Other financial liabilities	(5 649)	(5 649)
Deferred tax on intangible assets: customer relationship	(12 470)	–
Trade and other payables	(29 758)	(29 758)
Bank overdraft	(2 202)	(2 202)
Current tax	(3 635)	(3 635)
Total liabilities	(53 714)	(41 244)
Identifiable net assets	61 159	29 094
Non-controlling interest	–	
Acquirer's interest	61 159	
Purchase consideration	110 000	
Goodwill on acquisition	48 841	
Cash flow information		
Cash and cash equivalents acquired	(2 189)	

The fair values have been determined on a provisional basis. If any new information obtained within a year from the acquisition date about the facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date then the acquisition accounting will be revised.

The fair value of the trade and other receivables acquired represents the future contractual amounts receivable due to the fact that none of the trade and other receivables extends beyond the contract term. Management is of the opinion that all outstanding trade and other receivables are recoverable.

The goodwill of this business combination will have no impact on the tax asset or liability of the acquirer or acquiree.

No contingent liabilities were recognised as a result of the business combination.

4. BUSINESS COMBINATIONS (continued)

Obscure Enterprises Proprietary Limited ("Obscure")

With effect from 1 February 2018, the Group, through its subsidiary DCT Holdings Proprietary Limited, obtained control of Obscure by acquiring a 72% interest in the issued stated capital and voting rights of the company.

Obscure serves as a valued channel for vendors and customers through the promotion and distribution of information security products. In terms of the strategy adopted by the Group, the Board of Directors identified the solutions offering of Obscure as a complementary distribution line offering to current and future customers as well as synergistic end-to-end solutions within the current spectrum of services of the Group.

In the five months to the reporting date, Obscure contributed revenue of R73,5 million and profit of R500 000 to the Group's results. If the acquisition had occurred at the beginning of the reporting period, Obscure would have contributed revenue of R138 million and profit of R1,1 million to the Group's results.

The purchase price is capped at R72 million and, due to Obscure still being in its infancy stages, it is payable in three tranches, based on the company's audited results for the years ending from 2019 to 2022. The consideration due has been recorded as a non-current loan payable and has been valued at fair value.

The transaction meets the definition of a business combination as set out in IFRS 3: Business Combinations.

The fair value of the identifiable assets and liabilities included in the consolidated results of Alviva Holdings Limited on the date of acquisition, compared to the carrying amounts of the identifiable assets and liabilities recognised in the accounting records of the acquiree immediately before the acquisition, were as follow:

	Fair value recognised at acquisition date R'000	Previously recognised carrying amounts by acquiree R'000
Property, plant and equipment	**1 175**	1 175
Intangible assets: customer relationship	**42 302**	–
Trade and other receivables	**9 978**	9 978
Inventory	**142**	142
Other financial assets	**403**	403
Cash and cash equivalents	**311**	311
Total assets	**54 311**	12 008
Deferred tax on intangible assets: customer relationship	**(11 845)**	–
Other financial liabilities	**(4 906)**	(4 906)
Trade and other payables	**(7 560)**	(7 560)
Bank overdraft	**(589)**	(589)
Total liabilities	**(24 900)**	(13 055)
Identifiable net assets	**29 411**	(1 047)
Non-controlling interest	**(8 235)**	
Acquirer's interest	**21 176**	
Purchase consideration	**60 872**	
Goodwill on acquisition	**39 696**	
Cash flow information		
Cash and cash equivalents acquired	**(278)**	

4. BUSINESS COMBINATIONS (continued)

The fair values have been determined on a provisional basis. If any new information obtained within a year from the acquisition date about the facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date then the acquisition accounting will be revised.

The fair value of the trade and other receivables acquired represents the future contractual amounts receivable due to the fact that none of the trade and other receivables extends beyond the contract term. Management is of the opinion that all outstanding trade and other receivables are recoverable.

The non-controlling interest related to the business combination was measured at the proportionate share of the recognised amounts of the acquiree's net identifiable assets.

The goodwill of this business combination will have no impact on the tax asset or liability of the acquirer or acquiree.

No contingent liabilities were recognised as a result of the business combination.

DG Stores (SA) Proprietary Limited ("DG")

With effect from 1 March 2018, the Group, through its subsidiary Datacentrix Holdings Proprietary Limited, obtained control of DG by acquiring a 70% interest in the issued stated capital and voting rights of the company.

DG is a provider of custom-made and highly specified ICT equipment and business models, according to specific customer requirements. The company sells and distributes to major players within the financial services provider industry, such as major banks, as well as major retailers, the telecoms industry, South African municipalities and government institutions. In terms of the strategy adopted by the Group, the Board of Directors identified the solutions offering of DG as a complementary service line offering to current and future customers as well as synergistic end-to-end solutions within the current spectrum of services of the Group.

In the four months to the reporting date, DG contributed revenue of R326 million and profit of R6,6 million to the Group's results. If the acquisition had occurred at the beginning of the reporting period, DG would have contributed revenue of R893,7 million and profit of R14,2 million to the Group's results.

The total purchase consideration amounted to R117,9 million. R92,4 million was settled in cash via electronic transfer in March 2018, and the balance of R25,5 million will be settled during the 2019 reporting period. The consideration due has been recognised as a current loan in the statement of financial position.

The transaction meets the definition of a business combination as set out in IFRS 3: Business Combinations.

4. BUSINESS COMBINATIONS (continued)

The fair value of the identifiable assets and liabilities included in the consolidated results of Alviva Holdings Limited on the date of acquisition, compared to the carrying amounts of the identifiable assets and liabilities recognised in the accounting records of the acquiree immediately before the acquisition, were as follow:

	Fair value recognised at acquisition date R'000	Previously recognised carrying amounts by acquiree R'000
Property, plant and equipment	7 995	7 995
Intangible assets: customer relationship	49 163	–
Tax receivable	58	58
Trade and other receivables	118 079	120 189
Inventory	23 285	23 285
Cash and cash equivalents	14 978	14 978
Total assets	213 558	166 505
Other financial liabilities	(13 700)	(13 700)
Deferred tax	(237)	(237)
Deferred tax on intangible assets: customer relationship	(13 766)	–
Trade and other payables	(107 474)	(107 474)
Dividend withholding taxation	(4 000)	(4 000)
Current tax	(847)	(847)
Total liabilities	(140 023)	(126 258)
Identifiable net assets	73 535	40 247
Non-controlling interest	(22 060)	
Acquirer's interest	51 474	
Purchase consideration	117 900	
Goodwill on acquisition	66 426	
Cash flow information		
Cash and cash equivalents acquired	14 978	

The fair values have been determined on a provisional basis. If any new information obtained within a year from the acquisition date about the facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date then the acquisition accounting will be revised.

The fair value of the trade and other receivables acquired represents the future contractual amounts receivable due to the fact that none of the trade and other receivables extends beyond the contract term. Management is of the opinion that all outstanding trade and other receivables are recoverable.

The non-controlling interest related to the business combination was measured at the proportionate share of the recognised amounts of the acquiree's net identifiable assets.

The goodwill of this business combination will have no impact on the tax asset or liability of the acquirer or acquiree.

No contingent liabilities were recognised as a result of the business combination.

5. ANALYSIS OF GOODWILL

	2018 Reviewed R'000	2017 Audited R'000
Opening balance	347 846	347 846
Business combinations	216 389	–
Impairments	–	–
Closing balance	564 235	347 846
Analysis of goodwill per business combination		
Sintrex	61 426	–
VH Fibre	48 841	–
Obscure	39 696	–
DG Store	66 426	–
	216 389	–

6. INVENTORY ANALYSIS

	2018 Reviewed R'000	2017 Audited R'000
Inventory on hand	635 285	669 125
Inventory in transit	112 729	58 119
Work in progress	26 097	24 458
	774 111	751 702

7. FAIR VALUE ESTIMATION

Financial instruments measured in the statement of financial position at fair value require disclosure. The following is the fair value measurement hierarchy:

Level 1 – fair value is determined from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value is determined through the use of valuation techniques based on observable inputs, either directly or indirectly.

Level 3 – fair value is determined through the unobservable inputs for the asset or liability.

The following table presents the Group's assets and liabilities that are measured at fair value:

	Level	2018 Reviewed R'000	2017 Audited R'000
Financial assets:			
Derivative financial asset	2	–	3 287
Financial liabilities:			
Contingent consideration *	3	161 889	–

** The contingent consideration is classified as part of the non-interest-bearing liabilities in the statement of financial position.*

The fair value of financial instruments traded in active markets is based on quoted market prices, which represent actual and regularly occurring market transactions between market participants at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker or industry group, pricing market transactions on an arm's length basis, while transactions occur regularly.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. The fair value of the contingent consideration was determined at the reporting date in terms of the discounted cash flow method. The inputs into the model included the expected cash flows in terms of the performance conditions of the acquirees, based on internally prepared budget and forecasted estimates, discounted at a rate of 8,8%, which represents the intrinsic borrowing rate of the treasury function of the Group. Based on the expected timing of the cash flows related to the contingent consideration and the respective acquisition dates of the respective entities, the fair value at the reporting date approximates the contingent consideration recognised on the acquisition dates of the business combinations.

For all other financial assets and liabilities, the carrying value approximates the fair value.

There were no other financial instruments measured at fair value that were individually material at the end of the current reporting period.

8. EVENTS AFTER THE REPORTING DATE

Specific Repurchase Tranche 2

Shareholders are referred to the announcement released on SENS on 29 August 2018 relating to the specific repurchase of treasury shares ("the Tranche 2 Shares") by Alviva from Alviva Treasury Services Proprietary Limited ("Alviva Treasury Services"), to be implemented in terms of the JSE Listings Requirements and sections 48(8)(b), 114 and 115 of the Companies act and the subsequent delisting of the Tranche 2 Shares from the JSE and the cancellation thereof.

8. EVENTS AFTER THE REPORTING DATE (continued)

The impact of the Specific Repurchase Tranche 2 on the issued share capital of the Company is that the ordinary shares in issue will be reduced by 6 500 000 to 150 717 917. The Company's share capital account will be reduced by R65 000,00, being the 6 500 000 ordinary shares with a par value of 1 (one) cent per ordinary share. The Company's reserves will be reduced by the difference between the purchase price and the par value of the ordinary shares, being 1 (one) cent per ordinary share, as the Company will elect to make payment of the Specific Repurchase Tranche 2 considerations out of distributable reserves, which will constitute a "dividend" as per the Income Tax Act no 58 of 1962.

The Specific Repurchase Tranche 2 consideration will be paid, in full, in accordance with the terms of the Specific Repurchase Tranche 2 without regard to any lien, right of set-off, counterclaim or other analogous right to which Alviva may otherwise be, or claim to be, entitled against any Alviva Treasury Services.

The Board resolved to repurchase, delist and cancel the specific repurchase shares in order to:

- simplify the Group structure;
- eliminate accounting and regulatory complexities arising from treasury shares in general; and
- save additional costs of administration.

The circular, containing full details of the Specific Repurchase Tranche 2, as well as the salient dates and times of the AGM, will be incorporated in the 2018 integrated annual report. The notice of AGM, to form part of the 2018 integrated annual report, will include a special resolution relating to the Specific Repurchase Tranche 2 and will be posted to shareholders on or about Friday, 28 September 2018.

General repurchase of shares

Subsequent to the year-end, the Company repurchased and cancelled an additional 1 153 937 shares under the authority granted by shareholders at the AGM on 23 November 2017.

Forfeitable Share Plan ("FSP 3")

FSP 3, along with its participants and share allocation, was approved by the Board of Directors on 12 June 2018. A total of 1 610 000 shares were allocated to FSP 3 and all participants accepted the shares granted to them. FSP 3 became effective after the end of the reporting period.

Acquisition of Tricon Services

Alviva has completed the acquisition of the Services Division of Tri Continental Limited ("Tri Continental") on 3 September 2018 for a cash consideration of approximately R70 million. Tri Continental is an IT-based company in London and has operated in the African market for over 30 years. Alviva has been granted the right to use the naming rights to "Tricon Services" and it will operate as a division within the Group.

Tricon Services has developed a services operation, with a resource complement of 200 multi-disciplined certified IT resources, that spans 37 countries in Central, East and West Africa (CEWA) and Southern Africa. It services an extensive network of IT partners, customers and integrators through its long-term relationship with a number of major international IT vendors and suppliers.

The transaction meets the definition of a business combination as set out in IFRS 3: Business Combinations.

Management is in the process of finalising the acquisition method of recognition in terms of the business combination as the transaction still falls within the allowable measurement period as permitted by IFRS 3: Business Combinations.

5 September 2018
Midrand

alviva
HOLDINGS

ALVIVA HOLDINGS LIMITED

(incorporated in the Republic of South Africa)
Registration number: 1986/000334/06
ISIN: ZAE000227484
Share code: AVV
"Alviva" or "the Group" or "the Company"

Directors:

A Tugendhaft * (Chairman), P Spies (Chief Executive Officer), SH Chaba *^, RD Lyon (Chief Financial Officer), N Medupe *^, P Natesan *^ (Lead Independent Director)

** Non-executive ^ Independent*

Registered Office:

The Summit, 269 16th Road, Randjespark, Midrand, 1685

Preparer of results: RD Lyon CA

Company Secretary: Ms SL Grobler CA(SA)

Transfer Secretaries:

Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Auditors:

SizweNtsalubaGobodo Grant Thornton Incorporated, Registered Auditors, Summit Place Office Park, Building 4, Garstfontein Road 221, Menlyn, 0081

Sponsor:

Deloitte & Touche Sponsor Services (Pty) Ltd, Building 8, Deloitte Place, The Woodlands, 20 Woodlands Drive, Woodmead, 2196

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