AYO Technology Solutions Limited

(Incorporated in the Republic of South Africa)
Registration number 1996/014461/06
JSE share code: AYO
ISIN ZAE000252441
("AYO" or the "Group" or the "Company")

SUMMARISED REVIEWED CONSOLIDATED ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED 31 AUGUST 2018

Financial highlights
- Revenue increased by 33% from R478m to R639m
- Profit before tax increased by 390% from R40m to R196m
- Earnings per share increased from 7.86 cents to 47.20 cents
- Total assets increased from R292m to R4 671m
- Net asset value increased from R67m to R4 469m
- Net cash generated from operating activities increased by 243% from R40m to R137m

Overview
AYO is a leading Broad-Based Black Economic Empowerment ("B-BBEE") information and communications technology ("ICT") company, servicing customers in Southern and Northern Africa, Europe and Mauritius.

AYO is fully compliant in terms of the new B-BBEE Act, 53 of 2002 as amended, ICT Sector Codes, and has exceeded the minimum ownership requirements of the new codes by having about 75% black ownership and more than 35% black female ownership. AYO's empowerment is one of many key competitive advantages and has positioned itself well for the acquisition of large multinational customers based locally in various sectors where the empowerment codes for procurement have been amended and have become significantly more onerous but advantageous for AYO. This was evidenced by the organic growth in revenues of 33% from R478 million to R639 million which includes the procurement of a major oil and gas multinational contract during the latter part of the year under review. The full benefit thereof will flow over future years.

AYO has a clear strategic roadmap, which includes building products and services both organically and through acquistions. The strategy is driven by the "Go to Market" strategy focusing on offering customers platforms via on premises, hybrid and cloud based models (AYO Platforms) as well as innovative digital offerings (AYO Digital). These offerings are then presented to market verticals via AYO industry. The organic build up and acquistions strategy has been enabled through the capital raised during its listing in December 2017, with AYO holding signficant growth capital planned for the deployment of its strategy in future. Since listing, AYO has shown progress in delivering on the strategy presented in its Pre-listing Statement ("PLS").
While certain key projects and transactions are still being finalised, numerous processes and timelines have been delayed and the variance in the results compared to the forecasted profits are mainly attributable to the following:

- a contract with a multi-national company was scheduled to commence earlier in the reporting period which was delayed and only commenced in the latter part of the financial year. The contract has gone well since commencement;

- preparation work for the implementation of the above contract whereby the Company incurred significant once-off contract costs;

- significant costs have been absorbed in the operating costs line which are as a result of further once off costs of the listing and capital raised; and

- acquisitions which were not concluded within the expected timelines however one of the planned acquisitions was subsequently announced on SENS on 11 September 2018. Zaloserve Proprietary Limited ("Zaloserve"), being the acquire, has revenues in excess of R1 billion, generates positive cash from operations of R75 million and an EBITDA of R70 million.

Extensive market engagement and a positive reception to AYO's strategy by customers and acquisition targets have now seen continued growth in customers and the target pipeline which is expected to come to fruition during the 2019 financial year.

One of AYO's major competitive advantages is that it has no legacy business or overhead structures preventing it from building a market-leading digital capability for its customers, thereby creating broad-based stakeholder value.

Reporting entity
The summarised consolidated annual financial statements for the year ended 31 August 2018 comprises of AYO and its subsidiaries. The comparative results reflect the 12 months ended 31 August 2017, which were prior to the listing on the JSE.

As a result of the listing, the ordinary issued share capital increased from 244 342 539 to 344 125 194 ordinary shares.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Reviewed 31 August 2018	Audited 31 August 2017
Assets			
Non-Current Assets		72,782	78,401
Property, plant and equipment		7,170	7,118
Goodwill	1	35,248	43,411
Intangible assets	2	17,742	12,506
Investments in joint ventures		33	33
Financial assets	4	8,879	5,299
Deferred tax		3,710	10,034
Current Assets		4,598,350	214,010
Inventories		12,378	9,702
Trade and other receivables	3	183,222	110,428
Financial assets	4	93,391	19,266
Current tax receivable		661	384
Cash and cash equivalents		4,308,698	74,229
Total Assets		4,671,132	292,411
Equity and Liabilities			
Equity			
Equity Attributable to Equity Holders of Parent			
Share capital	5	4,444,409	184,129
Reserves		11,777	(4)
Accumulated loss		(7,502)	(151,787)
		4,448,684	32,338
Non-controlling interest		20,294	34,752
		4,468,978	67,090
Liabilities			
Non-Current Liabilities		575	83,196
Financial liabilities		-	80,647
Finance lease liabilities		575	2,549
Non-current liabilities of disposal		-	-
Current Liabilities		201,578	141,765
Trade and other payables	6	132,927	108,502
Financial liabilities	7	6,133	5,761
Finance lease liabilities		389	259
Operating lease liability		47	305
Deferred income		-	2,981
Current tax payable		41,636	8,372
Provisions		15,390	12,473
Bank overdraft		5,056	3,109
Liabilities of disposal groups		-	360
Total Liabilities		202,154	225,321
Total Equity and Liabilities		4,671,132	292,411
Net asset value per share (cents)		1,292.75	15.23
Net tangible asset value per share (cents)		1,277.35	(11.10)
Number of shares in issue		344,125,194	212,382,539

SUMMARISED CONSOLIDATED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Notes	Reviewed 31 August 2018 R'000	Audited 31 August 2017 R'000
Revenue	8	638,893	478,663
Cost of sales		(440,935)	(319,921)
Gross profit		197,958	158,742
Other income		3,292	5,493
Other operating (losses)/gains		(7,321)	7,780
Operating expenses		(195,297)	(125,263)
Equity-settled share-based payment	9	(11,809)	-
Warranty expense	9	(4,239)	-
Goodwill impairment	9	(4,957)	-
Listing costs	9	(6,831)	-
Investment revenue		226,954	2,400
Finance costs		(1,754)	(8,804)
Loss from equity accounted investments		-	(679)
Profit before taxation		195,996	39,669
Taxation		(48,040)	(12,822)
Profit from continuing operations		147,956	26,847
Discontinued operations		-	-
Profit from discontinued operations		-	2,810
Profit for the year		147,956	29,658
Other comprehensive income for the year net of taxation - Exchange differences on translating foreign operations		(28)	(4)
Total comprehensive income for the year		147,928	29,653
Profit attributable to:			
Owners of the parent:			
From continuing operations		144,284	13,861
Profit from discontinued operations		-	2,810
		144,284	16,671
Profit attributable to:			
Owners of the parent		144,284	16,676
Non-controlling interest		3,671	12,982
Total comprehensive income attributable to:			
Owners of the parent		144,256	16,671
Non-controlling interest		3,671	12,982
Basic and diluted earnings per share (cents)		47.20	7.86
Headline earnings and diluted headline earnings per share (cents)		48.32	5.66
Weighted (and fully diluted) average number of ordinary shares in issue		305,700,253	212,078,657

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Total attributable to equity holders of the Group R'000	Non-controlling total equity interest R'000	Total equity R'000
Balance at 01 September 2016	(749)	17,852	17,103
Profit for the year	16,676	12,982	29,658
Other comprehensive income	(4)	-	(4)

Total comprehensive income for the year	16,672	12,982	29,654
Dividends	-	(5,985)	(5,985)
Share issue on acquisition of subsidiary	15,301	-	15,301
Acquisition of subsidiary with non-controlling interest	1,115	9,902	11,017
Total contributions by and distributions to owners of company recognised directly in equity	16,416	3,917	20,333
Balance at 01 September 2017	32,339	34,751	67,090
Profit for the year	144,285	3,671	147,956
Other comprehensive income	(28)	-	(28)
Total comprehensive income for the year	144,257	3,671	147,928
Issue of shares	4,338,594	-	4,338,594
Capitalised listing costs	(78,314)	-	(78,314)
Equity settled share-based payment	11,809	-	11,809
Dividends	-	(17,646)	(17,646)
Changes in ownership interest - disposal of subsidiary		(483)	(483)
Total contributions by and distributions to owners of company recognised directly in equity	4,272,089	(18,129)	4,253,960
Balance at 31 August 2018	4,448,685	20,293	4,468,978

SUMMARISED CONSOLIDATED GROUP STATEMENT OF CASH FLOWS

	Reviewed 31 August 2018 R'000	Audited 31 August 2017 R'000
Cash flows from operating activities		
Cash generated from operations	(58,931)	53,170
Finance income	215,243	2,579
Finance costs	(2,220)	(8,804)
Tax paid	(16,735)	(6,954)
Net cash from operating activities	137,357	39,991
Cash flows from investing activities		
Net purchase and sale of property, plant and equipment	(4,578)	(3,288)
Increase in internally generated intangible assets	(6,053)	(1,205)
Proceeds from sale of assets held for sale	827	-
Business combinations	-	(1,559)
Net cash outflow on disposal of subsidiary	(314)	
Proceeds from disposal of subsidiary	-	17,140
Proceeds from loans to group companies	3,029	10,483
Investment in financial assets	(79,560)	(13,611)
Proceeds on disposal of financial assets	15,728	-
Net cash from investing activities	(70,921)	(7,960)
Cash flows from financing activities		
Net proceeds on share issue	4,338,594	-
Transaction costs related to share issue	(78,314)	-
Repayment of loans from shareholder	(77,424)	-
Proceeds from shareholder	5,000	
Net proceeds from other financial liabilities	-	265
Purchase of other financial assets	-	3,256
Advance of staff loans	(108)	
Repayment of financial liabilities	(4,583)	-
Repayment of shareholders loan	1,950	(530)
Finance lease payments	(1,384)	(886)
Dividends paid	(17,646)	(5,985)
Net cash from financing activities	4,166,085	(10,392)
Total cash movement for the year	4,232,521	37,558
Cash at the beginning of the year	71,120	33,562
Total cash at end of the year	4,303,641	71,120

Group performance
The Group delivered satisfactory organic revenue and profit growth as a result of the strong contributions from all its underlying operations and investment activities for the year under review. Group revenue increased organically by 33% from R478m to R639m, compared to the prior year with all divisions starting to benefit from the Group's synergies, empowerment credentials and excellent management expertise as well as gaining significant clients in various sectors.

The Group incurred significant once-off cost for its expansion of operational activities and listing costs. Note 9 has a detailed breakdown of the costs.

Profit before tax for the period increased by 390% from R40m to R196m, as a result of organic revenue growth and investment income from the capital raised on listing.

Cash generated from operations decreased from R53m in 2017 to an outflow of R59m due to significant once off cost for its expansion of operational activities and listing costs. However net cash generated from operating activities increased by 243% from R40m to R137m.

Headline earnings per share ("HEPS") increased from 5.66 cents to 48.32 cents and earnings per share ("EPS") increased from 7.86 cents to 47.20 cents for the year under review.

The Group's asset base increased from R292m to R4 671m, which includes the capital raised from the listing.

Net asset value ("NAV") increased from R67m to R4 469m due to the capital raised from the listing and the asset growth of the underlying investments. The NAV per share increased from 15.23 cents to 1 292.75 cents.

As AYO embarked on the execution of its strategy, various costs increased to cater for the expected growth and the operational activities which commenced during the year under review.

Software, Consulting and Support
The software, consulting and support division, focused mainly on digital consulting engagements and transformation projects, with revenue increasing by 6% from R69m to R73m.

Head office
Revenue improved significantly due the investment holding company becoming operational in the latter part of the financial year.

Security Solutions
The security division focused on offering information technology security solutions to enterprises, with the key focus mainly on Identity and Access Governance Management. Revenue increased by 34% from R251m to R335m mainly due to new contracts based on improved and competitive BBBEE credentials.

Unified Communications
The unified communications division is a reseller of telecommunications and gaming equipment from globally recognised brands. Revenue increased by 12% from R67m to R76m as a result of better alignment and leverage with its principal supplier and customer requirements. This division incurred initial setup costs relating to the establishment of a Mauritian subsidiary which will be utilised to service the rest of Africa in the future.

Healthcare and support
The healthcare segment provides software and support in the health care industry having clients ranging from the private sector to government. Revenue increased from R91m to R101m as a result of the ever improving products offered by the division.

RECONCILIATION OF HEADLINE EARNINGS

	Reviewed 31 August 2018 R'000	Audited 31 August 2017 R'000
Earnings attributable to ordinary equity holders from continuing operations	144,285	13,861
Discontinued operations	-	2,810
Adjusted for:		
Loss/(profit) on sale of property and equipment	(9)	8
Loss/(profit) on disposal of discontinued operations	-	(4,670)
Profit on sale of associate	(1,073)	-
Loss/(profit) on disposal of subsidiary	1,429	-
Goodwill impairment	3,084	-
Headline earnings	147,716	12,010

Continued operations	147,716	9,200
Discontinued operations	-	2,810
Weighted average number of shares	305,700,253	212,078,657
Headline earnings per share (cent)	48.32	5.66
Continued operations	48.32	4.34
Discontinued operations	-	1.33

SUMMARISED SEGMENTAL REPORT

	Software, consulting & support 31 August 2018 R'000	Head office 31 August 2018 R'000	Security solutions 31 August 2018 R'000
Revenue	73,414	82,794	335,352
External sales	73,414	54,915	335,310
Intergroup sales	-	27,878	42
Material items included in operating profit/(loss)			
Equity settled share-based payment expense	-	(11,809)	-
Listing costs	-	(6,831)	-
Carrying amount of assets	20,718	4,949,645	73,793
Carrying amount of liabilities	8,715	102,502	58,059

	Unified Communication 31 August 2018 R'000	Healthcare and support 31 August 2018 R'000	Group 31 August 2018 R'000
Revenue	75,552	100,975	668,088
External sales	75,552	99,701	638,893
Intergroup sales	-	1,599	29,519
Material items included in operating profit			
Equity settled share-based payment expense	-	-	(11,809)
Listing costs	-		(6,831)
Carrying amount of assets	22,304	63,850	4,671,131
Carrying amount of liabilities	16,937	16,899	202,153

	Software, consulting & support 31 August 2017 R'000	Head office 31 August 2017 R'000	Security solutions 31 August 2017 R'000
Revenue	71,106	21,381	251,134
External sales	68,974	248	251,134
Intergroup sales	2,132	21,133	-
Material items included in operating profit			
Carrying amount of assets	47,536	31,067	121,343
Carrying amount of liabilities	14,333	91,183	79,473

	Unified Communication 31 August 2017 R'000	Healthcare and support 31 August 2017 R'000	Group 31 August 2017 R'000
Revenue	67,207	91,100	501,927
External sales	67,207	91,100	478,663
Intergroup sales	-	-	23,265
Material items included in operating profit			
Carrying amount of assets	27,563	56,999	284,508
Carrying amount of liabilities	20,016	19,954	224,958

RECONCILIATION OF REPORTABLE SEGMENTS PROFIT OR LOSS

	Reviewed to 31 August 2018 R'000	Audited to 31 August 2017 R'000
Profit before taxation	195,996	39,670
Taxation	(48,040)	(12,822)
Profit for the period and total comprehensive income from continuing operations	147,956	26,848
Profit from discontinued operations	-	2,810
Profit for the period and total comprehensive income	147,956	29,658

Notes to the summarised annual financial statements

1. Goodwill

During the current year the goodwill in software, consulting & support segment was impaired as the carrying value was more than the recoverable amount. In addition, the Group disposed of its interest in one of the subsidiaries in the software, consulting & support resulting in the reduction of the goodwill by R3.2m.

Goodwill relates to the Group's interest in Health System Technologies Proprietary Limited, Software Tech Holdings Proprietary Limited Group, Puleng Technologies Proprietary Limited and Kalula Communications Proprietary Limited. The Group performs an annual valuation for purposes of determining the fair value in its investments. The valuation method is the basis for valuing the goodwill which is allocated to cash generating units (CGU).

The value of the CGU to which the goodwill was allocated has been determined based on the value in use calculations using cash flow projections. The carrying value of Afrozaar Proprietary Limited, one of the CGU's, in the current year for Software Tech Holdings Group was more than the recoverable amount and an impairment loss of R1.173m was recognised in the Group.

During the current year, goodwill in Software Tech Holdings Company of R3.784m was impaired as the carrying value was more than the recoverable amounts. The carrying value of all the remaining CGU's has been calculated to be less than the recoverable amount and therefore no impairment has been recognised.

Goodwill acquired through business combinations has been allocated to individual cash-generating units for impairment testing as follows:

	2018	2017
Investment in Health System Technologies Proprietary Limited	2,157	2,157
Investment in Software Tech Holdings Group	-	3,784
Investment in Software Tech Holdings subsidiaries	2,351	6,730
Investment in Puleng Technologies Proprietary Limited	22,274	22,274
Investment in Kalula Communications Proprietary Limited	8,465	8,465
	35,247	43,410

2. Intangibles

The intangible assets are classified as follows:
Internally generated intangibles:
- Billing system
- Software development
- eCCR system

Other intangible assets
- Distribution rights

Billing system
Based on the terms of the service contract to which the billing system relates, a notice period of 1 year is required to terminate the contract. The billing system has a residual value of R70 977 which will be amortised when the service contract is terminated.

The Healthcare and support segment embarked on a process of developing the following different software systems:
eCCR system
The electronic Continuity of Care Record (eCCR) project is aimed at improving the continuity of care between hospitals and primary healthcare. It is a collaborative project by Health Impact Assessment, Information Management and Health Systems Technology with an initial focus of establishing a web-based Electronic Discharge Summary. The eCCR system was internally developed and phase 1 was completed in the 2016 financial year. The product went live on 01 March 2016. Phase 2A began in October 2016 which entails further ongoing development of the product. The team has started preparing for phase 2B of the project in 2018. Management has assessed that the eCCR system has a useful life of three years.

Software development

Software development relates to 3 different programs currently being developed: The first being the Health Information System Technology refresh. This is a technology refresh and modernisation of the existing Health Information System platform. The second is the Health Benefit Protocol and Plan Management. The outcome of this project is the ability to share patient information and care paths between the health insurance agency and healthcare providers in an accurate and reliable manner which supports better patient outcomes through guided information capture and standards-based data management and interoperability. The third is the Free Bed Enquiry system which allows ambulances to assess the availability of beds at hospitals. Costs of R3.1m were capitalised to software development. Amortisation of the software will commence once the programmes are available for use. There are no research and development expenses recognised in profit or loss in the current year. Management will assess the useful life of the intangible asset under development once it is ready for use.

Following initial recognition, software is carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful life of software is assessed as finite and is reassessed, with the amortisation method, at least at each financial period-end. The amortisation of software is recognised in profit or loss in the period to which it relates.

Distribution rights
The distribution rights arose during the prior year from the acquisition of Kalula Communications Proprietary Limited. The distribution rights regulates the purchase of Plantronics products for resale by the Group.There is no limit on the number of times the above distribution right can be renewed and based on historical information no distribution rights have been revoked. Additionally the cost to renew the distribution rights are insignificant in relation to the economic benefits that are expected to arise from the assets and the distribution rights are expect to be renewed without any cost and therefore have an indefinite useful life. This intangible asset has an indefinite useful life and was allocated to the unified communications cash generating unit. Management assessed the recoverable amount of the intangible asset at reporting date, which exceeded the carrying value by using the forecast cash flows focusing on profitability and constant gross profit margins which have been maintained.

Licenses
The licenses relate to ServiceNow licences purchased during the reporting period, which is a service management software.These licenses have a useful life of three years based on the license agreement, which commenced on 1 July 2018.

3. Trade receivables
During the current year the head office which was previously an investment holding company became operational. The operations have contributed to the increase in the trade receivables amount.

Forty one percent of the Group's trade receivables stems from Head office. The credit risk for this segment has been assessed as low by the divisional management as the majority of the receivables are classified as current and based on the recent payment history of the debtors.

Thirty one percent of the Group's trade receivables stem from the Group's security segment. The credit risk for this segment has been assessed as low by the divisional management based on the ageing of the receivables (majority of the receivables are classified as current) and the recent payment history.

Eight percent of the Group's trade receivables stem from sales within the Unified communications segment. The credit risk for this segment has been assessed as low by the divisional management as the majority of the receivables are less than 60 days overdue and the segment currently has insurance on receivables.

Eighteen percent of the Group's trade receivables stem from sales within the healthcare and support segment. These sales are predominantly to state institutions and the recoverability of these customers are extremely good. The credit risk has been assessed as low by divisional management at year-end based on recent payment history. Credit concentration is high as sales are to a few customers. However, these are mainly public sector clients and there have been low defaults in the past.

Two percent of the Group's trade receivables stem from sales within the software and consulting segment. The credit risk for this segment has been assessed as low by divisional management based on the recent payment history of the debtors.

Trade and other receivables impaired
As of 31 August 2018, an allowance for credit losses of R7.352m (2017: R 5.674m) was recognised on an overall trade debtors book of R143m. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Fair value of trade and other receivables
The fair value of trade and other receivables approximates their carrying value due to the short-term nature.

4. Financial assets
The Group invested in a variety of funds particularly in an enterprise supplier development fund and in a private diversified portfolio fund for better returns. The financial assets consist of loans receivable and other financial assets.

Non Current assets

Other financial assets	6,890	747
Current assets		
Loans receivable	4,464	19,266
Other financial assets	88,827	-

5. Share capital
On 21 December 2017, the Group listed on the JSE. Prior to the listing, the Company issued 31 960 000 shares to a B-BBEE Consortium at an issue price of R1.50 per share as per the circular issued on 27 November 2017. Share issue costs were incurred on listing, which were made up of sponsor and placement fees.

6. Trade payables
The trade and payables amount increased as a result of the operating activities of the holding company. Head office was previously an investment holding company and became operational during the last quarter of the financial year. The operations have contributed to the increase in the trade and other payables amount. Head office has amount of about R45m as their trade payables.

The average credit period on purchases of certain goods is between 30 - 45 days. No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within a reasonable time in terms of the credit frame. The fair value of trade and other payables approximates its carrying value due to its short-term nature.

7. Financial liabilities
The financial liabilities comprise of loans provided to the Group by shareholders.

Non Current liabilities		
Other financial liabilities	-	50
Current liabilities		
Loans payable	1,133	5,692
Loans from shareholders	5,000	

8. Revenue
Revenue improved as a result of the company becoming operational during last quarter of the financial year and also factoring the organic growth from the existing segments.

9. Material non-operating expenditure
During the year the Group incurred material non-operating costs namely an adjustment of equity-settled share-based payment, listing fees, goodwill impairment and warranty expenditure as a result of the Company's listing as well as the disposal of its interest in a subsidiary.

Prior to listing, the Company issued 31 960 000 shares to a B-BBEE Consortium at an issue price of R1.50 per share as per the circular issued on 27 November 2017. The shares were issued for cash and the B-BBEE Consortium is restricted from the selling the shares for a period of 5 years from the issue date. The fair value of the shares at the date of issuance was R1.87, which was determined using the discounted cash flow valuation technique. In line with IFRS 2, an adjustment of R11.809m was recognised to account for the difference between the issue price and the fair value of the shares. The adjustment was recognised as an expense in the Statement of Comprehensive Income, with the contra recognised directly in equity. The other costs were incurred directly for the listing. Costs of approximately R78m incurred on listing were capitalised to share capital. The warranty expenses relates to the acquisition of a subsidiary acquired in 2017.

	R'000
Equity-settled share-based payment	11,809
Warranty expense	4,239
Goodwill impairment	4,957
Listing costs expensed	6,831
	27,836

Significant events during the reporting period

1. Equity based share payment:
AYO issued 31 960 000 shares at an issue price of R1.50 per share to a B-BBEE Consortium prior to its listing.

2. Listing on the JSE:
AYO listed on the JSE on 21 December 2017, resulting in the issued share capital increasing from 244 342 539 to 344 125 194.

3. Changes in the Board of directors and company secretary
Messrs. Kevin Hardy and Siphiwe Nodwele have resigned as executive directors of the Company during the current financial year, following which

Ms. Naahied Gamieldien was appointed as acting chief executive officer.

Dr. Wallace Mgoqi, Dr. Dennis George, Mr. Sello Rasethaba and Ms. Rosemary Mosia were appointed as independent non-executive directors to the Board of AYO, following the resignation of Messrs. Khalid Abdulla, Walter Madzonga, Telang Ntsasa and Ms. Mbuso Khoza from the Board. Mr. Salim Young has stepped down as the independent non-executive chairman of the Board but remains an independent non-executive director. The board subsequently approved the appointment of Dr. Mgoqi as chairman of the Board.

Ms. Nobulungisa Mbaliseli resigned as the company secretary of AYO on 20 August 2018. Ms. Rodanchia Nock was appointed as the company secretary of AYO on 12 November 2018.

Events after the reporting period
AYO entered into a binding offer agreement with Loxisource Proprietary Limited and Alexisource Proprietary Limited to acquire 55% of the share capital of Zaloserve. Zaloserve is an investment holding company which is the sole shareholder of Opiwize Proprietary Limited, which in turn holds 100% in Sizwe Africa IT Proprietary Limited.

As per IFRS 3 B64 the acquisition is supposed to be disclosed as a business combination but due to the fact that the timing between when the deal was finalised and the issue date of the financial statements initial accounting for a business combination was incomplete.

On 21 August 2018, the Board of Directors approved the Company entering into a joint venture with the Vunani Group an independent managed diversified financial services group. The formation of a R100 million fintech joint venture to expand the fintech platform and financial services activities of Vunani further diversifying the portfolio of AYO.

Basis of preparation
The summarised consolidated annual financial statements are prepared in accordance with the JSE Limited ("JSE")Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa, 2008 as amended. The JSE requires provisional reports to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and also that they, as a minimum, contain the information required by IAS 34 'Interim Financial Reporting'. The accounting policies applied in the preparation of the summarised consolidated annual financial statements are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous audited consolidated annual financial statements.

This summarised report is extracted from the reviewed consolidated financial statements but is not itself audited.

The summarised consolidated annual financial statements were prepared under the supervision of the Group chief financial officer, Ms. Naahied Gamieldien.

The external auditor, BDO, reviewed the provisional condensed consolidated statement of financial position of AYO as at 31 August 2018 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and other explanatory notes. The review has been conducted in accordance with the International Standard on Review Engagements 2410. Copies of the unqualified report of BDO are available for inspection at the registered office of the Company. The independent reviewer's report does not necessarily report on all of 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 the auditor's report together with the accompanying financial information from the Company's registered office. The directors take full responsibility for the preparation of the summarised consolidated annual financial statements which has been extracted without adjustment from the underlying reviewed consolidated annual financial statements.

Any reference to future financial performance included in this announcement is the responsibility of the directors and has not been reviewed or reported on by the Company's auditors.

Use of judgments and estimates
In preparing these summarised annual financial statements, management has made judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Due to the assumptions and judgments, actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are consistent with those applied to the reviewed consolidated financial statements for the year ended 31 August 2018.

Prospects
AYO's acquisition strategy is on track to complement and augment its current businesses, the alliance with partners as well as enhance its vertical industry "Go to Market" strategy.

The directors are excited about the future prospects. At the reporting date, the group is in a strong position to utilize the R4,3bln available cash for further value creating acquisitions as a significant increase in deal flow is being experienced.

Current target companies have been engaged in three key focus areas, being disruptive IT platform services, digital transformation and specific industry vertical expertise. AYO's Digital Ecosystem will focus on these areas through, AYO Platforms, AYO Digital and AYO Industries. Divisionally, we expect to be reporting under these focus areas in the future.

AYO Platforms will focus on attracting disruptive platform businesses which will give customers the ability to source various, data, network, communications and security services through various consumption models including on-premise, hybrid and cloud.

AYO Digital is building distinct areas of expertise including Internet of Things (IOT) Platforms, Big Data Analytics, Artificial Intelligence (AI) and Business Process Innovation and Transformation skills. AYO is in advanced discussions with target companies who are recognised leaders in this field.

AYO Industries is focused on attracting companies that have leading offerings and significant contracts in particular vertical industries. In the short-term, the Company will be looking to add to its already comprehensive intellectual property in the health, mining, oil and gas industries with additional competencies in the financial services and public sector verticals. AYO is in advanced discussions with targets in each of these industries.

On the successful completion of certain acquisitions, AYO will be strongly positioned to win significant market share in its industry and to challenge and disrupt the ICT landscape that has been dominated by the same brands.

Through the above strategies, AYO's product and service portfolio and Digital Ecosystem, should be able to service a substantial customer base and capture 5 - 8% of the South African market by 2022. Management remains confident that the forecasts in the PLS for 2019 remain achievable with new contracts and the expected acquisitions that AYO will be announcing in due course. The exciting growth prospects that these target businesses will enjoy within the AYO Digital Ecosystem will have a compounding effect on the Company's organic growth through to 2019 and beyond.

The Group's auditors have not reviewed nor reported on any comments relating to this announcement.

Dividends

	R'000	R'000
Dividend declared after reporting date*	103 238	-
Dividends per share (cents)	30	-

*These dividends were declared subsequent to the annual financial year-end.

CASH DIVIDEND DECLARATION

The Board of directors are pleased to announce that it has approved and declared a gross final dividend of 30 cents per share for the year ended 31 August 2018 from income reserves. The final dividend amount, net of South African dividend tax of 20%, which equates to 6 cents per share, is therefore 24 cents per share for those shareholders that are not exempt from dividend tax.

The number of ordinary shares in issue at the declaration date is 344 125 194 and the income tax number of the Company is 9389007031.

The salient dates of the dividend distribution are as follows:

Gross dividend (cents per share)	30.00
Dividend net of dividend withholding tax (cents per share)	24.00
Announcement date	Monday, 12 November 2018
Last date to trade cum dividend	Tuesday, 27 November 2018
Trading ex-dividend commences	Wednesday, 28 November 2018
Record date	Friday, 30 November 2018
Date of payment	Monday, 3 December 2018

Share certificates may not be dematerialized between Wednesday, 28 November 2018 and Friday, 30 November 2018, both days inclusive.

Appreciation

We wish to thank our employees, Group executives, management, our Board of directors as well as our strategic partners, stakeholders and business partners for their loyalty and dedication in contributing to the success of the Group.

Dr. Wallace Mgoqi
Independent non-executive chairman

Ms. Naahied Gamieldien
Acting chief executive officer

Cape Town
12 November 2018

Directors: Dr. WA Mgoqi (chairman)*#, N Gamieldien (Acting chief executive officer & chief financial officer), S Young, CF Hendricks*, AB Amod*#, Advocate Dr NA Ramatlhodi*#, Dr. DH George*#, RP Mosia*# and SM Rasethaba*#

* non-executive
# independent

Company secretary:	R Nock Rodanchia.nock@ayotsl.com
Registered address:	Quay 7, East Pier, V&A Waterfront, Cape Town 8001
Email:	info@ayotsl.com
Transfer secretaries:	Link Market Services South Africa Proprietary Limited 13th Floor, 19 Ameshoff Street, Braamfonein, 2001
Auditors:	BDO Cape Incorporated 6th Floor, 123 Hertzog Boulevard, Cape Town, 8001 (PO Box 2275, Cape Town, 8000)
Sponsor:	PSG Capital Proprietary Limited 1st Floor, Ou Kollege Building, 35 Kerk Street, Stellenbosch, 7600