



**INTEGRATED
REPORT**

2018

REACH NEW HORIZONS
BY FORGING JOURNEYS
OF GROWTH

CONTENTS

4 Reaching new horizons by forging
journeys of growth

6 Introducing AYO

21 Creating shared value through
sustainability

24 AYO's growth strategy and digital
ecosystem

27 AYO's operating environment,
risks and opportunities

28 A report from our executive
management team

33 AYO's financial performance

34 AYO's approach to corporate governance

57 Summarised annual financial statements

69 Shareholder information

We welcome you to our first integrated report – an important milestone on a promising and dynamic entrepreneurial journey.

AYO Technology Solutions Limited (AYO or the Group) listed on the Johannesburg Stock Exchange (JSE) in December 2017, a quarter into our financial year, which ran from 1 September 2017 to 31 August 2018.

This report aims to provide our stakeholders (and our shareholders in particular) with a better understanding of our business, strategy, operating environment, key risks and opportunities, and corporate governance approach. It looks back on AYO's performance for the year: a period that challenged the business and during which we experienced many highlights and lowlights. It also looks forward to what we plan to change and ultimately achieve.

Revenue	↑ 33% from R479m to R639m	New project and organic growth contributed to the increase in revenue.
Profit before tax	↑ 390% from R40m to R196m	Organic revenue growth and investment income from the capital raised on listing.
Earnings per share	↑ from 7.86 cents to 47.20 cents	Attributed to the increase in profitability on operations and investment income.
Headline earnings per share	↑ from 5.66 cents to 48.32 cents	Attributed to the increase in profitability on operations and investment income.

AYO was awarded the contract to manage the entire global technology network, communications and security services of a multinational oil and gas company.

AYO'S BOARD APPROVE THIS REPORT

AYO is committed to communicating openly and transparently with the market on the various matters that positively and negatively impacted performance during the year, as well as on the matters that could impact performance going forward.

The AYO Board of directors in particular recognises its responsibility to ensure the integrity and completeness of the integrated annual report. The Board, supported by the audit and risk committee, has therefore reviewed this report and believes it provides stakeholders with a holistic, balanced and complete review of the business.

20 December 2018

This is our first integrated report for the period ended 31 August 2018 and follows our listing on the JSE in December 2017.



SCOPE OF THIS REPORT

This report presents AYO's financial and non-financial results for the reporting period from 1 September 2017 to 31 August 2018. Content encompasses all divisions and subsidiaries of AYO, across all regions of operation in South Africa and outside of South Africa, as relevant. The emphasis of this report is on AYO's South African operations, which contribute 96% to revenue. All subsidiaries, joint ventures and associate companies recognised in the annual financial statements are included in this report.

REPORTING APPROACH

This report has been prepared in accordance with the following reporting guidelines and frameworks:

- JSE Listings Requirements (JSE LR)
- The King IV Report on Corporate Governance™ for South Africa 2016 (King IV)¹
- The Companies Act, 71 of 2008, as amended (the Companies Act)
- International Financial Reporting Standards (IFRS)
- Department of Trade and Industry's B-BBEE Regulations

In preparing this report, AYO has taken guidance from the International Integrated Reporting Council's Integrated Reporting <IR> Framework. We will continue to improve our reporting in line with best practice and taking into consideration the feedback and suggestions from our stakeholders.

COMBINED ASSURANCE

To ensure a coordinated approach to all assurance activities, and that our key financial and non-financial risks are properly identified, managed and monitored, AYO adopts a combined assurance approach. Read more about AYO's combined assurance approach from page 51. The audit committee has reviewed this report.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that, unless otherwise indicated, reflect AYO's expectations as at 31 August 2018. Actual results may differ materially

from AYO's expectations if known and unknown risks or uncertainties affect its business, or if estimates or assumptions prove to be inaccurate. AYO cannot guarantee that any forward-looking statement will materialise. Readers are cautioned not to place undue reliance on any forward-looking statements.

In this report we make certain statements that relate to analyses and other information based on forecasts of future results based on historical data, which are based on estimations of new business and investment assumptions. These statements may also relate to our future prospects, developments and business strategy. As defined, these are forward-looking statements. These statements may be identified by words such as "expect", "look forward to", "anticipate", "intend", "plan", "believe", "seek", "estimate", "will", "project" or words of similar meaning which are intended to identify such forward-looking statements but are not the exclusive means of identifying such statements. These are subject to several risks, uncertainties and factors, including, but not limited to, those described in disclosures and in the risk management report.

Should one or more of these risks or uncertainties materialise or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of AYO may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. AYO disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available because of future events or for any other reason, save as required to do so by legislation and/or regulation. AYO's external auditors have not reported on or reviewed these statements.

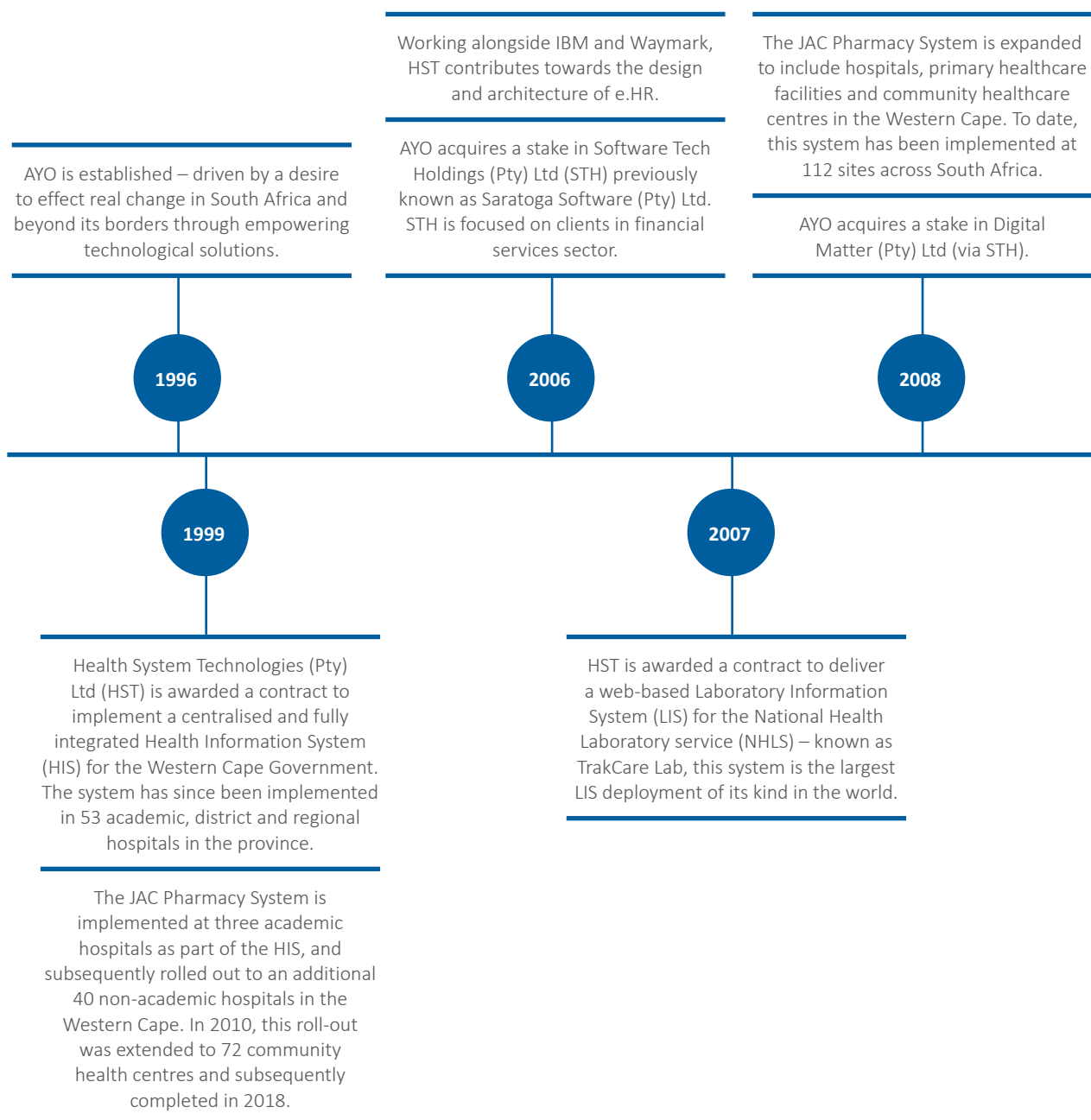
GET IN TOUCH

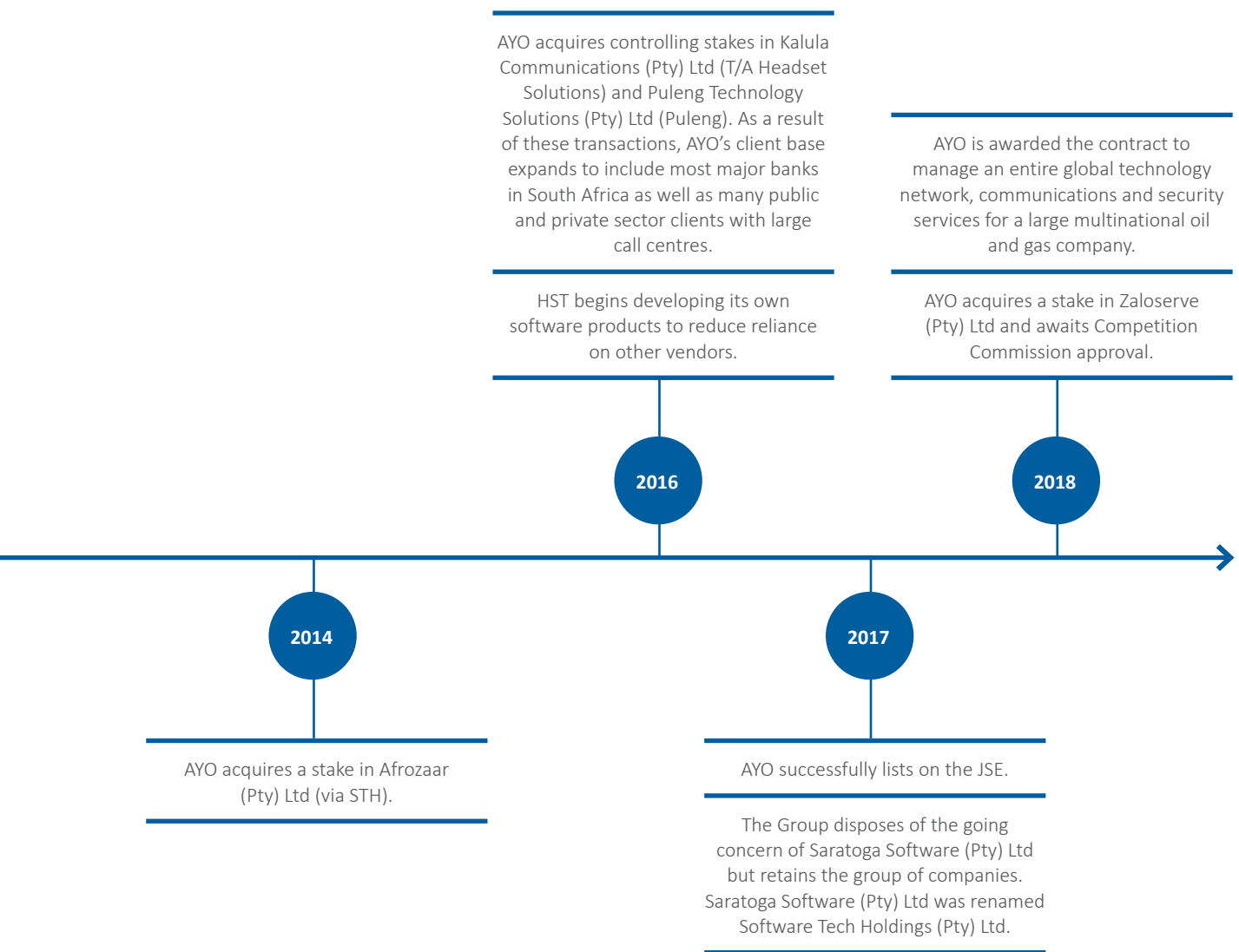
We would like to hear from our stakeholders on how we can improve our reporting going forward. If you would like to share something about this report with us, please contact Sinazo Luse on sinazo.luse@ayotsl.com or 021 879 1527.

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REACHING NEW HORIZONS BY FORGING JOURNEYS OF GROWTH

AYO is evolving by continually adapting to the local and international information and communication technology (ICT) landscape. We have acquired new businesses, forged partnerships and sourced innovative technologies to expand our existing portfolio. These strategic partnerships are strengthened by the specialist skills of our employees and partners who have worked together to enable growth over the last 20 years.





INTRODUCING AYO

WHO WE ARE

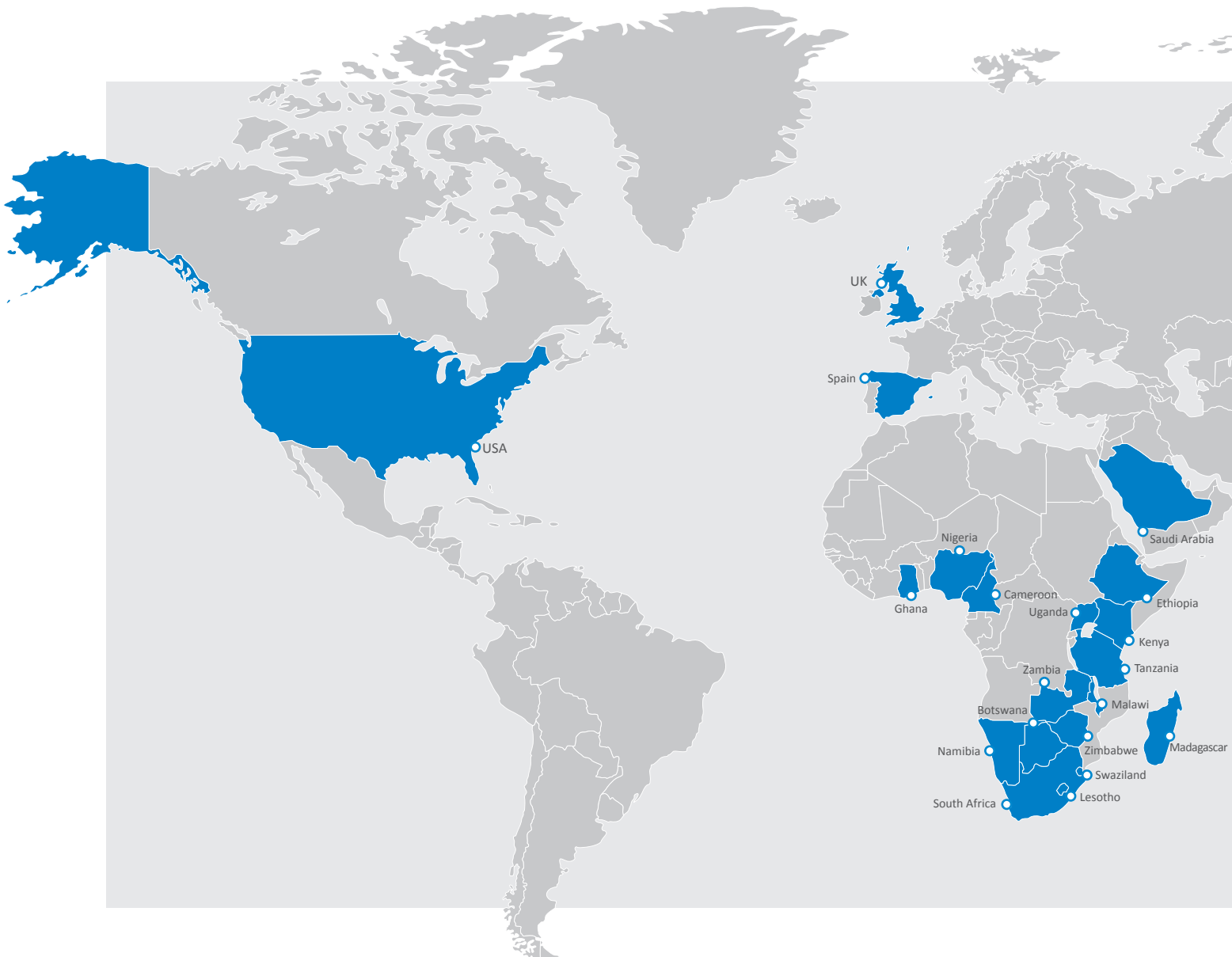
AYO is one of the largest Broad-Based Black Economic Empowerment (B-BBEE) companies in South Africa – founded on the belief that the future will be shaped by technology and successful digital transformation.

Rooted locally, our purpose is therefore to help organisations reach new heights by empowering their people, enriching processes and developing evergreen business solutions. This is underpinned by our vision to be the leading empowered ICT partner for organisations across the African continent.

We deliver end-to-end ICT solutions to multiple industries in South Africa’s public and private sectors through strategic partnerships. These partnerships enable us to service customers across the African continent and in North America, Europe and Mauritius.



Read more about AYO’s key relationships from page 15.



Our empowerment credentials offer a significant competitive advantage.

South Africa's B-BBEE ICT Sector Codes seek to advance economic transformation and enhance the participation of black people in the country's economy. To be effective, these codes require the participation of big businesses to ensure meaningful employment and ownership transformation at a corporate level.

The onerous ICT Sector codes released in November 2016 provide additional B-BBEE scorecard points for preferential procurement when companies in the ICT sector procure products or services from entities that are 51% black owned and 30% black female owned.

AYO is positioned as one of the leading empowerment groups in the South African ICT sector and we believe we can leverage this to expand our business – particularly by acquiring or partnering with companies that require B-BBEE ownership to grow or maintain their business interests in South Africa. Importantly, our ownership structure enables us to offer potential and existing client's maximum points for preferential procurement – providing the additional benefit of minimised compliance risk.



QUICK FACTS ABOUT AYO

Employees (Group) < 300

Black owned¹ 83%

Black female owned² 31%

B-BBEE ICT company Level 3

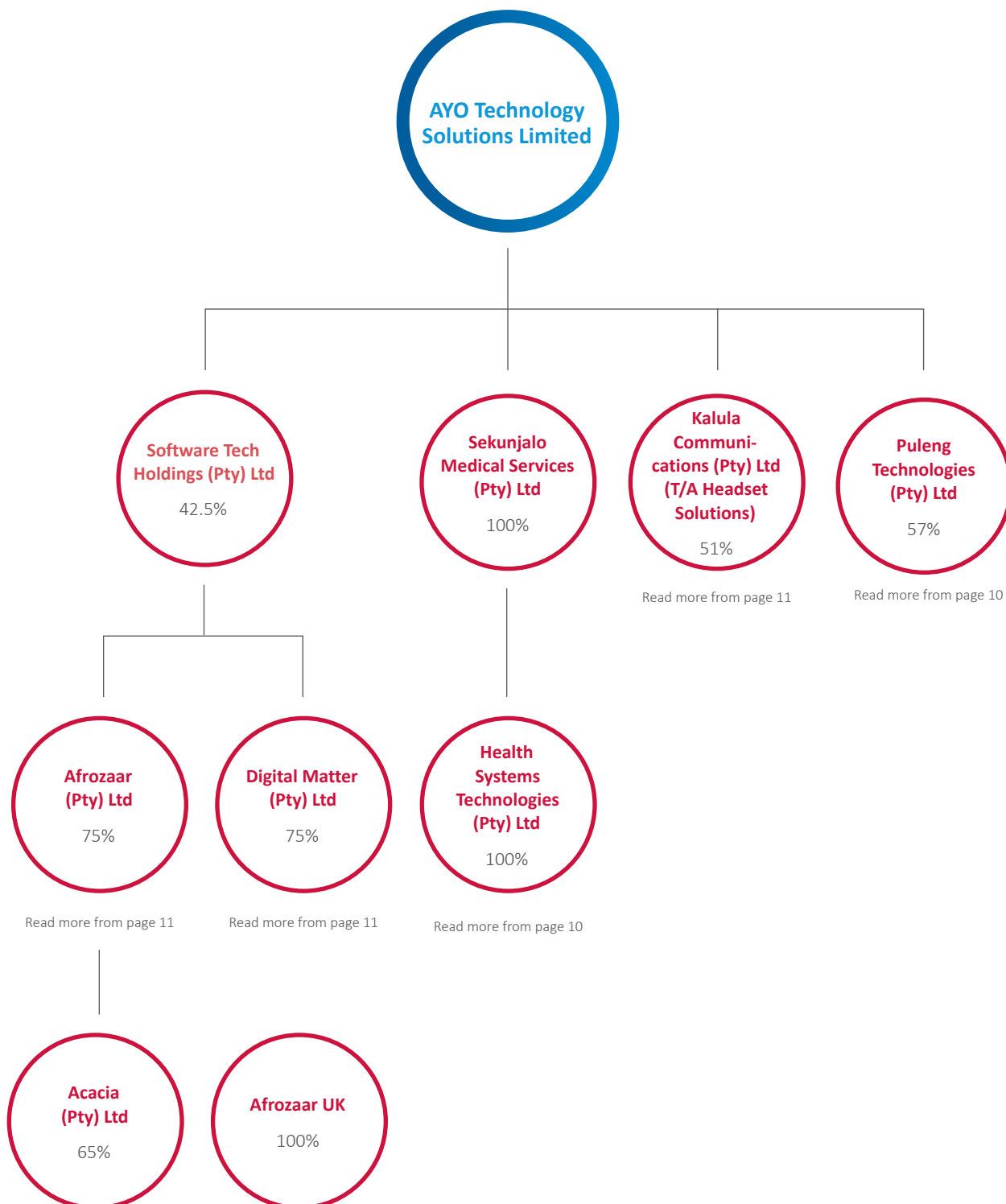
Clients in South Africa > 500

Clients outside of South Africa < 100

¹ 'Black owned' as defined in the B-BBEE ICT Sector Codes.

² 'Black female owned' as defined in the B-BBEE ICT Sector Codes.

OUR GROUP STRUCTURE



EVENTS SINCE LISTING

Since listing on the JSE, AYO has faced similar challenges to other newly listed companies. These events have impacted our share price, compounded by the fact that our performance was negatively affected by various acquisitions not being concluded within the expected timelines as set out in our pre-listing statement. Our significant and long-term partnership with a large multinational oil and gas company was also anticipated to commence earlier in the reporting period but was delayed and only commenced in the latter part of the year.

Despite the challenges faced, we are working tirelessly to achieve the objectives set out in our pre-listing statement. We remain committed to transforming the ICT industry in South Africa and are determined to make a real and lasting difference despite the delays we have experienced. This includes creating long-term value for our shareholders, customers and the many men and women who work at AYO and our subsidiaries.

AYO has been listed for less than twelve months. However, the business has established a strong foundation for success over the past twenty years. This includes developing a specialised and solid skills base. The executive management team was strengthened during the year through the appointment of several new members. More detail on the knowledge, skills and expertise of AYO's management team is provided from page 29.

In the months following AYO's listing on the JSE, the business engaged with shareholders on strengthening the independence and governance structures of the Board to ensure a stronger representation of independent non-executive directors. Following this engagement, the Board and management team were restructured – demonstrating our commitment to good corporate governance, outcome-based stakeholder engagement and value creation for our shareholders. More information is provided on page 42 of the corporate governance report.

We invested in building internal capacity and the requisite operational capabilities – this includes a large investment in people and infrastructure. Read more in the report from our executive management team from page 28.

OUR EXISTING BUSINESSES

AYO's existing businesses provide critical capabilities and complementary strengths that greatly enhance our product and service offering. Many of these businesses are leaders in their respective niche markets, have a solid client base, and have achieved sustained levels of organic growth year on year.



HEALTH SYSTEM TECHNOLOGIES (HST)

HST was founded in 1980 and is a specialist provider of optimised and integrated healthcare ICT solutions. HST leverages a strong blend of local and international skills and expertise to achieve the following capabilities:

- The provision of modular and integrated healthcare information systems across all levels of care
- Development, implementation and training services
- The provision and management of mission critical ICT infrastructure

Key implementations include an enterprise healthcare information system in the Western Cape – spanning 290 clinics, 72 community health centres and 105 pharmacies across the province. Nationally, HST has implemented a centralised laboratory information system that connects a network of 293 public sector laboratories¹ across South Africa.



Find out more about HST: <https://healthsystems.co.za/>

PULENG TECHNOLOGIES (PULENG)

Puleng delivers product solutions and professional services to predominantly large blue-chip organisations. The business focuses on providing organisations with a converged infrastructure platform that automates and integrates data and supports higher levels of efficiency, while mitigating IT risk.



Find out more about Puleng: <http://www.puleng.co.za/>

¹ These laboratories form part of the National Health Laboratory Service (NHLS), the largest diagnostic pathology service in South Africa with the responsibility of supporting the national and provincial health departments in the delivery of healthcare.



KALULA COMMUNICATIONS (HEADSET SOLUTIONS)

Headset Solutions was established in 1993 and is currently one of the largest importers and distributors of headsets on the African continent, with a presence in 10 African countries. Headset Solutions distributes two notable brands within the telecommunications and consumer electronic markets:

- **Plantronics:** a personal audio communication headset designer for a wide range of devices
- **Konftel:** a leading manufacturer of audio conferencing equipment



Find out more about Headset Solutions:
<https://www.headsetsolutions.co.za/>

AFROZAAR

Founded in 2010, Afrozaar is a software consulting services and product development business that specialises in providing scalable digital solutions to retailers, media groups and brand agencies in Africa, the United States and Europe. Afrozaar offers a specialised digital media product set that assists organisations with the commercialisation of digital content. This platform is known as Publisher's Toolbox and is complemented by Acacia Cloud Solutions – an Amazon partner and cloud infrastructure business.



Find out more about Afrozaar: <https://www.afrozaar.com/>



DIGITAL MATTER

Digital Matter, formed in 2000, is a specialist IT company focusing on tracking solutions, enterprise application and custom solution development for almost every industry sector. Digital Matter is a certified Microsoft Corporation development partner and incorporates Microsoft Corporation technology as a digital platform in all applications, products and solutions.



Find out more about Digital Matter:
<https://www.digitalmatter.com/>

OUR PRODUCTS AND SERVICE OFFERINGS

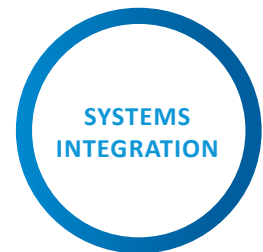
From strategy to implementation, ICT touches every aspect of the modern organisation. This underscores the importance of having access to technology that elevates process, enriches experiences and fuels growth. We leverage our existing businesses to create a partnership ecosystem and deliver products and services that let you imagine a new way of doing business.



AYO's advanced analytics and data management solutions enable our clients to analyse and integrate significant datasets in real time. This helps shape better informed short and long-term business strategies. This is particularly relevant in, but not limited to, the healthcare sector. For example, our emergency medical ICT service solution enables ambulance dispatch centres across the Western Cape to view patient capacity at 54 hospitals across the province in real time. This means better decision making, as dispatch services are equipped with immediate insight into bed and emergency room availability. This enables them to make the best decisions regarding patient care and treatment.

Use your data for smarter business outcomes and connect all your information sources for decision-making that fuels growth.

We deploy real-time, world-class systems integrations across healthcare, government and private enterprises. This enables us to deliver mission-critical business services, guidance and interventions to our clients for improved data accessibility and better decision making. Such integration is currently operational within the NHLS in the Western Cape, where approximately 1 800 data integration points are active at any moment in time.



A single, unified view of your business through leading-edge systems integrations.



AYO analyses, refines and realigns its clients' existing business and operational processes through re-engineering techniques according to leading best practice. This provides clients with end-to-end visibility of their value chain and builds an agile workflow process that delivers optimal value to clients and customers. We can automate these processes through the deployment of business process orchestration solutions to reduce the requirement for manual intervention, and significantly increase operational efficiency and reduce costs.

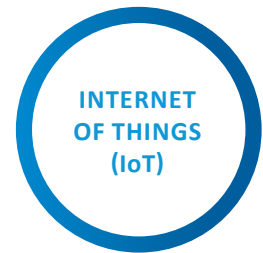
Place your business on a roadmap towards continuous improvement.



We offer clients bespoke, feature-rich software products, localisation of international products for the African market, as well as the deployment of new and agile software solutions that vary in scale and complexity. This is one of AYO's core strengths: we introduce agile software development into our clients' product life cycles for continuous improvement, managed code releases and seamless integrations with every iteration.

Software that solves real world problems: we build products that deliver practical solutions to complex business challenges.

We have developed IoT solutions that extend Internet connectivity beyond traditional laptops, desktops or smartphones to include a diverse range of devices that utilise embedded technology. This means much broader interaction between devices and the external environment and access to a full spectrum of business, market and customer insights. Our IoT solutions are at the forefront of connected wearable technologies in the entertainment, healthcare and security sectors.



Connect your business to a new world of possibility.



AYO protects clients' digital privacy by deploying customised security systems within South Africa's banking, e-commerce and telecommunications sectors. Our data security solutions cater to our clients' unique security risks across complex environments. We also focus on identity and access management and governance, data auditing and protection, as well as security management for networks, servers and devices.

Your data is your company's lifeblood and keeping it safe is a matter of survival.

AYO can decommission an on-site data centre and migrate it to the cloud. Alternatively, we offer a hybrid cloud that integrates a client's on-site data centre with the cloud. We monitor the performance of the cloud application and infrastructure around the clock, and leverage technology to provide clients with insights into how to improve utilisation and cost management, while gaining cloud visibility. This assists our clients to build a future-proof business model that scales seamlessly and adapts to fast-changing global trends.



Hybrid, private or public: build the environment your business needs to thrive.



Our advisory service assists our clients with understanding the true potential of digital transformation in delivering tangible value to employees and customers. AYO partners with clients on a journey to turn this potential into a roadmap for effective communication and implementation of digital transformation within their organisations. We empower your people, build evergreen IT systems, and affect business-wide cultural change.

Digital transformation: thrive in the new business reality.

OUR KEY RELATIONSHIPS

AYO aims to deliver sustainable value and the success of our business depends on our ability to maintain key relationships with a diverse network of stakeholders. This includes our employees, clients, suppliers, society and our shareholders.

KEY VALUE-ADDED RESELLER OR SUPPLIER AGREEMENTS

AYO's key value-added reseller or supplier agreements with principles such as Dell, Plantronics, InterSystems Corporation, Cisco Systems, Microsoft Corporation, IBM and Riverbed Technology provide continuous access to innovative and up-to-date technology. This enhances our business performance and ensures that we deliver a high-quality service offering to our clients.

PRODUCTS AND SERVICES

We plan to leverage the products and services across our network of existing businesses. This includes strengthening our industrial ICT, audio visual and video conferencing support service capacity in South Africa.

Underpinned by our empowerment credentials, the incorporation of new products and services into our existing portfolio has the potential to unlock significant market share and significant growth for our business. These benefits will enable AYO to target large multinationals operating in South Africa. This will be achieved by tapping into our pipeline of target acquisitions and leveraging new products and services that will complement our existing product basket.

HUMAN CAPITAL

AYO’s employees are critical in assisting us to make a real and significant contribution to South Africa’s ICT sector and to the country more broadly. We focus on developing the quality and excellence of our employees.

PEOPLE EXCELLENCE

We are committed to developing our employees through access to training and empowerment opportunities that enable them to acquire new skills and expertise. Not only does this help our employees build their own careers, but it also strengthens our ability to offer customers innovative and empowered ICT business solutions.

Since listing on the JSE, AYO has invested significantly in growing its employee base and building internal capacity to support future growth. A commitment to people excellence will therefore remain critical in 2019 and beyond.

Our continued investment in people development further strengthens the broader technology community by producing some of the most innovative and creative minds in the industry.

EMPLOYEE DIVERSITY AND TRANSFORMATION

Our goal is to advance economic transformation and enhance the participation of black people in the South African economy. AYO is therefore committed to true transformation as envisioned in the B-BBEE ICT Sector Codes. For our employees, this means creating an inclusive and diverse workplace culture, as well as mentoring and empowering previously disadvantaged individuals with ICT skills to transform the industry in South Africa.

DEVELOPING EMERGING TALENT THROUGH THE AYO ACADEMY

The ability to recruit highly-specialised employees is critical to AYO’s success in the ICT sector. However, the local market lacks experienced individuals, particularly emerging black software developers.

We are therefore investing in the future by developing tomorrow’s leaders through the AYO Academy: a mentorship programme to accelerate skills development in our business.

We offer bursaries to students or alternatively employ them as interns or as part of a learnership programme. This exposes them to the different facets and opportunities in the business and encourages them to develop relevant skills. Many of these students are provided with the opportunity of permanent employment after completing their internship or learnership programme.

Our ICT solutions have multiple areas of integration and require many different skill sets. It is therefore critical to have cross-disciplinary skills in a single team for the effective analysis of problems and solutions; this is a focus of our training programmes. Programmes are executed by a team of technical employees with the appropriate level of skill, strengthening our employee network while reducing the cost of implementation.

LOOKING FORWARD TO 2019

We plan to introduce new programmes aimed at our employees, with a focus on women empowerment within AYO and in South Africa’s ICT industry more broadly. These programmes will include a wellness programme to help employees identify their strengths and weaknesses and deliver a better performance inside and outside of the workplace.

QUICK FACTS ABOUT AYO’S EMPLOYEES

Female employees	over 35%
Black employees	over 50%
Training and development spend in 2018	> R2m
Number of interns at the AYO Academy in 2018	20



A FEW WORDS FROM OUR EMPLOYEES



"I really enjoy working at AYO. The culture, the people and the environment stimulate me to work my hardest. AYO is also a truly diverse workplace. The team is great and always willing to assist, and I learn something new every day. As an intern, I'm glad to have started off here and there are so many opportunities afforded to me that I am grateful for."

NOMPUMELELO GUMBI

Intern at AYO since August 2017



"I joined AYO because I saw an opportunity to be part of a Company that is well positioned to change the ICT Market. The environment at AYO is an enabling one and opportunities are limitless for individuals who are willing to work hard. Communication is also encouraged between employees of all levels."

ALFRED NKWANA

Technical Delivery Manager at AYO since June 2018



"AYO is growing at a very fast pace. This creates great opportunities for young professionals because not only is your growth accelerated, but the exposure and experience that you gain is very broad. The result is that AYO has a great mix of young and experienced employees who are driven, hardworking and passionate. Importantly, I believe in AYO's vision to transform the ICT industry in South Africa in terms of its business strategy and from a black empowerment perspective. To be part of this transformation is rewarding."

CHWAYITA PETER

Group Financial Manager at AYO since September 2017



"It's exciting to join a new and fast-growing business, particularly in the ICT sphere, and I want to be part of that growth agenda. I want to be part of AYO's transformation journey and play a role in shaping the talent needs of ICT in the country and beyond. The opportunities that AYO have given me are a clear indication of talent recognition and a commitment to empowerment in all facets of the business."

MOHLATLEGO (SNOW) MOKGALABONE

Executive: Human Resources at AYO since June 2018



“AYO’s commitment to promoting the interests of previously disadvantaged and marginalised people and communities speaks directly to my own belief and value system. We have a diversified workforce at AYO, with talented people from various areas of the ICT sector all wanting to make a significant contribution towards AYO’s success. I feel honoured and privileged to be part of the changes currently shaping the business, and the freedom that AYO gives you to craft your own destiny and career is what appeals to me most.”

AADIEL AYOB

Principal Architect at AYO since July 2018



“At AYO, I have gone from zero to hero. The people are welcoming, and the business allows me to do something I enjoy. I just want to say thanks to AYO.”

SHARON MADLALA

Receptionist at AYO since June 2018



“I joined AYO because I recognised they were interested in more than just filling a position – they also wanted to help me broaden my knowledge and skills. As a young, black, South African female who never considered joining an ICT company, not only have I been empowered through skills development and training, but also by senior management who constantly encourage and motivate us to keep growing. I have been taught so much since joining AYO, and I will be forever grateful for that. More than anything, I enjoy the fact that AYO embraces diversity. AYO is made up of people who come together from different walks of life, cultures, beliefs, ages and backgrounds – all of which make up what AYO stands for: transformation and change.”

SINAZO LUSE

Corporate Affairs and Sustainability Assistant at AYO since June 2018

OUR CLIENTS

Our key business relationships enable us to deliver exceptional value to our clients and help them gain the competitive advantage of successful and innovative digital transformation.

Our ability to deliver real value to clients is the significant long-term partnership we entered into in May this year with a South African-based integrated chemical and energy multinational. The contract is managed and run by AYO's highly motivated and skilled team.

Through the partnership, AYO will deliver and manage the multinational's global network, communications and security services. AYO Company has employed more than 60 new team members to help us service our expanded client base.

Leveraging AYO's empowerment credentials, the contract will contribute to our client's transformation requirements. We will play an integral role in delivering on and managing the existing managed services contract and participating, where relevant, in their digital transformation plans.

The contract is a significant vote of confidence in AYO and in the professional capacity of the business. It is also a bold step in the right direction for empowering change and transforming the South African ICT sector.

OUR SHAREHOLDERS

As key partners to AYO, our shareholders have a close interest in our performance.

It is important that our institutional investors and individual shareholders are regularly informed of our strategy and results, and that we maintain regular and transparent dialogue with the financial community.



More information on AYO's shareholder structure, analysis of shareholders and annual general meeting for shareholders is available from page 69 of this report.

Beyond this, we are committed to leveraging our key relationships with our employees, existing businesses and suppliers to grow AYO responsibly and sustainably through product and service innovation and diversification, acquisitions and new business development that enhance value for our shareholders and other stakeholders.



Read more about AYO's strategy from page 24 of this report.

AYO'S DIVIDEND DISTRIBUTION POLICY

AYO's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the Board may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the Board of directors may pass on the payment of dividends.

The Board 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 not exempt from dividend tax.

SOCIAL SUSTAINABILITY

We are committed to the important social contract that exists between business and society and recognise the critical role that business has to play in uplifting previously disadvantaged individuals.

We are strongly focused on transformation and want to make a real difference and influence positive change – both in people and in South Africa’s digital space. In addition to our strong B-BBEE credentials and investment in diversity and transformation initiatives, we continuously seek ways to contribute to the communities in which we operate.

During the year, we initiated the launch of digital learning and technology into classrooms across South Africa. This stems from our belief that technology is critical in improving how students are taught and in preparing them for the future. As part of the first step along this journey, AYO donated 40 laptops and five data projectors and five projector screens to the computer lab at Wesley Practising School in Salt River, Cape Town.

“For these children, it provides an opportunity to learn valuable skills that can be used in the corporate world. It assists our teachers to make their lessons more relevant,” said Andre Engel, principal of the school. The computer lab also equips teachers to assist learners with learning difficulties by creating access to new software and technology.

“We would like to express our heartfelt gratitude to AYO for donating computers so that our computer lab is up and running again,” said Xabiso Waida, a grade seven learner at the school.

In addition to Wesley Practising School, we supported Al-Muhaymin Youth Centre and Masinyusane Development Organisation during the year – as outlined below.

Situated in Kenwyn, Cape Town, Al-Muhaymin Youth Centre caters for children of all ages, some of who are completing their last year in high school. We assisted by donating a desktop and printer to support the youth centre’s administration function and improve efficiency. We also donated tablets for the children to use for research and homework as well as access online development programs.

Masinyusane Development Organisation is situated in Central, Port Elizabeth, and works with schools in the township areas. The organisation has several initiatives in place to assist high-achieving learners from impoverished schools to gain access to tertiary education. Other initiatives involve empowering impoverished primary schools with infrastructure, as well as rolling out a variety of academic and extra-curricular programmes to help learners discover their talent and unlock their full potential. AYO donated laptops, headsets, drawing pads and wireless mice to Masinyusane Development Organisation during the year.

The organisation also has several students who want to further their studies but have no funding or resources. Looking forward, we plan on supporting these students and the work done by Masinyusane Development Organisation by providing bursaries, learnerships and internships to high-potential individuals.

AYO plans to assist more schools in 2019 throughout the financial year in South Africa.

Afrozaar
supports the homeless, orphaned and less-privileged through various charitable initiatives.

Digital Matter
provided financial assistance to three learners through Simunye Training Academy.

WWC
sponsors the Heavy Chef project, which promotes entrepreneurship and leadership in technology through events and workshops – this project was expanded into Cape Town’s townships during the year.



CREATING SHARED VALUE THROUGH SUSTAINABILITY

ECONOMIC SUSTAINABILITY

AYO aims to deliver sustainable returns to all of our stakeholders, founded on trusted relationships with key clients and innovative and high-quality brands. This positions us well for continued growth, underpinned by a focus on developing and acquiring a set of core products. Read more about this from page 12.

ENVIRONMENTAL SUSTAINABILITY

We recognise our responsibility to:

- apply good environmental practices;
- meet and, where possible, exceed, all current and future environmental legislative and regulatory requirements; and
- promote sustainability in all aspects of our businesses.

We are committed to continually improve our environmental performance as an integral part of our business strategy and commitment to sustainability.

Our business does not place significant demands on the natural environment. Despite this we are committed to implementing sustainable business practices that minimise our environmental impact, supported by policies, procedures and concrete work plans.

Management is constantly mindful of reducing CO₂ emissions, reducing paper usage and appropriately disposing of electronic waste.

We invest in a renewable energy solutions provider to contribute towards reducing South Africa's consumption

of and reliance on fossil fuels and improving its footprint across its value chain.

SOCIAL SUSTAINABILITY

The AYO group is aware of the critical role business has to play in the upliftment and development of the previously disadvantaged majority. This reinforces our mission to implement a social contract between business, government and civil society.

Competent technical skill is the single largest contributing factor towards project success within the global ICT industry. This situation is further amplified in South Africa due to the severe lack of competent technical skills. We are committed to training and development internally and within the communities in which we operate to contribute toward social upliftment and sustainability. Read more about this on page 20.

STAKEHOLDER MANAGEMENT

CREATING STAKEHOLDER VALUE

We recognise the importance of creating value for our stakeholders in the short, medium and long term. This is achieved in a number of ways, which are unpacked in the table below. For this year, we have included a high-level reference to the six capitals (as per the IIRC <IR> Framework) linked to our stakeholder groups.

Looking forward, we aim to enhance our discussion in terms of the capitals and how they relate to our business, including unpacking the various trade-offs we consider when creating and protecting value for our stakeholders.

CAPITAL	STAKEHOLDER	VALUE FOR THE ORGANISATION	VALUE FOR STAKEHOLDERS
Social	Customers	<ul style="list-style-type: none"> • Repeat business and revenue growth • New and extended contracts with additional revenue • New product sales to generate annuity business and revenue growth 	<ul style="list-style-type: none"> • Quality systems allowing for better outcomes • Innovative technology • Quality products and services • Competitive prices • Latest technology platforms
Human	Employees	<ul style="list-style-type: none"> • Engaged and motivated employees • Ability to attract and retain key skills 	<ul style="list-style-type: none"> • Market-related remuneration • Interesting projects and new challenges • Growth and development • Equal treatment • Health and safety
Social	Communities	<ul style="list-style-type: none"> • Reputation • Brand value • Trust • Access to business opportunities 	<ul style="list-style-type: none"> • Employment/business opportunities • Local resource hire • Environmental care
Social	Government	<ul style="list-style-type: none"> • Favourable legislation and less interference 	<ul style="list-style-type: none"> • Contribution to taxes • Support job creation • Other strategic initiatives

CAPITAL	STAKEHOLDER	VALUE FOR THE ORGANISATION	VALUE FOR STAKEHOLDERS
Social	Suppliers	<ul style="list-style-type: none"> • Good service • Commitment • Good pricing • Good quality products • Commitment and opportunity alignment through business integrity 	<ul style="list-style-type: none"> • Fair allocation of business • Pay on time • Zero corruption
Financial	Shareholders	<ul style="list-style-type: none"> • Strong leadership • Governance and strategic differentiation • Supply of capital at a reasonable price • Healthy balance sheet • Supportive infrastructure 	<ul style="list-style-type: none"> • Capital growth • Dividends • Return on investment • Reduced risk
Intellectual	Customers	<ul style="list-style-type: none"> • Understanding trends and opportunities • Improved ability to compete • Reputable brands • Collaborative research and development investments 	<ul style="list-style-type: none"> • Constant refresh and upgrades • Strategic advice • Maintaining and building on technological advances • Better products and services • Products and services that are measured and governed through project and customer success

MANAGING OUR STAKEHOLDERS’ EXPECTATIONS

We have various procedures in place with regard to stakeholder management. These are summarised as follows:

STAKEHOLDER	EXPECTATION	EXPECTATION MANAGED
Shareholders	<ul style="list-style-type: none"> • Integrity • Shareholder wealth creation • Ethical business practices • Regular communication 	<ul style="list-style-type: none"> • Sound corporate governance rules are implemented in the business
Customers	<ul style="list-style-type: none"> • Timely and high-quality professional delivery of quality goods and services • Competitive pricing • Innovation and strategic advice • Reliable long-term supply of products • Software services that meet recognised industry standards • Reliable long-term supply of services • Products are sold legally and are traceable according to international licence regulations and law 	<ul style="list-style-type: none"> • Employ formal project management methodology • Best practice processes to ensure professional, timeous delivery of the contracts, in budget and to the anticipated quality standards • Direct contact with major customers locally and internationally • Innovative solutions and strategic advice • Active management of key accounts • Ensured product availability • Ensured that software services meet recognised industry standards • Regular and direct contact with major customers locally and internationally • Ensured that all products supplied have legal paperwork from the relevant authorities in place and are mostly governed by a vendor end-user licence agreement
Suppliers	<ul style="list-style-type: none"> • Ethical business relationships • Commitment to B-BBEE policies • Prompt payment 	<ul style="list-style-type: none"> • Ensured that business is conducted with other reputable businesses as per the Code of Ethics • Negotiate, manage and conclude contracts • Timeous payment

STAKEHOLDER	EXPECTATION	EXPECTATION MANAGED
Communities	<ul style="list-style-type: none"> • Provide assistance to black businesses to help them grow and succeed • Provide assistance to the community 	<ul style="list-style-type: none"> • Assist enterprise development beneficiaries with regard to strategy, training, marketing and skills transfer • Involvement in community projects (refer to page 20 for the social sustainability report)
Employees	<ul style="list-style-type: none"> • Develop human capital • Foster growth, productivity and well-being of the employees • Sustainable employment • Competitive salary • Stimulating, cutting-edge project work • Compliance with health and safety regulations 	<ul style="list-style-type: none"> • Employment equity policies and procedures • Skills development policies and procedures • Employee retention programmes • Clear key performance indicators (KPIs) for performance review and development planning • Open-door policy for communication at all levels • Steady flow of new project work across various industries
Regulatory authorities	<ul style="list-style-type: none"> • Compliance with laws and regulations of authorities 	<ul style="list-style-type: none"> • Compliance with laws, regulations and legislation • Immediate corrective action noted in the event of findings raised by authorities • Participation in industry working groups • Meeting with industry regulators
Government	<ul style="list-style-type: none"> • Compliance with laws and regulations of authorities 	<ul style="list-style-type: none"> • Comply with all the laws of South Africa and, where applicable, international laws with particular emphasis on the South African labour and tax laws

AYO'S GROWTH STRATEGY AND DIGITAL ECOSYSTEM

AYO's vision is to be the leading empowered ICT partner for organisations across the African continent. This will be achieved by developing a full suite of products and services which is able to deliver turnkey ICT solutions to any client in our chosen market segments.

The actions needed to realise this vision are outlined in AYO's growth strategy:



AYO aims to:

- target experts in global innovation and the growth areas of ICT;
- explore synergies between partners and our existing portfolio to maximise combined potential;
- expand our existing portfolio through organic growth; and
- exploit opportunities that exist in servicing multinationals based in South Africa requiring empowerment through strong B-BBEE credentials and international network capability.

Currently, AYO's product and service portfolio provides access to a substantial market within South Africa, as well as the African continent.

In South Africa, AYO's strategic intent is to capture 5% – 8% of the local ICT market by 2020. In 2017, the South African market size for ICT services and products was approximately R174bn. In line with our vision, AYO further aims to be Africa's 'one-stop shop' for the continent's ICT needs.

SOUTH AFRICAN ENTERPRISE ICT MARKET	2015 R'000	2016 R'000	2017 R'000	2018 R'000	2019 R'000	2020 R'000	2017 – 2020 % CAGR*
Software	28 429	30 398	38 543	42 892	47 756	53 158	11.3
IT services	71 166	73 767	89 466	94 173	98 998	103 928	5.1
Telecom services	41 700	41 800	48 384	48 172	47 882	47 637	(0.5)
Devices	13 504	11 674	12 677	12 894	13 275	13 191	1.3
Data centre systems	8 208	7 698	9 272	9 656	9 836	9 986	2.5
Grand total	163 008	165 338	198 342	207 787	217 746	227 900	4.7

* CAGR: compound annual growth rate
Source: Gartner (January 2017)

In addition to a growing presence in South Africa's public sector, AYO operates in the healthcare, mining, oil and gas, and financial services sectors. We pursue local and regional growth by strengthening our position within our chosen market segments and by expanding into new market verticals through organic and acquisitive growth.

We have identified the following strategic imperatives to aid in achieving this growth:

- build a strong and diversified ICT business that is trusted to deliver competitive digital solutions;
- pursue inorganic growth through the acquisition of companies with a similar ethos and growth potential; and
- pursue organic growth by building the requisite capabilities to deliver world-class technology solutions to our clients and our chosen market segments.

We identified a number of target companies offering products and services that are synergistic to AYO's existing portfolio. These companies are at various stages in our acquisition process, which involves substantial due diligence to properly assess the risks and opportunities, as well as ensure all acquisitions are value enhancing for our shareholders and

other stakeholders. The process of due diligence is guided by the following principles:

- AYO will not overpay for acquisitions as we conduct a financial ratio analysis to determine a prospective company's strengths and weaknesses.
- We assess the quality of a targeted company's client portfolio to gain insight into potential earnings growth and opportunities to enter new or chosen market segments.
- We consider a targeted company's ongoing profitability and ability to earn revenue in its chosen market segments as a measure of value sustainable creation.
- Targeted companies must align with our strategy and support our vision, and must contribute to our objectives of delivering innovative solutions and services in a competitive and cost-effective manner.
- Software compatibility and ease of integration is a key consideration.

Beyond possibly synergies, AYO also ensures that as part of its acquisition strategy, any targeted company supports our philosophy that technology serves as an enabler for growth and empowerment.

AYO's ultimate aim is to create a Digital Ecosystem over the medium term that offers interconnected and market leading ICT capability focused on three main area:

AYO PLATFORM

AYO Platform is focused on attracting disruptive platform businesses and will provide services and solutions across the typical ICT spectrum. This includes connectivity, communications, data and security. These services can be sourced by customers through various commercial models, including on-demand cloud services, hybrid and on-premise offerings.

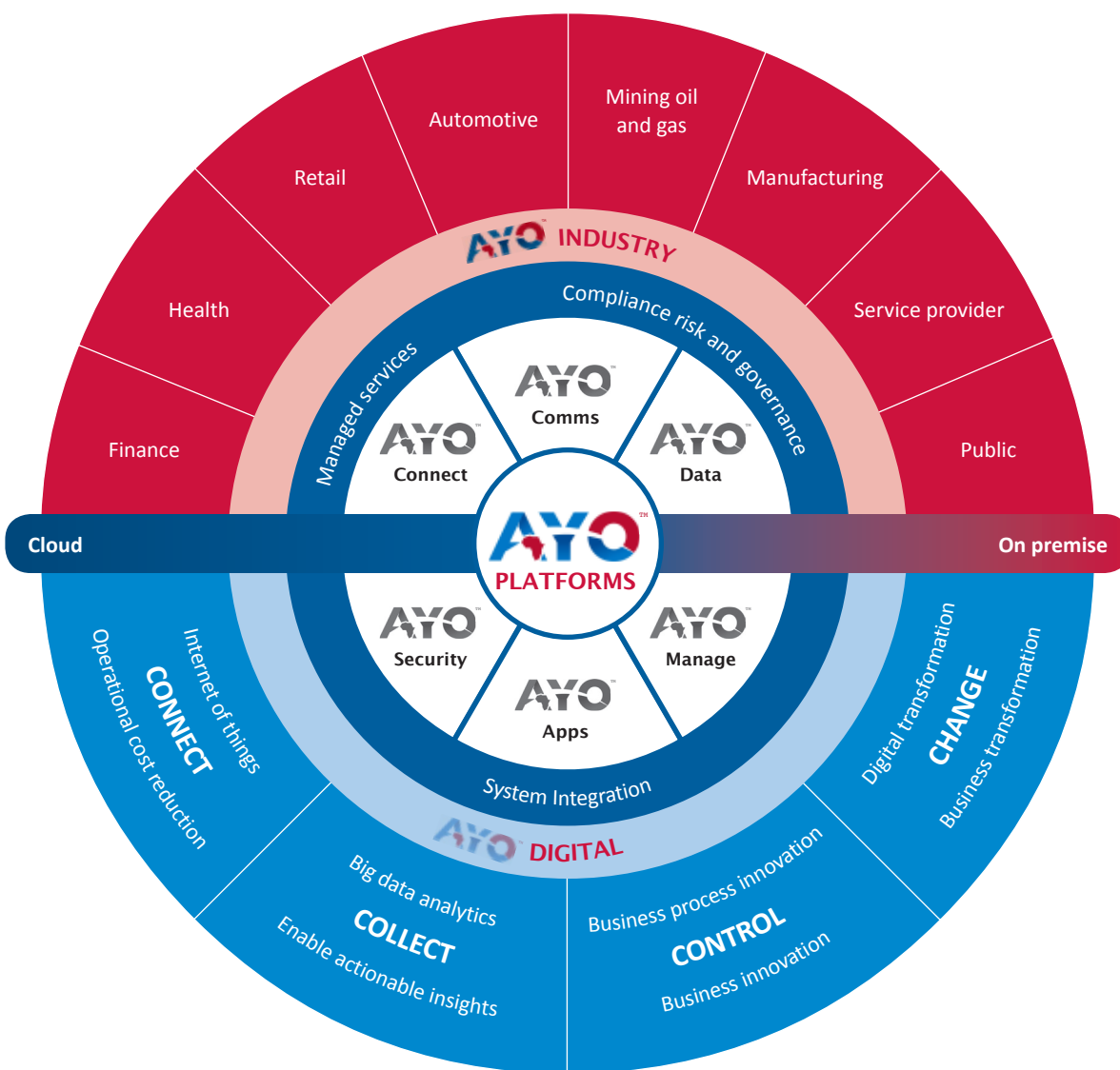
AYO DIGITAL

AYO Digital will offer market-leading digital capability to customers who intend to transform their legacy ICT landscapes and position them to support their organisation's journey into the digital economy. AYO Digital is building distinct expertise that includes IoT, big data analytics, artificial intelligence, and business process innovation and transformation skills.

AYO INDUSTRY

AYO Industry will enhance AYO's Platform and Digital capability ensuring that it is uniquely positioned with the appropriate experience per vertical industry. This includes adding to AYO's already-comprehensive intellectual property in the health, mining, oil and gas industries, with additional competencies in financial services, service provider and public sector verticals.

AYO's digital ecosystem:



AYO'S OPERATING ENVIRONMENT, RISKS AND OPPORTUNITIES

Technology and digital transformation, and in particular the advent of e-commerce and online communication, have rapidly changed consumer behaviour: consumers demand seamless, real-time service solutions across multiple platforms and sectors. For business, it has become critical to develop new business agilities that will help mitigate the risks and capitalise on the opportunities this digital economy presents.

In the South African ICT sector, this consumer behaviour is driving significant market consolidation as telecommunications operators look to build the capabilities required to position themselves as turnkey service providers. It has also prompted the entry of large multinationals into the local ICT sector, with many absorbing smaller local players.

While market consolidation establishes economies of scale and drives down the cost of goods and services, direct investment by international players can disrupt the growth of local ICT businesses and hinder local skills development. An agile and thriving local ICT sector is critical, however, if the country is to benefit from a growing global digital economy; the global ICT sector is estimated to be worth \$4 billion in 2018.

The digital economy will also impact local public sectors such as health and education. For example, the reformation of South Africa's health care sector through the National Health Insurance Bill will require automation and technology to ensure comprehensive healthcare is rolled out successfully across the country. This creates further opportunities for local companies to develop empowering ICT solutions that will deliver broad stakeholder value.

It is against this backdrop that AYO's empowerment credentials offers a significant competitive advantage, either by acquiring or partnering with companies that require B-BBEE ownership to grow or maintain their business interests in South Africa. This is enhanced by our existing businesses and strategic alliances, strengthening our capacity within and outside South Africa.

It is estimated that business intelligence and analytics will be among the top ICT spend priorities in Africa, followed by infrastructure and data, and digitalisation. Presently, we believe that many businesses in Africa are still investing heavily in non-differentiating activities such as infrastructure and data centres. This indicates pending modernisation of their core technology before they can consider digital investments to drive business value and differentiation.

African companies will therefore need to partner with organisations such as AYO to achieve digital transformation, underpinned by digital trends toward cloud computing, IoT, cyber security, big data and digitalisation.

A REPORT FROM OUR EXECUTIVE MANAGEMENT TEAM

Our listing on the JSE was a significant moment for the business, and we would like to thank our stakeholders and shareholders in particular for their support and belief in what we can bring to the market.

We are proud to present our first integrated report to our stakeholders. In this section the management team aims to provide stakeholders with better insight into AYO and the business' performance and future prospects. We hope you will find it an informative and transparent account of 2018.

EXTERNAL FACTORS IMPACTING PERFORMANCE

South Africa's economic climate remained challenging in 2018. While there is greater political certainty than in previous years, business and investor confidence has been slow to recover. Fluctuations in the exchange rate negatively impacted the cost and delivery of imported equipment, with key customers delaying spend in the ICT sector.

These muted trading conditions challenged AYO's performance. It also contributed to the delays we experienced in finalising certain key projects and transactions within the timelines communicated in our pre-listing statement, which impacted our financial results for year ending 31 August 2018.

The integrity and intentions of our business have been scrutinised in the public domain since listing. We acknowledge the consequent impact on our share price and discussions with targeted acquisition companies and potential business partners.

However, we have taken this as an opportunity. We worked hard to strengthen AYO as a business and establish a solid base from which to execute our strategy and deliver on the goals we communicated to the market at listing.

INTERNAL ACTIONS TAKEN TO POSITION AYO FOR GROWTH

It is important to understand that with AYO's listing on the JSE, AYO went from being an investment holding company to an operational entity.

What this has meant for the business has been significant.

We invested in building internal capacity and the requisite operational capabilities – this includes a large investment in people and infrastructure. We hired 60 additional employees in the Company since the listing and invested approximately R2m in training and development. We commenced with setting up new office spaces in Durban, Cape Town and Johannesburg.

Importantly, we relooked at our organisational structure and made several new appointments to our executive management team. The driving force behind this was to ensure that we have the right calibre of management skills and expertise to execute the two avenues of our strategy: to 'build' through organic growth and to 'buy' by keeping our acquisition pipeline alive.

The profiles of our management team are detailed on pages 29 to 30 and we trust this will provide our stakeholders with better insight into who we are and what we bring to the business.

Another important internal action was the changes made to our Board toward the end of the financial year. Again, it is critical that AYO be guided by a team of directors with the requisite knowledge, skills and industry experience and we believe we have strengthened our Board accordingly. Another outcome is stronger representation of independent non-executive directors on the Board, which we believe will fortify our corporate governance structures.

More information about our strategy is available from page 24 of this integrated report – but essentially, these internal actions will ensure we have a properly equipped team and certified processes to take on new challenges on the 'build' or 'buy' sides of our strategy. This remains underpinned by our culture of entrepreneurship and innovation.



INTRODUCING AYO'S MANAGEMENT TEAM



NAAHIED GAMIELDIEN

Acting Chief Executive Officer and Chief Financial Officer

Ms Gamieldien completed her articles with PricewaterhouseCoopers in 2005. She was the previous Group Financial Manager of the African Equity Empowerment Investments Limited (AEEI) group. She has subsequently gained extensive experience including regulatory compliance, business, operational and financial management within the AYO Group. She is knowledgeable of the Group's diverse operations, having worked closely with the operational heads of the Group's businesses. Ms Gamieldien maintains Board positions in several AYO Group companies.



DUDLEY SAAYMAN

Chief Operations Officer

Mr Saayman worked for British American Tobacco South Africa from 1995 and served as Head of Finance from 2007 until 2015. He has a successful track record of delivering change management and turn around strategies tailored to specific markets and global standards. Dudley's focus is on recruiting, inspiring and motivating our various teams to translate our strategic vision into successful business initiatives. Dudley joined AYO's management team in August 2018.



ZIBUSISO (ZEE) GWEBU

Executive: Strategy & Business Development

Mr Gwebu has over 20 years' experience and an established track record in defining, building and optimising ICT organisations. He held the position of Head: Strategy, Architecture and Planning at Sanlam Personal Finance from 2007 to 2014 and served as an executive partner of Gartner from 2014 to 2015. Zee has extensive cross-functional business and ICT experience, combined with strong business and commercial management skills. Zee joined AYO's management team in August 2018.



MOHLATLEGO (SNOW) MOKGALABONE

Executive: Human Resources

Mr Mokgalabone has proven expertise in human resource policy and procedure in the private and public sectors. This includes talent acquisition, management and retention, as well as legal compliance and employee relations and negotiations. He was Senior Manager of Human Resources for Primedia Outdoor from 2011 to 2015, before being appointed as Executive of Human Resources for carfind.co.za (a division of Imperial Holdings) from 2015 to 2017. Snow joined AYO's management team in June 2018.



STEVEN NISS

Executive: Infrastructure & IT Operations

Mr Niss has over 20 years' experience in the ICT industry. He has a strong technical background, including extensive knowledge of various operating systems, installed and cloud technologies as well as hardware experience. His expertise includes strategic management and planning, team management, mentoring and coaching, as well as client interaction, communication and relationship building. Steven worked for HST in various technical roles from 2000 and held the position of Technical Manager from 2009 until 2018. He joined AYO's management team in March 2018.



WALTER MADZONGA

Executive: Digital

Mr Madzonga has strong technical and business expertise in the technology, media and telecommunications sector. He was part of the founding team of a multinational converged communications company specialising in providing consulting and advisory services to small, micro and medium-sized enterprises. In 2016, Walter took up the position of Group Executive: Digital at Independent Media and was responsible for executing the company's digital strategy and digital transformation journey. Walter joined AYO's management team in September 2018.



JENNIFER (JENNY) EVE

Executive: Strategic Projects

Ms Eve has more than 20 years' experience in business management, ICT consulting, systems and business development, team leadership and mentoring, and client relationship building and management. She held various management positions at Dimension Data prior to joining AYO's management team in February 2018. Jenny is responsible for overseeing successful end-to-end deployment and implementation of solutions, hardware and services for external and internal projects and clients.



NTOMBIYOXOLO (XOLO) MOTSWASELE

Client Partner

Ms Motswasele has worked in the ICT industry since 2000. Her management expertise includes leadership roles in global organisations such as Alcatel and Nokia. She has experience in business and product development, account and project management, and people management, development and recruitment. Xolo was appointed as Executive: Marketing and Sales at Sentech in 2011 before taking up the position of Head of Marketing at a leading ICT infrastructure solutions partner in 2017. She now serves as client partner for AYO's account with a multinational oil and gas company and joined the management team in July 2018.

LOOKING BACK ON AYO'S FINANCIAL PERFORMANCE

AYO delivered strong revenue growth, with all its underlying operations and investments performing well and benefiting from the synergies that exist across our business.

Revenue increased by 33%, from R479m to R639m.

A highlight was the successful conclusion of the contract with a large multinational oil and gas company. This contract has been successfully operationalised and is delivering real value to the client and to AYO.

As we embark on the execution of our strategy, we incurred certain once-off costs – including our investment in people and infrastructure. However, we expect to see the benefit of these investments in the upcoming financial year – most notably in our ability to drive operational efficiencies, offer better pricing to clients and deliver competitive margins.

We have also strengthened our presence in key sectors within our digital ecosystem, underpinned by strong growth across our existing businesses. Notable contributions were made by Puleng and HST during the year.



More information about our digital ecosystem and growth strategy is available from page 34.

We mentioned the impact of the delays in finalising certain key projects and transactions that were outlined in our pre-listing statement. Acquisitions are critical in enabling us to grow our capabilities in line with our vision and strategy. We are committed to making the right investments and follow a strict process of due diligence when considering whether we will or will not pursue an acquisition. Importantly, acquisitions must fit our strategy and must create shareholder value.

Certain acquisitions that formed part of our original acquisition pipeline did not materialise because they did not align with our due diligence approach. As a result of this, we did not achieve on our budgeted financial results. However, we believe our actions demonstrate our commitment to the diligent execution of our strategy and creating value for our shareholders and other stakeholders. The principles that guide us in executing acquisitions are detailed on page 25.

Our employees remain central to our success and we ensured processes were in place to keep them abreast of any changes in the business. Despite difficult circumstances, we laid the foundations for a culture of creativity, diversity, transformation and tenacity. We thank our employees and encourage them to continue delivering the quality performance seen in 2018. Read more about how our employees experience working at AYO from page 17.

AYO's financial performance is detailed in the financial review on page 33 of this integrated report.

AYO'S BIGGEST RISKS AND OPPORTUNITIES OVER THE NEXT THREE YEARS

We view AYO's empowerment credentials as an opportunity but also a potential risk for the business. Our strong black ownership meant that we were well positioned when the new and more onerous B-BBEE ICT sector codes were released in November 2016. This gave us a head start and an advantage against many of our competitors. However, this does not mean that others will not be able to compete with AYO in the future. Our B-BBEE advantage is something we need to preserve, and we will ensure it receives our ongoing focus and attention.

We can leverage B-BBEE as we pursue market leadership in South Africa – with the ultimate aim of being the leading empowered ICT partner for organisations across the African continent. A major competitive advantage in this regard is the fact that AYO has no legacy business or overhead structures preventing us from building market-leading digital capability for our customers.

The rapid pace of change in the ICT sector is another risk that AYO must navigate – particularly if we are unable to innovate ahead of the curve. Our investment in people and infrastructure is therefore critical to ensuring we can realise growth through innovation. We have identified the top five growing ICT sectors – including artificial intelligence, cloud computing and more – and are actively pursuing both ‘build’ or ‘buy’ opportunities within these spaces. It is here that our acquisition guidelines are critical as we seek to identify and leverage synergies across our existing businesses to execute our strategy. Our current growth phase is supported by a strong balance sheet.

We will continue to harness the strengths of our existing businesses to capitalise on opportunities within the South African market. This includes, for example, opportunities to partner with government to deliver critical public-sector education and healthcare services. HST is an important partner to government in this regard – and we foresee further opportunities for growth through the proposed National Health Insurance plan.



Read more about AYO’s top risks and mitigating actions from page 50 of this report.

EXPECTATIONS FOR 2019

We believe that AYO is well-positioned for growth over the next three to five years and into the future.

We anticipate this growth will be achieved by:

- leveraging our strong empowerment credentials;
- continuing to develop and manage our acquisition pipeline in line with our vision and strategy;
- building the requisite operational capabilities (including sales and business development); and
- identifying opportunities for synergies and operational efficiencies across AYO.

This will enable us to offer industry-leading solutions and services within our targeted market segments – with the ultimate aim of delivering sustained value to our clients and shareholders.

While our growth lagged in 2018, we will strive to achieve the forecasts for 2019 that were outlined in our pre-listing statement. The acquisition of Sizwe Africa IT Group early in our 2019 financial year, which is subject to Competition Commission approval, is significant for AYO and is anticipated to add an additional R1 billion in annual revenue. The transaction is also evidence of our resolve to implement our strategy and grow our underlying operations, assets and investments.

The past twelve months have been challenging but also rewarding, and we are excited to take AYO forward and grow the business in South Africa, across the continent and beyond. We thank our existing businesses and our motivated and diligent team of people. Thanks also to our clients for the continued support and ongoing belief that AYO will add value and deliver beyond their expectations.

We are optimistic about AYO’s future and the role we can play as a catalyst for meaningful transformation in the country and within the ICT sector. There may be challenges ahead, but we believe AYO has what it takes to innovate, disrupt and overcome these challenges to win market share and take a leadership position in South Africa.

The AYO executive team

14 December 2018

AYO'S FINANCIAL 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 R479m 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.

As AYO continues to embark 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. The Group incurred significant **once-off costs** for the expansion of its operational activities and listing costs.

Cash generated from operations decreased from R53m in 2017 to an outflow of R59m due to significant once-off cost for the expansion of our 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.

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.

SOFTWARE, CONSULTING AND SUPPORT

The software, consulting and support division, focused mainly on digital consulting engagements and transformation projects, with revenue increasing by 3% from R71m to R73m.

HEAD OFFICE

Revenue improved significantly as a result of 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 and our competitive B-BBEE 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 division 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 this division.

AYO'S APPROACH TO CORPORATE GOVERNANCE

One of AYO's fundamental objectives is to conduct its business ethically, while building an organisation that is sustainable and considers the short, medium and long-term impact of its activities on the economy, society and the environment.

The Board is committed to the highest standards of ethics, governance and business integrity. The Board has adopted an integrated approach to managing AYO to ensure the Group's governance structures actively identify, communicate on and respond to material matters that impact its capacity to create value. The Board believes it has addressed all material matters appropriately and that it fairly represents the integrated performance of the Group. The Board continuously reviews the Group's governance structures and processes to incorporate and accommodate new corporate developments, to facilitate effective leadership, to provide sustainable corporate citizenship in support of the Group's strategy and to reflect national and international corporate governance standards, developments and best practices.

The Board is satisfied that effective controls have been implemented and complied with throughout the Group and that the Company fully complies with the spirit and form of the continuing obligations of the JSE Listings Requirements, King IV and the Companies Act.

ETHICAL AND RESPONSIBLE LEADERSHIP

The Board ensures an ethical culture is set from the top down, supported by an organisational culture of honesty, fairness, integrity and humility. Bearing in mind that AYO is a diverse Company, this culture is also one of acceptance and understanding. The social, ethics and transformation committee ensures this culture is not compromised.

The following values guide AYO's approach to sound corporate governance:

- **Authentic** – we believe in continuing our heritage of honesty, integrity and courageously doing the right thing. We strive to be one of the world's most successful companies, dedicated to winning through hard work and fair play.
- **Accountable** – we take ownership of our business and our future. We establish ambitious goals for our businesses, stakeholders and ourselves and strive to exceed them. We feel personally responsible for achieving both our individual and team potential.
- **Innovative** – our founders established a culture that encouraged entrepreneurial spirit, experimentation in product development and creativity. We continue to be committed to new ideas that add value for our shareholders, stakeholders and partners. We recognise that today's best is the benchmark we must surpass tomorrow.

- **Caring** – truly respecting each other and caring for the communities where we live and work, makes AYO a company people want to work for and do business with.
- **Empowering** – as a Group that drives transformation, we believe in the development and empowerment of our employees to enhance the performance of the Group by "growing our timber".

These values are present in the Board's approach to corporate governance and inform how the governing body monitors and assesses AYO's performance. During the year, the Board identified an opportunity to strengthen awareness of these values within the organisation and among external stakeholders. This will be a focus going forward.

OUR GOVERNANCE FRAMEWORK

An appropriate governance framework and the necessary policies and processes are in place to ensure AYO and all subsidiaries adhere to essential governance requirements and standards.

The Board is the principal decision-maker and is supported by various committees and the executive management team. AYO's Board is responsible for the strategic direction of the Group and the Company's governance framework. The governance framework supports the Company's growth strategy.

Our Board plays a pivotal role in strategy planning and has established clear benchmarks to measure the strategic objectives of the Company. The Board ensures that its sound governance framework will enhance good corporate governance, improve internal controls and improve the Company's performance. In carrying out the Company's strategic objectives, the Board is assisted by the necessary committees, including the executive committee, with clear terms of reference to assist the Board in discharging its responsibilities. This flows down to the subsidiaries and divisional levels to ensure that the business is provided with a structure within which management can operate effectively.



The Group's governance framework focuses on the following:

- Vision, strategy and performance
- Ethical and responsible leadership
- Finance – including budgets and forecasts
- Corporate citizenship
- Risk management
- Information technology
- Investment
- Products – quality, cost, delivery and competitiveness
- Human capital – health, safety, employee wellness and the environment
- Transformation
- Sustainability
- Stakeholder relations

As a JSE-listed Company, AYO is subject to and has implemented controls to provide reasonable assurance of compliance with all relevant regulatory requirements in respect of its listing and has applied all the principles of King IV. As a direct or indirect shareholder, AYO exercise its rights and is involved in the decision-making of its subsidiaries on material matters. Subsidiaries have adopted the governance framework as appropriate and have aligned it to their memorandum of incorporations (MOI) and shareholder agreements as required.

GOVERNANCE AND ETHICS

The Board is ultimately responsible for ethical and effective leadership and has delegated the responsibility of implementing and executing the code of ethics (the code) and the code of conduct to management. The code has clear guidelines that inform AYO's interactions with stakeholders and outlines the key ethical risks facing the business as well as mitigating actions. These risks include but are not limited to: fraud, corruption, theft, unethical disclosure of sensitive information, and harassment and discrimination.

The code is published on AYO's website and is incorporated as part of the induction programme for all new employees as well as in all employee and supplier contracts.

The Board, with the assistance of the social and ethics committee, exercises ongoing oversight of AYO's activities and the management of ethics.

A strong ethical foundation is supported by:

- an anonymous telephone line and email address for whistle-blowing. Precautions and protection for the reporter are in place, and those found guilty or responsible for unethical conduct are reprimanded accordingly;
- an independent ethics reporting line to detect breaches of ethical standards;
- dedicated effort to create awareness, detect and resolve any ethical violations; and
- ongoing training on anti-corruption and anti-competitive behaviour.

APPLICATION OF AND COMMITMENT TO KING IV

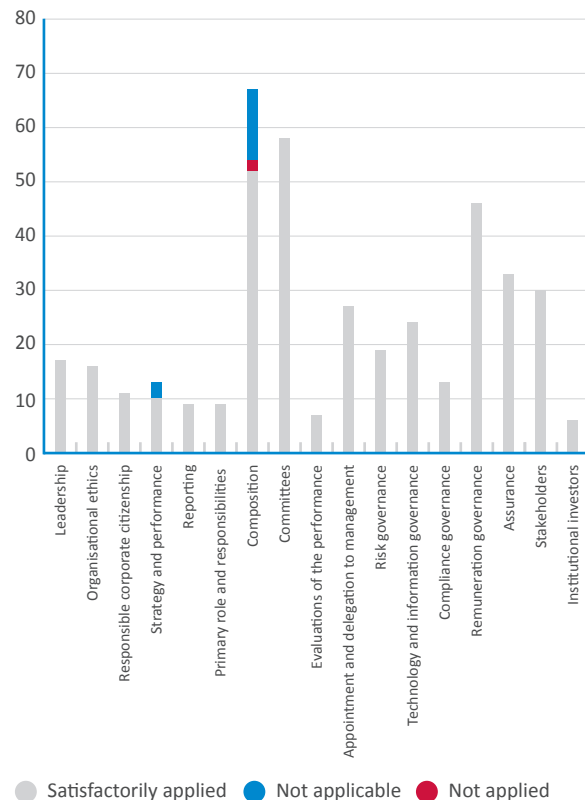
As outlined in King IV, the Board recognises its responsibility to act as the custodian of corporate governance for AYO. The Board ensures that directors:

- lead ethically and effectively;
- support an ethical culture;
- set the strategic direction for AYO for the year ahead;
- approve policies and planning; and
- administer and monitor the AYO's risks and opportunities, strategy, business model, performance and sustainable development.

The Board ensures compliance with applicable laws, rules, codes and standards in a way that supports AYO in being ethical and a good corporate citizen. A stakeholder-inclusive approach is followed to ensure the needs, interests and the expectations of material stakeholders are addressed.

A comprehensive register detailing AYO's application of the principles of King IV is available on www.ayotsl.com.

KING IV MANAGEMENT REVIEW



OUR LEADERSHIP TEAM



NAAHIED GAMIELDIEN
Chief financial officer and acting chief executive officer



DR WALLACE MGOQI
Chairman



SELLO RASETHABA
Independent non-executive director



DR DENNIS GEORGE
Independent non-executive director



SALIM YOUNG
Independent non-executive director



AZIZA BEGUM AMOD
Independent non-executive director



ROSEMARY MOSIA
Independent non-executive director



CHERIE FELICITY HENDRICKS
Non-executive director



ADV. DR NGOAKO RAMATLHODI
Independent non-executive director

INTRODUCING OUR LEADERSHIP TEAM

EXECUTIVE DIRECTORS

Naahied Gamielien (40)

Chief financial officer and acting chief executive officer
BCom (NMU), and CTA (Unisa)

Appointed to the Board: 19 May 2016

Member of the social, ethics and transformation committee

Ms Gamielien completed her articles with PricewaterhouseCoopers in 2005. She has held several positions within the AEEI group, including AEEI Group Financial Manager and AYO Technology Group Financial Manager. Having worked closely with the respective groups' leadership teams for many years, Ms Gamielien brings a wealth of experience and insights into steering AYO towards a profitable and sustainable future.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr Wallace Mgoqi (69)

Chairman

BA SocSc, LLB and postgraduate qualifications from Harvard University (USA and Rome Italy), Honorary Doctor of Laws from Walter Sisulu University, and Honorary Doctor of Laws from City University of New York, Queens School of Law (New York, USA)

Appointed to the Board: 20 August 2018

Member of the remuneration, nomination and investment committees

Dr Mgoqi is the former City Manager of the City of Cape Town, the former Chief Land Claims Commissioner on the Restitution of Land Rights and is a former Attorney and Advocate of the High Court of South Africa. In 2002, he was the third recipient of the prestigious Sir Sidney and Lady Felicia Kentridge Award and was also honoured with the Adv Duma Nokwe Award. The University of Cape Town was the first to confer the degree of Doctor of Laws on Dr Mgoqi in recognition of a lifetime of extraordinary achievement in promoting and using law as an instrument of justice. In 2004, he received an Honorary Doctor of Laws degree at the Walter Sisulu University. In the same year he received the third Honorary Doctor of Laws degree from the City University of New York, USA.

Salim Young (61)

Independent non-executive director

BProc LLB (UWC), and LLM

Appointed to the Board: 1 December 2017

Member of the audit and risk, remuneration, nominations and investment committees

Mr Young is an experienced business executive and corporate lawyer and former director of Webber Wentzel (formerly Mallinicks Inc.). He recently retired after 13-year tenure as an executive director on the Board of British American Tobacco (SA). During this time Mr Young also served as the appointed South African representative of the London-based BAT plc whose secondary listing on the JSE at the time ranked

as the largest company by market capitalization. Mr Young maintains board positions in a number of other companies and significant trusts. He holds a master's degree (LLM) in International Commercial Law from Tulane University.

Rosemary Mosia (51)

Independent non-executive director

Master's in Business Leadership (Unisa)

Appointed to the Board: 21 August 2018

Member of the audit and risk committee

Ms Mosia has more than 15 years' experience in credit risk, financial and business management, amassed from various positions and different roles in her career. In addition, she has extensive training in general and credit management, finance, internal auditing and forensic auditing. Ms Mosia was involved in multiple roles including internal audit, forensic audit, budget management, credit risk management, operational management, for the same financial services unit. From 2000 to 2008, she headed the financial services unit of a large state-owned entity at a regional level. She was appointed as the chief executive officer of The Bridge of Hope Wine and is currently the chief executive officer of the Black Business Chamber.

Adv. Dr Ngoako Ramatlhodi (63)

Independent non-executive director

Post-matriculation B Juris Studies, Bachelor of Jurisprudence (BA Law), Bachelor of Law (LLB), Master of Science (MSc), Admitted to the Bars of Lesotho and the Republic of South Africa as an advocate, awarded an Honorary Doctor of Law

Appointed to the Board: 22 August 2018

Member of the audit and risk and investment committees

Advocate Dr Ramatlhodi holds a Bachelor of Jurisprudence, Bachelor of Law, Master of Science in International Relations and was admitted as an Advocate to the Bar of Lesotho in 1997; and then admitted to the Bar of South Africa in 2009. He was awarded an Honorary Doctor of Law Degree by the University of Limpopo.

Sello Rasethaba (60)

Independent non-executive director

BA Accounting, University of Northern Iowa (USA), and proceeded to complete his MPhil (Accounting) at the University of Hull (UK)

Appointed to the Board: 20 August 2018

Member of the audit and risk and the investment committees

Mr Rasethaba holds a BA Accounting, University of Northern Iowa, United States of America and proceeded to complete his MPhil (Accounting) at the University of Hull, United Kingdom. He is currently the Chairman of Xpanse Investments Sites-Afla and served as the Chairman of the State Information Technology Agency (SITA) and the Transnet Tender Board. He has also served other enterprises and boards including the Gauteng Gambling Board and the Northwest Transport Corporation. Mr Rasethaba has experience in the formulation,

development and implementation of information technology strategies obtained in South Africa, the United States of America and the United Kingdom. He served as chairman of the Financial Services Working Group and on the task team aimed at establishing the BRICS Rating Agency. He was appointed in an acting capacity as one of the council members of the South African BRICS Business Council. Mr Rasethaba also serves on the B20 Trade and Investment Task Force and is the member of the B20 High Level International Business Advocacy Caucus.

Dr Dennis George (60)

Independent non-executive director

Master's in Technology and Innovation (Da Vinci Institute), PhD in Management of Technology and Innovation 2018 (Da Vinci Institute)

Appointed to the Board: 20 August 2018

Member of the audit and risk, social, ethics and transformation committees

Dr George is the General Secretary of the Federation of Unions of South Africa (FEDUSA) and plays a key role in NEDLAC with the successful negotiations of the Framework Agreement for a Sustainable Mining Sector in 2013, engaging with the Deputy President, labour and business leaders. Shortly after the financial crisis of November 2008, he was part of Team South Africa in facilitating the achievement of higher inclusive economic growth and employment creation. Dr George has a Masters degree and recently completed his degree for Doctor of Philosophiae in the Management of Technology and Innovation.

Aziza Begum Amod (57)

Independent non-executive director

Appointed to the Board: 26 February 2013

Member of the social, ethics and transformation and the nominations committees

Mrs Amod is a professional director, businesswoman, philanthropist and entrepreneur with more than 30 years of business experience in the retail sector. She provides consultancy to women-owned businesses in the areas of impact investment, social innovation, and technology applications for social impact in the food and retail sector. She currently serves as a director and trustee of various business entities and trusts.

NON-EXECUTIVE DIRECTOR

Cherie Felicity Hendricks (55)

Non-executive director

University of Cambridge Programme for Sustainability Leadership, Incite Sustainability Executive Programme, Executive Women in Leadership Programme (University of Cape Town – Graduate School of Business)

Appointed to the Board: 6 July 2009

Member of the social, ethics and transformation committee

Ms Hendricks is the Corporate Affairs and Sustainability Director at African Equity Empowerment Investments Ltd (AEEI). Her remit includes sustainability, regulatory

compliance, corporate social investment, oversight of human resources and group communication. She has more than 19 years' experience with AEEI and currently sits on the boards of the AEEI's major investments.

CHANGES TO THE BOARD AND COMPANY SECRETARY

In the months following AYO's listing on the JSE, the business engaged with shareholders on strengthening the independence and governance structures of the Board to ensure a stronger representation of independent non-executive directors.

Following this engagement, the Board was restructured. Messrs K Abdulla, W Madzonga, T Ntsasa and Ms M Khoza resigned on 20 August 2018, and Dr W Mgoqi, Dr D George, Mr S Rasethaba and Ms R Mosia were appointed on 21 August 2018 in the capacity of independent non-executive directors. In addition, Mr S Young stepped down as the independent non-executive chairman of the Board but remained as an independent non-executive director. The Board approved the appointment of Dr W Mgoqi as the independent non-executive chairman of the Board.

Following the announcement of its newly restructured Board, AYO confirmed its acceptance of the resignation of its chief executive officer, Mr K Hardy, as well as the resignation of its chief investment officer, Mr S Nodwele, effective 23 August 2018. Since these resignations, the current chief financial officer, Ms N Gamielien, has served as the acting chief executive officer. She will continue to serve as acting chief executive officer until further announcement and will retain her position as the chief financial officer.

The company secretary, Ms N Mbaliseli, resigned on 3 September 2018 and Ms R Nock was appointed on 12 November 2018.

The changes in the Board and executive team demonstrate AYO's commitment to good corporate governance, outcome-based stakeholder engagement and value creation for our shareholders.

The governing body dedicates time and effort to its duties. The Board met eight times during the year. Attendance at these meetings is set out in the table below:

DIRECTOR	OCT 2017	NOV 2017	FEB 2018	MAY 2018	7 AUG 2018	20 AUG 2018	21 AUG 2018	23 AUG 2018
Dr W Mgoqi	n/a	n/a	n/a	n/a	n/a	✓*	✓	✓
N Gamieldien	✓	✓	✓	✗	✓	✓	✓	✓
S Young	✗	✓	✓	✓	✓	✓	✓	✓
R Mosia	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓
Adv N Ramatlhodi	n/a	n/a	n/a	✓	✓	✗	✗	✓
S Rasethaba	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓
Dr D George	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓
C Hendricks	✓	✓	✓	✓	✓	✓	✓	✓
A Amod	✓	✓	✓	✓	✓	✓	✓	✓
K Abdulla	✓	✓	✓	✓	✓	✓	✓	n/a
K Hardy	✗	✗	✓	✓	✓	✗	✓	n/a
S Nodwele	✗	✗	✓	✓	✓	✗	✓	n/a
T Ntsasa	✗	✗	✓	✓	✗	✓	n/a	n/a
M Khoza	✗	✓	✓	✓	✓	✓	n/a	n/a
W Madzonga	✗	✓	✓	✓	✓	✓	n/a	n/a
AM Salie**	✓	✓	✗	✗	✗	✗	✓	n/a
T Hove	✗	✗	✗	✗	✗	✗	n/a	n/a
C Ah Sing	✓	✓	✗	✗	✗	✗	n/a	n/a

- ✓ Present
- ✗ Absent with apology

Notes:

Messrs K Abdulla, W Madzonga, T Nasa and Ms M Khoza resigned on 20 August 2018.
 Dr W Mgoqi, Dr D George, Mr S Rasethaba and Ms R Mosia were appointed to the Board on 21 August 2018.
 Messrs K Hardy and S Nodwele resigned effective 23 August 2018.
 * Dr W Mgoqi attended the meeting on 20 August 2018 as an invitee.
 ** Mr AM Salie attended the meeting on 21 August 2018 as an invitee.

Furthermore, Mr Howard Platjies was appointed as an executive director (corporate finance and strategy), Ms Vanessa Govender as an executive director (corporate affairs) and Mr Takudzwa Hove as a non-executive director of the Company with effect from 20 December 2018. The company secretary, Ms Rodanchia Nock, has resigned with effect from 21 December 2018 and will be replaced by Mr Wazeer Moosa on 1 January 2019.

Mr Platjies will also fulfil the role of acting chief executive officer, which was previously performed by Ms Naahied Gamieldien, who continues in her role as chief financial officer.

AYO'S GOVERNANCE STRUCTURE



COMPOSITION OF THE BOARD

The Board comprises a majority of independent non-executive directors who have a wealth of industry knowledge and expertise. A rigorous review of the independence and performance of independent non-executive directors serving more than nine years is undertaken by the Board with the support of the nominations committee.

The Board currently comprises one executive member (Ms Gamiel dien) following a change in AYO's management structure during the year, seven independent non-executive directors and one non-executive director. While changes have strengthened the management team and Board, the requirement to have a minimum of two executive members on the Board has not been met but plans are in place to ensure that this happens before the end of January 2019. The roles of chairman and chief executive officer are separated, and the chairman is independent and non-executive.

The process for appointment and election of directors is set out in the AYO's MOI. The nominations committee assists with identifying suitable candidates for appointment to the Board and for election by shareholders. This process takes into consideration the annual review of the Board's effectiveness, which includes composition. The selection of Board members is made on merit and in the context of their skills, experience, independence and knowledge. All facets of race and gender diversity are considered in determining the optimal composition of the Board, which should be balanced appropriately and enable the effective discharge of duties and responsibilities.



Read more in the nominations committee report on page 47.

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and gender diversity are considered in determining the optimal composition of the Board, which should be balanced appropriately and enable the effective discharge of duties and responsibilities.

AYO's Board adopted a policy on the promotion of gender diversity which includes identifying suitable candidates for appointment to the Board. The committee will consider candidates on merit against objective criteria with due regard to the potential benefits of gender diversity at Board level. The committee will continue to discuss and annually agree on all measurable targets in terms of gender diversity on the Board.

The Board also adopted a race diversity policy as the Company believes that race diversity at Board level maximises opportunities to achieve its business goals through an informed understanding of the diverse environments in which we operate. The committee will assess the composition and recommend the appointment of directors as a truly diverse Board which will include the differences in age, gender, race, skills, industry experience and other distinctions between directors. The selection of Board members is made on merit, in the context of their skills, experience, independence and knowledge, which the Board as a whole requires to be effective. The committee will consider candidates on merit against objective criteria and with due regard to the potential benefits of race diversity at Board level. The committee will continue to discuss and annually agree all measurable targets in terms of race diversity on the Board.

The Board has assessed the current composition of the Board in terms of gender and race diversity and confirmed that they are pleased with the current composition of the Board. The Company's level of compliance against its targets for the past year is summarised below:

	ACTUAL	TARGET
Black people	100%	60%
Female	44%	30%

The succession plan of directors is reviewed annually by the nominations committee and includes the identification, mentorship and development of current and future candidates. This includes succession planning for the position of chief executive officer and senior management appointments.

A brief CV for each director standing for election or re-election at the annual general meeting (AGM) accompanies the notice of the annual general meeting.

The Board considers the allocation of the roles and associated responsibilities and the composition of membership across all committees holistically to achieve the following:

- A balance of power in respect of committee membership to ensure no undue reliance on any individual and to ensure no individual can dominate decision making

- Effective collaboration through cross-membership between committees, where required, with coordinated timing of meetings and avoidance or duplication or fragmented functioning in so far as possible
- Where more than one committee has jurisdiction to deal with a similar matter, the specific role and positioning of each committee in relation to such matter is defined to ensure complementary rather than competing approaches

BOARD POWERS AND PROCEDURES

The Board has an approved charter that it reviews annually. The charter was compiled in terms of the recommendations contained in King IV and sets out the Board's governance responsibilities, including the role, membership requirements and procedural conduct expected by the Board. This includes matters such as directors' dealings in the securities of AYO and declarations of conflicts of interest.

The Board is satisfied it has fulfilled its responsibilities in accordance with its charter for the reporting period. In addition to the charter, the Board adheres to all policies as prescribed by the Companies Act.

The governing body ensures it approves and regularly reviews the framework and top-level delegation of authority, in terms of which matters are delegated to the acting chief executive officer. The acting chief executive officer has the highest executive decision-making authority of the organisation and is accountable to the Board for the successful implementation of AYO's vision, strategy, business plans and overall management and performance, with the primary aim of enhancing long-term shareholder value.

In terms of the delegation of authority framework, the executive committee supports the acting chief executive officer in the implementation of AYO's strategy and overall management and performance of the business. The acting chief executive officer may delegate matters not specifically reserved for decision-making by the Board or shareholders.

The committees of the Board ensure that arrangements for delegation promote independent judgement and assist with balance of power and the effective discharge of duties.

The Board also determines when to delegate roles and responsibilities to an individual member of the governing body, or to standing or ad hoc committees. The Board's judgement in this regard is subject to legal requirements and guided by what is appropriate for and needed by AYO to achieve the objectives of delegation.

The Board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authorities and responsibilities.

The members of the Board ensure they have appropriate knowledge of the organisation and the ICT industry by staying up to date with the latest information. This includes opportunities to upskill themselves through training and development sessions conducted by accredited institutions in South Africa. In addition, the Board may request documentation from, and set up meetings with, management as and when required.

The Board may also obtain independent, external professional advice or corporate governance services at AYO's expense. This includes obtaining advice on matters within the scope of the Board's duties. Overall, the Board is satisfied that arrangements in place for accessing professional corporate governance services are effective.

The Board ensures its competence by acting within the framework of King IV, the JSE Listings Requirements and other laws to ensure members contribute meaningfully to strategy and the implementation thereof in line with the long-term interests of stakeholders.

With the support of its committees, the Board oversees and monitors the implementation and execution of policies and priorities by management. The Board further ensures that AYO accounts for its performance by, among other things, reporting a balanced, accurate and accessible assessment of strategy, performance and opportunities in relation to material financial, economic, social, and environmental and governance issues and disclosures.

The Board has appointed the following committees to assist it in the performance of its duties:

- Executive committee;
- Remuneration committee;
- Nomination committee;
- Audit and risk committee;
- Social, ethics and transformation committee; and
- Investment committee.

All committees function according to Board-approved terms of reference as contained in each committee's charter and/or policy. Each committee adopted its policy/charter with the terms of reference approved by the Board. Each committee reviews its policy on an annual basis to ensure it remains current and updated.

All committee charters and policies were reviewed during the year with changes being made to take into account new regulatory requirements and King IV to ensure best governance practices. These charters and policies were formally tabled at each committee meeting and adopted by the Board of directors.

The chairman of each committee reports back to the Board at each Board meeting and embraces the principles of transparency and full disclosure. The delegation of authority to Board committees does not mitigate or discharge the directors and the Board from their duties and responsibilities.

COMPANY SECRETARY

The company secretary, Ms. N Mbaliseli resigned on 3 September 2018. Ms. R Nock was appointed as company secretary on 12 November 2018. She was duly appointed by the Board in accordance with the Companies Act and is not a director of AYO's Board nor does she serve on any of the committees. The Board annually considers the competence, qualifications and experience of the company secretary and is satisfied she is competent and has the appropriate qualifications and experience to fulfil the position of company secretary. The company secretary has a direct channel of communication to the chairman, while maintaining an arm's-length relationship with the Board and the directors as far as reasonably possible. The role and responsibilities of the company secretary are described in the Board charter.

LEGAL COMPLIANCE

The Board ensures it governs compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports AYO in being an ethical and a good corporate citizen.

AYO's policy requires all group companies, their directors and employees to comply with all applicable laws. Legal compliance systems and processes are in place and are continuously improved to mitigate the risk of non-compliance with the laws in the various jurisdictions AYO does business in and to ensure appropriate responses to changes and developments in the regulatory environment.

The nomination and social, ethics and transformation committees receive regular reports on compliance matters. To the extent that legal and regulatory matters have an impact on the financial statements, reports are presented to the audit and risk committee. Specific areas of law have been identified as key legal compliance risk areas. This includes competition law, anti-bribery and anti-corruption laws,

sanction laws and safety, health and environmental laws. Risk mitigation and control steps have been identified for each of these areas.

STAKEHOLDER ENGAGEMENT

In executing its governance role and responsibilities, the Board adopts a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the business over time.

AYO strives to ensure a systematic and integrated approach to stakeholder engagement, facilitated by engagement programmes that provide increased assurance to the Board that all stakeholder issues have been identified, prioritised and appropriately addressed. The Board is equipped with the necessary information to enable it to take the legitimate interests and expectations of stakeholders into account in its decision-making.

This was demonstrated during the year by the Board's ongoing engagement and communication with stakeholders relating to the changes in AYO's management team and Board. The Board remained transparent and clear in its message and ensured that stakeholders received relevant and timely information about changes within the business.

AYO understands and is responsive to the needs and interests of key stakeholder groups. This includes:

- Shareholders
- The investment community
- Employees
- Clients
- Suppliers
- Joint venture partners
- Regulators
- Business partners
- Communities

AYO constantly seeks to improve the way in which it engages with its stakeholders to effectively respond to their needs. Interaction with stakeholders happens during the normal course of business at multiple levels across the business and AYO strives to resolve disputes with its stakeholders effectively and expeditiously. AYO's corporate affairs function is the custodian of the business' stakeholder engagement approach, associated processes and standards, and ensures

a coordinated and consistent approach across the business. The function acts as an enabler to AYO with the goal of systematically embedding and continuously improving how stakeholders are managed.

To ensure AYO communicates with its smaller shareholders and those stakeholders who lack access to electronic media, the business publishes and reports on details of its corporate actions and performance (including its interim and final financial results) in South Africa’s leading daily newspapers. AYO also publishes its most recent financial and operational performance and provides recent historical information, including its annual reports, on its website. AYO invites all shareholders to attend its AGM and facilitates participation by way of focused proxy solicitation and electronic means.

We aim to create sustainable value for our stakeholders. This value is delivered through a range of relationships that are unpacked in more detail from page 15 of this report.

INTEGRATED REPORTING AND DISCLOSURE

The Board, with the support of the audit and risk committee, ensures the necessary controls are in place to verify and safeguard the integrity of the integrated annual report and other disclosures, including the audited financial statements. Reporting frameworks and materiality are approved by the audit and risk committee to ensure compliance with legal requirements as well as stakeholder relevance.

REMUNERATION COMMITTEE

DIRECTOR	19 FEB 2018
S Young (Chairman)	✓
Dr W Mgoqi	n/a
M Khoza	n/a
K Abdulla	✓
AB Amod	✓

✓ Present

✗ Absent with apology

Notes:

Messrs K Abdulla and Ms M Khoza resigned on 20 August 2018.

Dr W Mgoqi was appointed to the Board on 21 August 2018.

INTRODUCTION

The AYO Group remuneration committee is primarily responsible for overseeing the remuneration and incentives of the Group’s executive directors and key management, as well as providing strategic guidance to the executive directors.

The main aim of the committee is to assist the Board in fulfilling its responsibilities in establishing formal and transparent policies and guiding principles of a standardised approach in the application of remuneration practices within the Group.

The remuneration committee’s main purpose is to implement the guiding principles in the application of remuneration governance, practices and policies and to ensure that the Group remunerates fairly, responsibly and transparently so as to promote the achievement of the Group’s strategic objectives and positive outcomes in the short, medium and long term.

OVERVIEW OF THE MAIN PROVISIONS OF THE REMUNERATION POLICY

The remuneration policy is aimed at aligning remuneration practices that will enable it to achieve the Group’s strategic objectives, translating into market-related yet affordable performance-linked rewards, and to ensure balanced and transparent outcomes that align with shareholder interests over the short and long term and ultimately enable the attraction and retention of valuable talent. Our approach to remuneration aligns to our ethics, corporate governance philosophy, and shared values and best practices.

The remuneration policy is designed to achieve the following strategic objectives:

- Support the attainment of AYO’s strategic business objectives and strategies
- To attract, retain and motivate key and talented individuals
- Compete in the marketplace to be an employer of choice
- Reward individual, team and business performance and encourage superior performance
- Support the key values of AYO
- To promote the achievement of the group’s strategic objectives within the organisation’s risk appetite
- To promote positive outcomes
- To promote an ethical culture and responsible corporate citizenship

The remuneration policy addresses the organisation’s remuneration and includes provision for the following:

- Arrangements towards ensuring that the remuneration of executive management is fair and responsible in the context of overall employee remuneration in the organisation
- The use of performance measures that support positive outcomes across the economic, social and environmental context in which the organisation operates, and all the capitals that the organisation uses or affects
- Enable the Company to attract, engage and retain talent to drive performance and to meet the strategic objectives of the Company

Prescribed officer

Ms Naahied Gamielien is not remunerated for her role as the prescribed officer of the Company.

Executive directors' contracts of employment

Executive directors are not employed on fixed-term contracts but have standard employment contracts with the Company. The retirement age for an executive director is 65 years. In the event that an executive director's service contract is terminated due to operational reasons, the Group's obligation to make a severance payment will be governed by the provisions of the Labour Relations Act.

Performance appraisals

Performance appraisals of the executive management team are done by the committee on an annual basis. Line managers and divisional managers also conduct performance appraisals on employees in the Group. The chief executive officer will conduct performance appraisals on divisional heads in the Group and will provide feedback to the remuneration committee.

Non-executive directors' fees

Non-executive directors do not have employment contracts with the Company nor do they participate in the Company's performance schemes. The remuneration committee recommends the level of fees payable to non-executive directors to the shareholders for approval at each AGM of the Company. Non-executive director fees are paid on a monthly basis to account for the responsibilities borne by them throughout the year. Non-executive director fees are not dependent on meeting attendance. The fee structure is evaluated on an annual basis.

Remuneration mix

Remuneration comprises of guaranteed pay and variable pay. Variable pay is comprised of short-term incentives such as bonuses. The target remuneration mix varies at each grade. At lower levels, the remuneration mix is weighted in favour of guaranteed pay. Senior employees should have a higher proportion of variable pay in their remuneration mix, as they have the ability to influence the financial performance and strategic outcomes of the Group.

Determination of performance incentives

The Group has formal and informal frameworks for performance management that are directly linked to either increases in total cost to company or annual short-term incentive bonuses. Performance management and assessment sessions take place regularly throughout the year, where Group performance, personal achievement of key performance indicators (KPIs), and delivery on key strategic objectives are discussed.

Shareholder feedback

As a result of the remuneration policy having received more than 25% of votes against the non-binding advisory vote at the AGM held on 18 June 2018, the Group invited dissenting shareholders to forward their objections or concerns to the company secretary in relation to the remuneration and implementation policy. To date, we wish to advise that no further objections or concerns have been received.

Results of the shareholders' votes at the most recent AGM held on 18 June 2018, as a percentage of the total number of shares voted at the AGM, are indicated below.

Endorsement of the remuneration policy	64.37%
Implementation of the remuneration policy	64.37%
Non-executive directors' fees	100%

Should any shareholders wish to forward any further objections or concerns regarding the remuneration policy to the company secretary in writing, the remuneration committee will consider such concerns and any changes to the remuneration policy and any changes thereto will be reported on in the next integrated report.

Components of remuneration

Executives are responsible for leading others and taking significant decisions about the short and long-term operation of the business. They require specific skills and experience and are held to a higher level of accountability. The remuneration policy is structured to attract and retain high-calibre executives and motivate them to develop and implement the Group's strategy to maximise long-term shareholder value. The Group's remuneration policy also aims to align the long-term interests of executives with those of shareholders.

The remuneration policy is intended to conform to best practice and is structured around the following key principles:

- Total remuneration which is set at a level that is responsible and competitive within the relevant industry
- Incentive performance measures and targets are structured to encourage the attainment of the group's strategic objectives
- Incentive payments are capped and earned through the achievement of the group's growth targets consistent with shareholders' interests

Remuneration comprises the following key elements:

GUARANTEED PAY	SHORT-TERM INCENTIVE	OTHER BENEFITS
<ul style="list-style-type: none"> • Base salary • Aimed to attract and retain • Improve employees' financial well-being • Support high-performing individuals by aligning reward with performance 	<ul style="list-style-type: none"> • Performance bonuses • Motivates executive directors and key management to achieve strategic objectives • Informal incentives • Low cost incentives linked to motivational team building 	<ul style="list-style-type: none"> • Pension and provident fund, medical aid benefit • Improves employees' financial planning and security on retirement
REMUNERATION METHODOLOGY		
<p>Remuneration levels take into the general market in which the business operates, and skills acquired.</p> <p>General adjustments to guaranteed pay levels are effective from 1 September each year.</p> <p>Annual increase parameters are set using guidance from the Group budgeting processes, general economic environment, individual performance and the performance of the Group.</p>	<p>Performance bonuses are dependent on financial performance and achievement of agreed strategic and individual KPIs.</p> <p>Executive directors have a higher weighting, 70%, towards financial performance while 30% would be based on individual KPIs.</p> <p>Performance bonus are not earned if the minimum financial target is not met.</p> <p>Performance bonuses are paid once a year.</p>	<p>Determined as a fixed percentage of the base salary.</p>
ELIGIBILITY		
All employees employed by the Group	All permanent employees	All permanent employees

Guaranteed pay

A market adjustment mandate of 7% on the cost to company was approved by the committee for all employees and directors, in line with inflation and national benchmarks.

Short-term incentive

Performance bonuses paid to executive directors is based on financial and non-financial targets, with the key financial measures weighted to 70% and the remaining 30% weighted to non-financial measures for most of the executives within AYO.

Performance conditions for determining the performance bonus

Financial targets:

- For executive directors the target is profit before tax and cash flow
- For other members of key management the target is divisional operating profit and cash flow

Non-financial targets:

- Individual performance against job requirements
- Improving operating efficiencies through innovation
- Delivery against customer service level agreements and expectations

- Delivery of organic growth projects
- Strategic leadership
- Execution of the strategy through business results and stakeholder relationships

The committee remains mindful to ensure overall remuneration will be appropriate for the performance of the Group and in relation to its operational peers. In doing so, the committee will consider the overall risk environment, its risk appetite and risk profile and the need to attract, retain and motivate key talent to enable the delivery of the Group's strategic objectives.

Long-term incentive

There are currently no long-term incentives paid to executive directors.

Non-binding advisory votes on the remuneration policy and implementation report

In the event that less than 75% support for the above-mentioned reports are achieved at the AGM, AYO's remuneration policy and its implementation report will be presented to shareholders for separate non-binding advisory votes at the upcoming AGM.

The committee reviewed the targets set in terms of performance related remuneration for the chief executive officer, executive management team and senior management in the Group, which includes individual performance factors and a combination of portfolio-specific targets.

A copy of the full remuneration policy is available on www.ayotsl.com.

IMPLEMENTATION REPORT

This part of the report focuses on the performance outcomes against the targets set for 2018.

Guaranteed pay

The committee reviewed the targets set in terms of performance-related remuneration for the chief executive officer, executive management team and senior management in the Group, which includes individual performance factors and a combination of portfolio-specific targets.

For the year ended 31 August 2018, an average salary increase of 7% was approved for all employees in the Group based on the yearly average current price index.

The guaranteed pay of executive directors is set out below:

DIRECTOR	GUARANTEED PAY R'000	OTHER BENEFITS R'000	TOTAL R'000
K Hardy	2 500	395	2 895
N Gamiel dien	1 543	37	1 580
S Nodwele	1 716	162	1 878
Total	5 759	594	6 353

Short-term incentive

For the year ended 31 August 2018, the discretionary bonus was calculated as a percentage of the qualifying executive/senior management/employee's base salary according to seniority and the level of responsibility assumed. Qualifying executives and senior management received a discretionary cash bonus, dependent on them meeting both financial and qualitative strategic performance objectives. Employees received a discretionary cash bonus, dependent on them meeting both their personal and the Company's strategic objectives. Financial, qualitative, personal and Company strategic performance are aimed at ensuring sustainable long-term value creation to the benefit of all stakeholders. The total base salary and bonus paid were considered to be fair to the Company and the executive/senior manager/employee.

For the year ended 31 August 2018, the chief executive officer and executive management team's performance was assessed against a set of predetermined objectives that include, inter alia, strategic leadership, execution of the strategy through business results and stakeholder relations.

The successful delivery of the Group's objectives constitutes both financial and non-financial performance measures, with the key financial measures which include profit before tax, operating profit and cash flow and these are weighted. The weighting varies at different levels of management. The committee remains mindful of ensuring that overall remuneration was appropriate for the performance of the Group and in relation to its operational peers. In doing so, the committee considered the overall risk environment, its risk appetite and risk profile and the need to attract, retain and motivate key talent to enable the delivery of the Group's strategic objectives.

Long-term incentive

For the year ended 31 August 2018, there were no long-term incentives paid to executive directors.

The table below sets out the remuneration received by the executive directors from AYO and its subsidiaries during the 2018 financial year.

2018	GUARANTEED PAY R'000	SHORT-TERM INCENTIVE R'000	OTHER BENEFITS R'000	TOTAL R'000
K Hardy	2 500	2 000	395	4 895
N Gamiel dien	1 543	377	37	1 957
S Nodwele	1 716	320	162	2 198
Total	5 759	2 697	594	9 050

The table below sets out the remuneration received by the non-executive directors from AYO and its subsidiaries during the 2018 financial year.

NON-EXECUTIVE DIRECTOR	2018 R'000
S Young	486
N Ramatlhodi	101
Total	587

Notes:

1. A Amod, CF Hendricks, K Abdulla, W Madzonga, M Khoza and M Ntsasa waived their non-executive fees.
2. R Mosia was appointed on 21 August 2018.
3. W Mgoqi, D George and S Rasethaba were appointed on 20 August 2018.

No payments were made by the Company on termination of employment or office.

Compliance

The remuneration policy is reviewed each year to ensure that the remuneration framework remains effective in supporting the achievement of the Company's business objectives and remains in line with best practice. AYO complied with the remuneration policy, relevant remuneration governance codes and statutes. The recommended practice as stated under Principle 14 of King IV has been applied and is explained throughout this report through the outcomes achieved.

During the year, the committee engaged the services of an independent external advisor in support of our endeavours to act independently and provide specialist input.

NOMINATION COMMITTEE

The Board has delegated oversight of the following to the nomination committee:

- The process for nominating, electing and appointing members of the board
- Succession planning of directors
- Evaluation of the performance of the governing body and its committees

The main role of the nominations committee is to ensure that the Board comprises the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively. This includes evaluating, promoting and ensuring gender and race diversity. The nominations committee assists the Board in its composition, makes recommendations on the appointment of directors and considers candidates on merit against objective criteria and with due regard to the benefits of gender and race diversity on the Board.

The nomination committee also ensures the Board has the appropriate composition in terms of structure, size, composition and independence for it to execute its duties effectively and that directors are appointed through a formal and transparent process. The nominations committee ensures that induction and ongoing training and development of directors take place and that formal succession plans for the Board, CEO and senior management appointments are in place.

REPORT OF THE NOMINATION COMMITTEE

During the year ended 31 August 2018, the nominations committee ensured it performed its functions as stated in its terms of reference.

AYO's Board adopted a policy on the promotion of gender diversity, which includes identifying suitable candidates for appointment to the Board. The Board also adopted a race diversity policy as AYO believes that race diversity at Board level maximises opportunities to achieve business goals through an informed understanding of the diverse environments in which we operate.

The Board assessed the current composition of the Board in terms of gender and race diversity and confirmed they are pleased with the current composition of the Board. The Company's level of compliance against its targets for the past year is summarised below:

	ACTUAL	TARGET
Black people	100%	60%
Female	44%	30%

The Board recently assessed the current composition of the Board in terms of gender and race diversity and confirmed that they are pleased with the current composition of the Board. The Board also assessed the composition and independence of its non-executive directors and several changes were made.

The nominations committee will continue to assess the composition and recommends the appointment of directors with due regard to the potential benefits of gender and race diversity at Board level. The nominations committee will continue to discuss and annually agree all measurable targets in terms of gender and race diversity on the Board.

The chairman of the nomination committee reports to the Board on the activities of the committee at Board meetings. The nominations committee is satisfied that it has fulfilled all its duties and responsibilities assigned by the Board.

AUDIT AND RISK COMMITTEE

DIRECTOR	19 FEB 2018	3 MAY 2018
M Khoza (Chairperson)	X	✓
R Mosia (Chairperson)	n/a	n/a
T Ntsasa	✓	✓
S Young	✓	✓
K Abdulla	✓	✓
Adv Dr N Ramathodi	X	✓
S Rasethaba	n/a	n/a
Dr D George	n/a	n/a
Executives		
• N Gamielien	✓	X
• K Hardy	✓	✓
Auditors		
• B Van der Walt	✓	X
• I Hashim	✓	X
• S Hopley	✓	X
Internal auditor		
• S Mnyazi	X	✓

✓ Present
 X Absent with apology

Notes:
 Messrs K Abdulla, W Madzonga, T Nasa and Ms M Khoza resigned on 20 August 2018.
 Dr W Mgoqi, Dr D George, Mr S Rasethaba and Ms R Mosia were appointed to the Board on 21 August 2018.
 Messrs K Hardy and S Nodwele resigned effective 23 August 2018.

REPORT OF THE AUDIT AND RISK COMMITTEE

During the year under review, a major transaction was announced between Grant Thornton Cape Inc. and BDO South Africa (BDO). Accordingly, the audit firm of the Company is now BDO Cape Inc. The designated audit partner is Stephan Cillié and the committee is of the opinion that he is effectively able to discharge his duties and carry out his mandate.

It is important to note that the audit and risk committee requested and considered information about the receiving audit firm. At the AGM, shareholders will be requested to appoint BDO Cape Inc. as the independent external auditors of the Company and to confirm Mr S Cillié as the designated lead audit partner for the 2019 financial year.

The audit and risk committee has a formal audit and risk charter with formal rules governing the services provided by the external auditors in terms of systems and processes. The charter was reviewed during the year to ensure regulatory compliance and implemented accordingly.

The committee reviewed all significant risks and challenges and assessed the adequacy of internal controls and the combined assurance delivered over the identified risks. It monitored the effectiveness of the control environment through reviewing reports from management, the external auditors and internal audit and ensured the quality of financial reporting by reviewing the 2018 interim financial results and the 2018 annual financial statements.

The committee reviewed the impact of the Company's medium to long-term strategy against pertinent factors of technology and communication, including cyber security and governance compliance to ensure that risk management was applied appropriately.

In the conduct of its duties and in accordance with section 94 of the Companies Act, the committee has reviewed and/or reports on the following:

- After the change in its network firm from Grant Thornton Cape Inc. to BDO Cape Inc., the Company reviewed its options in terms of the external audit function by requesting separate information about the receiving audit firm and assessed its approach and independence. After due consideration, the Company approved BDO Cape Inc. as the Company's auditors and is deemed to be appointing BDO Cape Inc.
- Satisfied itself that the external auditor BDO Cape Inc. is independent of AYO, as set out in section 94(8) of the Companies Act and suitable for reappointment by considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Listings Requirements
- Ensured that the appointment of the external auditor complied with the Companies Act
- Nominated for re-election BDO Cape Inc. as the external audit firm at the AGM
- Evaluated the performance, independence, appointment and remuneration of the external auditors and the audit process and considered it to be adequate
- Recommended to the Board, the interim and preliminary announcements of results, interim reports and trading statements
- Reviewed the annual financial statements of AYO and its subsidiaries and considered the audit report and findings, together with combined assurance from management and external auditors and recommended it for approval by the Board
- Reviewed the disclosure within the integrated report and reports to shareholders, taking into account all factors and risks that may impact on the integrity of the integrated report, including factors that may predispose management to present a misleading picture, significant judgements and reporting decisions made, monitoring of enforcement actions by a regulatory body, any evidence that brings into question previously published information, forward-looking statements or information and considers these to be appropriate

- Considered concerns regarding accounting practices and internal audit matters and considers these to be adequate
- Monitored internal financial controls and systems through the internal auditors and external audit findings and ensured appropriate action was taken by management from the significant findings
- Evaluated the effectiveness of risk management and controls through the evaluation of the risk management report and group risk register
- Approved, reviewed and evaluated the adequacy and efficiency of the risk policies, procedures and controls applied in the day-to-day management of the business
- Reviewed and approved the external auditors annual audit plan, considered the key audit matters addressed in the external audit report and monitored their effectiveness in terms of audit quality, expertise and independence
- The committee considered and approved the terms of engagement and fees proposed by the external auditors
- Obtained assurance from the external auditors that adequate accounting records are being maintained
- Non-audit services performed during the year under review include reviews of internal audit work, which was carried out by other independent audit firms and consultants
- Evaluated the independence, effectiveness and performance of the internal auditor and compliance with its charter
- The appropriateness of the expertise and experience of the financial management team was reviewed and reported to be adequate
- The quality and integrity of the integrated report, including the annual financial statements and public announcements in respect of the financial results
- The effectiveness of the internal audit function by monitoring the scope and execution of its audit plan, independence, skills, staffing and overall performance and considers these to be adequate
- Sustainability and environmental issues
- Technology and information governance and considers this to be adequate
- Governance compliance and considers this to be adequate

For the purposes of determining the effectiveness of management systems and internal controls during the year, the committee reviewed the internal audit methodology and external audit plans and findings from the management reports.

The committee has fulfilled its statutory duties in terms of section 94(7) of the Companies Act and King IV compliance. The committee confirms that it has complied with its legal and regulatory responsibilities for the 2018 financial year.

ROLE OF THE AUDIT AND RISK COMMITTEE

The committee has an independent role with accountability to the Board and shareholders. The committee's role is to assist the Board in carrying out its duties relating to accounting policies, internal controls, financial reporting practices and identification of significant risk exposure.

The main purpose of the audit and risk committee is to ensure the integrity of the financial statements and to oversee the effectiveness of the internal financial controls and the external and internal audit functions.

The audit and risk committee undertook a full review of the cost and scope of the audit function performed by the independent auditors of the Group. The committee recommended to the Board that BDO Cape Inc., be reappointed as the Group's auditors. In terms of the Companies Act, the committee confirms that the same audit partner has not served as the designated auditor of the Company for more than five consecutive financial years.

The Group has internal controls and systems designed to provide assurance as to the reliability and integrity of the financial statements. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the Group's business objectives. It can only provide reasonable and not absolute assurance against material misstatement or loss and to safeguard, verify and maintain accountability adequately for its assets.

The external and internal auditors had unrestricted access to the audit and risk committee and attended all the audit and risk committee meetings by invitation during the year ended 31 August 2018. Detailed reports were presented by the internal and external auditors. The chairman of the audit and risk committee reported on the findings at the Board meetings.

The external auditors can communicate with the chairman of the audit and risk committee and all its members throughout the year. The chairman of the committee is also available at the AGM to answer questions about the committee's activities.

For the reporting period under review, the committee is satisfied that it has fulfilled all its statutory duties assigned by the Board.

Expertise and experience of the chief financial officer and the finance function

The audit and risk committee satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements that the chief financial officer and the finance function have the appropriate expertise and experience and are adequately resourced.

Material matters

Increasing and changing regulatory demands

The Board is committed to the highest standards of ethics, governance and business integrity and has adopted an integrated approach to managing AYO to ensure that the governance structure actively identifies, communicates on and responds to material matters that impact on the Group's capacity to create value.

Operational resilience

The ability to recruit and retention of highly-specialised employees is critical to AYO's success in the ICT sector and investing in the development of more experienced personnel.

Long-term viability in a low growth economy

The company has a long-term vision as evidenced in the digital ecosystem and achieving the vision by providing product and service portfolio provides access to a substantial market within South Africa, as well as the African continent.

Transformation in an unequal society

A lower B-BBEE rating could impact our market position, resulting in the potential loss of new business, or limit access to new opportunities. AYO has a strong black ownership meant that we were well positioned when the new and more onerous B-BBEE ICT sector codes were released in November 2016. This gave us a head start and an advantage against many of our competitors. Our B-BBEE advantage is something we need to preserve, and we will ensure it receives our ongoing focus and attention.

Exchange rate volatility

Operational strategies have been set up which will allow the Group to save on the South African Rand denominated costs in the event of the strengthening of the South African Rand, thereby maintaining its margins. AYO has a set policy that guides the Group on forward cover to ensure that our exchange rate volatility is managed.

Cyber risk

The increase in cyberattacks is a result of the increasing use of technology which makes the exposure to cyberattacks more severe. The Group has installed a firewall to prevent unauthorised access to the Group's IT systems. AYO also keeps the employees up-to-date with information and ways to mitigate software virus threats.

Risk management process

The Board is responsible for the governance of risk and approves AYO's risk management policy. This policy reaffirms AYO's commitment to effective risk management in pursuit of its strategic objectives, with the ultimate aim of growing value in sustainable manner for all stakeholders.

The Board approves AYO's risk profile, financial risk appetite and tolerance levels, and ensures that risks are managed within these levels. The Board considers the risk environment on a quarterly basis (or as is deemed appropriate) based on materiality and changes in the external and internal environments. To support the Board in ensuring effective risk management oversight, each committee is responsible for monitoring relevant risks within the ambit of its scope. In monitoring and providing oversight of AYO's risk, each committee considers potential risks and/or opportunities as appropriate. The Board is provided with assurance that AYO's approved risk management framework, process and methodology remain in accordance with best practice and good governance requirements by the committee on a regular basis. At group level, AYO implemented actions to strengthen its business continuity capabilities during the year. This includes group-wide crisis management.

A key component of the audit and risk committee was to review the top risks that AYO faces to respond to new and emerging risks and to ensure alignment with regulatory changes as well as best practice. In doing so, the committee took into account stakeholder needs, corporate governance principles, risk trends, global trends and external dynamics.



The following are AYO's top risks and responses for 2018:

RISK IDENTIFICATION	RESPONSE
Failure to acquire products and intellectual property could result in dependence on third-party suppliers for software products	AYO's strategy is to complement its software offering by: <ul style="list-style-type: none"> acquiring controlling stakes in other companies with appropriate software; and internally developing our own intellectual property.
Slowdown of public sector expenditure on ICT could limit new growth opportunities in the short term	Pursue an expanded range of products and customers.
Dependence on major customers could result in a potential reduction in revenue	Pursue and extended client base by: <ul style="list-style-type: none"> expanding our client base into Africa; and acquiring other companies with an existing client base.
The loss of major projects or key clients could impact performance	Pursue a diversified project mix and customer base, underpinned by long-term support and maintenance agreements.
A lower B-BBEE rating could impact our market position, resulting in the potential loss of new business, or limit access to new opportunities	Maintain B-BBEE ratings and actively pursue areas in which scoring is low.
Loss of key skilled employees could impact the software development or undermine AYO's ability to fulfil its contractual obligations	Investigate a share option scheme and further invest in employees through skills development, remuneration and value-added meetings.
Changes in customers' buying criteria and the ability to procure services directly from the cloud could impact revenue	Invest significantly in the redevelopment of mobile applications and provide cloud services to the market.
Volatile fluctuation in the rate of exchange of software and hardware products sourced and procured through international vendors could impact revenue	Purchase forward cover.
Negative perceptions of the business by AYO's shareholders could result in lost growth opportunities	Pursue strategic investments and ensure new opportunities and ventures are adopted in line with the guiding principles of our acquisition strategy.
Confusing or various representations of "digital transformation" by vendors, marketing and consultancies could negatively impact stakeholders' perceptions of AYO	Break down barriers beyond AYO's technological projects.

Compliance

The audit and risk committee is responsible for reviewing the compliance with legal, regulatory, codes and other standards and continually monitors the implementation of the legal compliance processes. The audit and risk committee is satisfied that it has complied with all its legal, regulatory and other responsibilities during the year under review.

Combined assurance

The Board is responsible for ensuring AYO's assurance services and functions enable an effective control environment and support the integrity of information for internal decision-making and external reporting.

AYO maintains a system of internal financial control designed to provide assurances on the maintenance of proper accounting records and the reliability of financial information used within the business and for publication.

AYO reviewed its systems of internal control and risk management during the year through a formal self-assessment process. This included a review of the design, implementation and effectiveness of internal financial controls. Based on the outcomes of this review, and considering information provided by management and the external auditor, the internal auditor concluded that AYO's systems of internal control and risk management are effective.

A combined assurance approach was implemented to assist in controlling the key risks facing the business. Such risks (and their mitigating controls) are identified by management within a risk management framework determined by the Board. Process is monitored and evaluated under the direction of the group internal auditor.

The traditional three lines of defence were expanded during the year, as recommended by King IV where appropriate.

Group internal audit

The internal auditor performs an independent assurance function. The Group internal auditor had unrestricted access to the acting chief executive officer, the chief financial officer and the chairman of the audit and risk committee.

The primary objective of the internal auditor during the year was to provide independent objective assurance and consulting activity on the adequacy and effectiveness of the Group's systems of governance, risk management and internal control and reports functionally to the audit and risk committee. The audit and risk committee monitored the effectiveness of the internal audit function in terms of its scope, independence, skills, execution of its plan and overall performance.

The internal auditor recommended the annual audit plan for approval to the audit and risk committee. The audit and risk committee approved the formal internal audit plan, which included risk-based audits and improvements to the Group's governance and business processes for 2018.

The system of internal control is designed to ensure that significant risks are appropriately identified, managed and provide reasonable assurance that:

- company assets and information are safeguarded;
- operations are efficient and effective; and
- applicable laws and regulations are complied with.

The internal auditor undertook the following during the year under review:

- Prepared and submitted a risk-based internal audit plan to the audit and risk committee for review and approval
- Updated and presented the internal audit methodology to the audit and risk committee
- Performed reviews on the Company's governance processes and ethics
- Systematically analysed and evaluated the business processes and associated controls

- Performed consulting activities requested by management
- Followed a risk-based approach
- Performed an objective evaluation of the internal control framework
- Monitored and challenged, where appropriate, action taken by management with regard to the internal audit findings
- Liaised with the external assurance service provider, Nexia SAB&T, on quality improvement of the internal audit function
- Monitored and reported on the risk management process to the audit and risk committee
- Liaised with the external auditors as part of the combined assurance process where internal audit followed up and ensured that management implemented the external auditors' recommendations from the prior year
- Provided a source of information on fraud, corruption, unethical behaviour and irregularities

The internal audit takes a risk-based approach to audit planning. Internal audits were performed at most subsidiaries during the year under review and no significant breakdowns in internal controls were identified. A formal report on the key findings of these audits was submitted to the audit and risk committee on a quarterly basis, summarising the results of the internal audit activity and management's progress in addressing the control measures. This enabled the audit and risk committee to ensure that action was taken to address areas of concern. The internal audit assessment to the Board and audit and risk committee on the overall internal control environment confirmed that there were no material breakdowns in internal controls.

The chairman of the audit and risk committee reported to the Board on the activities of the committee at each Board meeting.

External audit

The scope, independence and objectivity of the external auditors, BDO Cape Inc., were reviewed. The committee considered the annual audit plan and related scope of work, determined the terms of engagement and fees of the external auditors. In the committee's opinion, the audit firm, BDO Cape Inc., and the audit partner are independent of the Company.

BDO Cape Inc. provided an audit opinion in accordance with the Companies Act, the JSE Listings Requirements and King IV. Under company law, their responsibility is to the shareholders of the Group. In addition, they have professional responsibilities to report reportable irregularities in terms of section 45(1) of the Auditing Profession Act, 2005, and key audit matters in their audit report to the committee.

Audit process

The audit process included:



Audit objectives

The audit was conducted in accordance with International Standards on Auditing and the auditors' objective was to provide a comprehensive service to the Group.

The primary objective as independent auditors is to form an opinion as to whether or not the annual financial statements of the Company:

- Fairly represent the financial position of the Company
- Fairly represent the results of operations and cash flows for the year
- Comply with statutory and regulatory requirements, including the JSE Listings Requirement, and have been prepared in terms of the Company's accounting policies, applied on a consistent basis in terms of IFRS

The audit was directed at delivering assurance at three levels:

- For shareholders and other stakeholders
- Independent opinions and reports that added credibility to the financial information released by the Company
- Compliance with the requirements of the various regulatory bodies and legislation, including IFRS, the Companies Act and the JSE Listings Requirements

They assisted the audit and risk committee in discharging their corporate governance and compliance responsibilities. They provided advice on financial reporting, tax and business issues and made recommendations to management to improve internal controls and business efficiencies to add further value to the Company.

Audit methodology

The audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether

due to fraud or error. In making those risk assessments, the auditors considered internal controls relevant to the Company's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. The audit included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

As the auditors of a public interest Company, the same individual has not served as audit partner of the engagement for more than five consecutive financial years. BDO Cape Inc. has been the Company's auditors for the past 21 years, with Mr Stephan Cillié serving as audit partner for the first year.

The auditors have a statutory responsibility to report to the shareholders whether, in their opinion, the financial statements fairly present the financial position, results of operations and cash flow information of the Group, in conformity with IFRS and in the manner required by the Companies Act.

The external auditors liaised with the Group internal auditor and attended the audit and risk committee meetings by invitation. As the auditors of the Company they attend every AGM where the annual financial statements of the Company for the financial year are presented. This ensures they are able to respond accordingly and to answer any questions relevant to the audit of the financial statements.

JSE's Proactive Monitoring

Due to the fundamental shift in the regulatory model for auditor accreditation introduced in October 2017 resulted in section 22 of the JSE Listings Requirements being replaced in its entirety. The JSE issued its seventh report back on proactive monitoring on financial statements in February 2018.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

DIRECTOR	19 FEB 2018	3 MAY 2018
AB Amod (Chairperson)	✓	✓
S Nodwele	✓	✓
T Ntsasa	✓	✗
CF Hendricks	✓	✓
N Gamielidien	✓	✗
Dr D George	n/a	n/a
By invitation		
N Isaacs	✗	✓
K Hardy	✗	✓
F Abrahams	✗	✓

✓ Present

✗ Absent with apology

Notes:

Messrs K Abdulla, W Madzonga, T Nasa and Ms M Khoza resigned on 20 August 2018.

Dr W Mgoqi, Dr D George, Mr S Rasethaba and Ms R Mosia were appointed to the Board on 21 August 2018.

Messrs K Hardy and S Nodwele resigned effective 23 August 2018.

The social, ethics and transformation committee is responsible for overseeing and reporting on:

- ethics;
- responsible corporate citizenship;
- sustainable development; and
- stakeholder relationships.

It is also responsible for executing the statutory duties set out in the Companies Act. In executing its responsibilities, the social, ethics and transformation committee considers and monitors AYO's activities and considers human rights and prevailing practice in matters relating to social and economic development. This includes compliance with the principles of the United Nations Global Compact and labour and employment activities.

ROLE OF THE SOCIAL, ETHICS AND TRANSFORMATION

The social, ethics and transformation committee was established to assist the Board to ensure the Group maintains its commitment to be a good corporate citizen and to report on stakeholder relationships, sustainable development and organisational ethics which covers statutory duties and encourages leading practice the committee progress above and beyond the mere compliance and ensures value creation in the Group.

The committee assists the Board to lead transformation within the Group and to ensure that there are appropriate policies and procedures in place to address transformation by levelling the playing fields both socially and economically for broader participation by all South Africans. The committee also helps with ensuring that the Board effectively

discharges its duties and responsibilities for oversight of the management of transformation ensuring that management has implemented and maintained an effective transformation management process in the Group.

The committee's primary role is to support, advise and provide guidance on the role of management with regards to sustainable development and ensures that the Group commits to ensuring that the Group conducts its operations in a manner that meets the existing needs without compromising the ability of future generations; as well as social, ethics and transformation matters.

One of the main purposes of the committee is to ensure compliance with the amended B-BBEE Codes of Good Practice as revised from time to time and to measure the Company in terms of compliance under the elements in terms of the Department of Trade and Industry's Codes of Good Practice.

OUR TRANSFORMATION PHILOSOPHY

AYO has aimed to make sure that it is one of the top leading ICT Company's in South Africa and by doing this aims at delivering on its duties and responsibilities with regards to social, ethics and transformation. AYO does not only do this to be compliant but to make sure that there is value creation within society.

As a Group, we believe in the development and empowerment of our employees and to enhance performance in all aspects. We recognise the need for sustainable growth within the organisation and we ensure that this is carried out right through. The Group is committed to its shared values which include: people, accountability, integrity, commitment, stakeholders, respect, trust and investment.



SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

The social, ethics and transformation committee assisted the Board in ensuring that the Group is and remains a committed, socially responsible corporate citizen. It performed the statutory functions required in terms of the Companies Act and King IV. The committee's obligation to sustainable development involved ensuring that the Group conducted its operations in a manner that meets existing needs without compromising the ability of future generations to meet their needs. The committee provided support, advice and guidance on the effectiveness, or otherwise of management's efforts, in respect of sustainable development and social, ethics and transformation matters.

As a responsible employer, we adhered to all labour legislation and laws. The Group's employment equity policy affirms the commitment to equal opportunities relating to affirmative action and the achievement of employment equity. The committee has been proactive within the Group to ensure understanding and compliance of the revised B-BBEE Codes. The Company will lodge its BEE Certificate with the BEE Commissioner in due course.

During the year under review, the committee undertook the following:

- Governed the ethics of the Group in a way that supports the establishment of an ethical culture and monitored the Group's activities, having regard to all relevant legislation, legal requirements, codes of best practice through ongoing employee awareness around the following policies:
 - The Way We Work Policy
 - Anti-corruption and bribery
 - Code of Conduct
 - Code of Ethics
- Recommended new policies to the Board for adoption and implementation
- Monitored, reviewed and ensured compliance with the Group's standing in terms of social and economic development and ensured that the business units contribute and give back to the communities in which they operate and made recommendations
- Ensured that the Group is seen to be and is a responsible corporate citizen through societal and environmental initiatives and the Group's contribution to the development of communities in which the Group's activities are conducted, including sponsorship, donations and charitable giving
- Reviewed and made recommendations to the skills development plans and the placement of interns in the Group
- Reviewed and made recommendations to employing more people with disabilities
- Reviewed and made recommendations on the employment equity plans

PLANNED AREAS OF FUTURE FOCUS

- Monitor labour, employment relationships, training and skills development, employment equity, promotion of equality and the prevention of unfair discrimination
- Exercise oversight of the management of ethics and, in particular, oversee that it results in the following:
 - Application of the Group's ethical standards to the processes for the recruitment, evaluation of employees, as well as the sourcing of suppliers
 - Having sanctions and remedies in place for when the Group's ethical standards are breached
 - Monitor the use of protected disclosure and whistle-blowing mechanisms to detect breaches of ethical standards and deal with such disclosures appropriately
 - Monitor adherence to the Group's ethical standards by employees and other stakeholders through, among others, periodic independent assessments
- Monitor, review and ensure compliance to the Group's standing in terms of social and economic development
- Monitor and review to ensure that the businesses in the Group recognise that they have a responsibility to apply good environmental practices and to improve on their environmental performance
- Monitor and ensure that the Group is seen to be a responsible corporate citizen through societal and environmental initiatives and the Group's contribution to the development of communities in which the Group's activities are conducted
- Monitor the Group's consumer relationships, including advertising, public relations and compliance with consumer protection law
- Works toward improving our B-BBEE accreditation
- Economic sustainability – to create long-term economic value
- Internal communication – to continue to overcome barriers to communication related to race, gender, culture and status and to encourage open, honest and effective communication between all people, both individually and within the appropriate communication forums
- Transformation image and profile – continue to ensure that the Group's image and profile are aligned with its transformation strategy and the changing South African and African environments
- Ensure that the organisation improves on applying corporate governance practices and ensure proper ethics are incorporated

Management is responsible for the preparation and integrity of the information and all matters about which the committee should be informed. The chairman of the committee reports to the Board on all activities at Board meetings.

The committee is fully satisfied that it has fulfilled all its statutory duties assigned by the Board.

INVESTMENT COMMITTEE REPORT

DIRECTOR	3 MAY 2018
K Abdulla	✓
S Young	✓
M Khoza	✓
W Madzonga	✓
K Hardy	✓
Adv N Ramatlhodi	✓
By invitation	
S Nodwele	✓
N Gamieldien	✗

The investment committee, throughout the year has maintained an independent role by not assuming the functions and duties of the executive directors, officers or senior management of the organisation. The committee has ensured that it makes recommendations to the Board and oversees the relevant aspects of investment.

The committee has assisted the Board in recommending and considering investment opportunities such as strategic acquisitions and other corporate decisions to ensure growth and development for the organisation. The committee also assisted in the approval and disposals which were in line with the strategic view of the Board and the Group as a whole, doing this within their line of authority.

The mandate of the investment committee, during the year under review has been the following:

- Review the investment strategy of the Group
- Set criteria and targets for investment in terms of the Group's risk appetite
- Approve proposals for acquisitions and sale of companies
- Periodically review due diligence processes for acquisitions
- Approve equity and other strategic investments
- Regularly review the performance of the Group's investment portfolio
- Report regularly and make recommendations to the Board for approval
- Monitor and evaluate investment service providers
- Perform other responsibilities regarding the Group's investment activities as the Board may from time to time assign to it

The committee decided to do the following outlined actions:

- Target experts in global innovation and the growth areas of ICT
- Explore synergies between partners and our existing portfolio to maximise combined potential
- Expand our existing portfolio through organic and acquisitive growth
- Exploit opportunities that exist in servicing multinationals based in South Africa requiring empowerment through strong B-BBEE credentials and international network capability

In addition to a growing presence in South Africa's public sector, AYO operates in the healthcare, mining, oil and gas, and finance services sectors. The Group has committed to pursue local and regional growth by strengthening the Group's position within the chosen market segments and by expanding into new market verticals through organic and acquisitive growth.

The investment committee has set the following growth strategy in the following timeline:

2018: Build and buy

- Integrate and leverage existing businesses
- Accelerate key acquisitions
- Build the team, the brand and attract key talent
- Expand AYO Platforms

2019: Grow

- Accelerate organic growth in the public sector and health verticals
- Expand AYO Digital and Industries
- Establish an innovation hub
- Finalise acquisition targets

2020: Accelerate

- Leverage and optimise our operating costs
- Expand our geographies
- Accelerate verticals

In addition to the growth strategy, AYO has created a Digital Ecosystem that offers interconnected and market leading ICT capability focused on the three main areas; AYO Platform, AYO Digital and AYO Industry. The investment committee is the committee is satisfied that it has fulfilled all its statutory duties assigned by the Board. The committee will continue to perform its duties and responsibilities within the mandate of the Board and Group strategy.

SUMMARISED ANNUAL FINANCIAL STATEMENTS

GROUP PERFORMANCE

FINANCIAL HIGHLIGHTS

Revenue	↑ 33% from R479m to R639m
Profit before tax	↑ 390% from R40m to R196m
Earnings per share	↑ from 7.86 cents to 47.20 cents
Total assets	↑ from R292m to R4 671m
Net asset value	↑ from R67m to R4 469m
Net cash generated from operating activities	↑ by 243% from R40m to R137m

OVERVIEW

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 more than 70% 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.

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. 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 3% from R71m 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 B-BBEE 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 healthcare 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 this division.

CONDENSED CONSOLIDATED GROUP STATEMENT OF FINANCIAL POSITION

for the year ended 31 August 2018

	Audited Group 31 August 2018 R'000	Audited Group 31 August 2017 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	72 782	78 401
Goodwill	7 169	7 118
Intangible assets	35 248	43 410
Investments in joint ventures	17 743	12 506
Financial assets	33	33
Deferred tax	8 879	5 299
	3 710	10 034
Current assets		
Inventories	4 598 350	214 010
Trade and other receivables	12 378	9 702
Financial assets	183 222	110 428
Current tax receivable	93 390	19 266
Cash and cash equivalents	662	384
	4 308 698	74 229
Total assets	4 671 132	292 409
EQUITY AND LIABILITIES		
Equity		
Equity attributable to equity holders of parent		
Share capital	4 444 410	184 130
Reserves	11 777	(4)
Accumulated loss	(7 502)	(151 787)
	4 448 686	32 339
Non-controlling interest	20 294	34 752
	4 468 980	67 091
LIABILITIES		
Non-current liabilities		
Financial liabilities	575	83 196
Finance lease liabilities	–	80 647
Non-current liabilities of disposal	575	2 549
	–	–
Current liabilities		
Trade and other payables	201 578	141 765
Financial liabilities	132 925	108 502
Finance lease liabilities	6 134	5 761
Operating lease liability	389	259
Deferred income	47	305
Current tax payable	–	2 981
Provisions	41 636	8 372
Bank overdraft	15 390	12 473
Liabilities of disposal groups	5 056	3 109
	–	360
Total liabilities	202 152	225 318
Total equity and liabilities	4 671 132	292 409
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



CONDENSED CONSOLIDATED GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 August 2018

	Audited Group 31 August 2018 R'000	Audited Group 31 August 2017 R'000
Revenue	638 893	478 663
Cost of sales	(440 935)	(319 921)
Gross profit	197 958	158 742
Other income	3 293	5 494
Other operating (losses)/gains	(7 321)	7 780
Operating expenses	(195 297)	(125 263)
Equity-settled share-based payment	(11 809)	–
Warranty expense	(4 239)	–
Goodwill impairment	(4 957)	–
Listing costs	(6 831)	–
Investment revenue	226 954	2 400
Finance costs	(1 754)	(8 804)
Loss from equity accounted investments	–	(679)
Profit before taxation	195 997	39 670
Taxation	(48 040)	(12 822)
Profit from continuing operations	147 957	26 848
Discontinued operations	–	–
Profit from discontinued operations	–	2 810
Profit for the year	147 957	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	147 929	29 654
Profit attributable to:		
Owners of the parent:		
From continuing operations	144 286	13 866
Profit from discontinued operations	–	2 810
	144 286	16 676
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	144 258	16 672
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

CONDENSED CONSOLIDATED GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 August 2018

	Total attributable to equity holders of the Group R'000	Non-controlling total equity interest R'000	Total equity R'000
Balance at 1 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	9 903	11 018
Total contributions by and distributions to owners of company recognised directly in equity	16 416	3 918	20 334
Balance at 1 September 2017	32 339	34 752	67 091
Profit for the year	144 286	3 671	147 957
Other comprehensive income	(28)	–	(28)
Total comprehensive income for the year	144 258	3 671	147 929
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	4 448 686	20 294	4 468 980

CONDENSED CONSOLIDATED GROUP STATEMENT OF CASH FLOWS

for the year ended 31 August 2018

	Audited Group 31 August 2018 R'000	Audited Group 31 August 2017 R'000
Cash flows from operating activities		
Cash generated from operations	(58 930)	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	137 358	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	(479 560)	(13 612)
Proceeds on disposal of financial assets	415 728	–
Net cash from investing activities	(70 921)	7 959
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	4 232 522	37 558
Cash at the beginning of the year	71 120	33 562
Total cash at end of the year	4 303 642	71 120

CONDENSED ACCOUNTING POLICIES

for the year ended 31 August 2018

BASIS OF PREPARATION

The condensed consolidated annual financial statements are prepared in accordance with the JSE Ltd (JSE) Listings Requirements and the requirements of the Companies Act, applicable to summarised audited financial statements. The JSE Listings Requirements require financial reports to be prepared in accordance with the framework concepts, the measurement and recognition requirements of the 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 from which the summary consolidated annual financial statements were derived are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

This summarised report is extracted from the audited financial statements but is not itself audited. The directors take full responsibility for the preparation of the report and that the financial information has been correctly extracted from the underlying annual financial statements. The full audited annual financial statements and audit report are available for inspection at the registered offices and at www.ayotsl.com.

The audited annual financial results were prepared by the Group financial manager, Chwayita Peter BCom (Hons), CA(SA) and were audited by the Group's external auditors, BDO Cape Inc. An unqualified opinion has been issued.

REPORTING ENTITY

AYO Technology Solutions Limited (AYO) is a company domiciled in South Africa. These condensed consolidated annual financial statements as at and for the year ended 31 August 2018 comprise AYO and its subsidiaries (the Group) and joint ventures.

USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed annual financial statements, management made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Final results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 31 August 2018.

NOTES TO CONDENSED FINANCIAL STATEMENTS

for the year ended 31 August 2018

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 CGUs, in the current year for Software Tech Holdings Group was more than the recoverable amount and an impairment loss of R 1.173m 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 CGUs 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	2 352	6 730
Subsidiaries		
Investment in Puleng Technologies Proprietary Limited	22 274	22 274
Investment in Kalula Communications Proprietary Limited	8 465	8 465
	35 248	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 one 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 three 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 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.

Licences

The licences relate to ServiceNow licences purchased during the reporting period, which is a service management software. These licences have a useful life of three years based on the licence 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 the 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.

	2018	2017
Non-current assets		
Other financial assets	6 890	747
Current assets		
Loans receivable	4 464	19 266
Other financial assets	88 826	–

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.

	2018	2017
Non-current liabilities		
Other financial liabilities	–	50
Current liabilities		
Loans payable	1 133	5 761
Loans from shareholders	5 001	

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
	<u>27 836</u>

10. DIVIDENDS

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 record date is Thursday, 30 November 2018 and the dividend payment date is Monday, 3 December 2018.

11. EARNINGS PER SHARE AND RECONCILIATION OF REPORTABLE SEGMENTS PROFIT OR LOSS

RECONCILIATION OF HEADLINE EARNINGS

	Audited 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	–	2 811
Adjusted for:		
Loss/(profit) on sale of property and equipment	(9)	9
Loss/(profit) on disposal of discontinued operations	–	(4 671)
Profit on sale of associate	(1 074)	–
Loss/(profit) on disposal of subsidiary	1 429	
Goodwill impairment	3 084	
Headline earnings	147 716	12 010
Continued operations	147 716	9 199
Discontinued operations	–	2 811
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

RECONCILIATION OF REPORTABLE SEGMENTS PROFIT OR LOSS

	Audited 31 August 2018	Audited 31 August 2017
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

SUMMARISED SEGMENTAL REPORT

	Software, consulting and support 31 August 2018 R'000	Head office 31 August 2018 R'000	Security solutions 31 August 2018 R'000
Revenue	73 415	82 794	335 352
External sales	73 415	54 915	335 310
Intergroup sales	–	27 878	43
Material items included in operating profit/(loss)			
Equity settled share-based payment expense	–	(11 809)	–
Listing costs	–	(6 831)	–
Carrying amount of assets	20 719	4 490 455	73 793
Carrying amount of liabilities	8 715	101 544	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	–	1 598	29 219
Material items included in operating profit			
Equity settled share-based payment expense	–	–	(11 809)
Listing costs	–	–	(6 831)
Carrying amount of assets	22 304	63 860	4 671 131
Carrying amount of liabilities	16 937	16 898	202 153

	Software, consulting and 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	501 928
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	20 015	19 954	224 958

12. RELATED PARTIES

The Group, in the ordinary course of business, entered into various sales and purchases transactions on an arm's length basis with related parties.

13. CHANGE IN DIRECTORATE AND COMPANY SECRETARY

Messrs. Kevin Hardy and Siphwe Nodwele resigned as executive directors of the Company during the current financial year, following which Ms. Naahied Gamielien 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.

SHAREHOLDER INFORMATION

ANALYSIS OF SHAREHOLDER INFORMATION

SHAREHOLDER INFORMATION AS AT 31 AUGUST 2018

	Number of shareholders	Percentage of total shareholders	Number of shares	Percentage of total issued shares
ANALYSIS OF SHAREHOLDINGS				
1 – 5 000	863	81.11%	1 120 336	0.33%
5 001 – 10 000	69	6.48%	520 775	0.15%
10 001 – 100 000	98	9.21%	2 863 818	0.83%
100 001 – 1 000 000	16	1.50%	3 568 039	1.04%
1 000 001 – and more	18	1.69%	336 052 226	97.65%
Totals	1 064	100.00%	344 125 194	100.00%

	Number of shares	Percentage of total issued shares
MAJOR SHAREHOLDERS (5% AND MORE OF THE SHARES IN ISSUE)		
African Equity Empowerment Investments Limited	169 866 829	49.36%
Government Employees Pension Fund	99 782 655	29.00%
	269 649 484	78.36%

	Number of shareholders	Percentage of total shareholders	Number of shares	Percentage of total issued shares
SHAREHOLDER SPREAD				
Non-public:	5	0.47%	269 654 484	78.36%
Directors	3	0.28%	5 000	0.00%
>than 10% of I/C	2	0.19%	269 649 484	78.36%
Public	1 058	99.53%	74 470 710	21.64%
Totals	1 063	100.00%	344 125 194	100.00%

	Number of shareholders	Percentage of total shareholders	Number of shares	Percentage of total issued shares
DISTRIBUTION OF SHAREHOLDERS				
Individuals	936	88.05%	36 011 318	10.46%
Nominee companies and trusts	59	5.55%	5 345 294	1.55%
Public companies	2	0.19%	269 649 484	78.36%
Close corporations and private companies	66	6.21%	33 119 098	9.62%
Totals	1 063	100%	344 125 194	100%

	Market price per share (cents)
SHARE TRADING STATISTICS	
High	4 500
Low	1 404
Year-end	3 000
Volume traded (shares)	840 718
Value traded (rand)	33 087 187.29
Volume of shares traded as a percentage of issued capital	0.24%
Market capitalisation at 31 August 2018 (rand)	10 323 755 820
Market capitalisation at 14 December 2018 (rand)	7 914 879 462

SHAREHOLDER'S DIARY

FINANCIAL REPORTS

Announcement of interim results	May 2019
Interim report	May 2019
Announcement of annual results	November 2019
Integrated report	December 2019

DIVIDEND PAYMENT

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 dematerialised between Wednesday, 28 November 2018 and Friday, 30 November 2018, both days inclusive.

ADMINISTRATION

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, Braamfontein, 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

LISTING

Johannesburg Stock Exchange Sector: Diversified Industrials
Share Code: AYO
ISIN Code: ZAE000252441



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