



**AVIOR CAPITAL MARKETS HOLDINGS LIMITED
UNAUDITED CONDENSED
CONSOLIDATED INTERIM RESULTS
for the 6 months ended 31 October 2018**

Financial Highlights

	Operating revenue Declined 22% to R76.8 million	Headline earnings per share Declined 106% to (0.45) cents
Earnings per share Declined 106% to (0.44) cents	Profit for the period Declined 106% to R(0.6) million	

AVIOR CAPITAL MARKETS HOLDINGS LIMITED
Incorporated in the Republic of South Africa
Registration number: 2015/086358/06
JSE Share Code: AVR
ISIN: ZAE000211637
"Avior Holdings" or "the Company"

Condensed consolidated statement of profit and loss and other comprehensive income

for the 6 months ended 31 October 2018

	% change	Notes	Unaudited Six months 31 October 2018	Reviewed Six months 31 October 2017
Operating revenue	(22)		76 845 672	99 110 778
Other income	(15)		251 130	295 214
Total revenue	(22)	2	77 096 802	99 405 992
Operating expenses	(1)	3	(82 461 950)	(83 569 112)
(Loss)/profit from operations	>(100)		(5 365 148)	15 836 880
Net interest received	>(100)		(137 397)	98 244
Investment income	(11)		998 274	1 116 221
Finance cost	12		(1 135 671)	(1 017 977)
Foreign exchange gains/(losses) for the year	>(100)		4 942 315	(271 036)
Share of loss in equity-accounted investee	(100)	4	-	(163 256)
Profit before taxation	>(100)		(560 230)	15 500 832
Income tax expense	(98)		(83 909)	(4 129 472)
(Loss)/profit for the period	>(100)		(644 139)	11 371 360
Other comprehensive income:				
Items that may be reclassified to profit or loss:				
Exchange differences on translating foreign operation	75		8 624 471	4 920 584
Other comprehensive income for the year net of taxation	75		8 624 471	4 920 584
Total comprehensive income for the year	(51)		7 980 332	16 291 944
Basic and diluted earnings per share (cents)	>(100)	5	(0,44)	7,80

Condensed consolidated statement of financial position

as at 31 October 2018

Notes	Unaudited Six months 31 October 2018	Audited Twelve months 30 April 2018
Non-Current Assets		
Property plant and equipment	9 746 611	9 366 046
Intangible assets	556 621	667 945
Deferred tax	16 319 327	14 371 676
Loans to Directors, managers and employees	1 568 108	1 508 364
Loan receivable	605 199	579 138
	28 795 866	26 493 169
Current Assets		
Loans to Directors, managers and employees	834 835	797 516
Margin and collateral account	4 303 002	11 027 981
Trade and other receivables	13 276 935	8 945 038
Financial assets held for trading	55 417 350	47 946
Current tax receivable	2 019 958	2 641 773
Amounts receivable in respect of stockbroking activities	572 778 197	373 499 993
Cash and cash equivalents	58 657 170	71 710 133
	707 287 447	468 670 380
Total Assets	736 083 313	495 163 549
Equity and Liabilities		
Equity		
Share capital	6 8 647 754	8 647 754
Share scheme reserve	130 802	-
Reserves	2 386 833	(6 237 638)
Retained income	82 459 123	83 103 262
	93 624 512	85 513 378
Liabilities		
Non-Current Liabilities		
Loans from related parties	13 000 251	13 000 251
	13 000 251	13 000 251
Current Liabilities		
Amounts payable in respect of stockbroking activities	510 807 465	374 744 959
Trade and other payables	23 157 238	20 500 489
Financial liabilities held for trading	93 909 330	555 191
Loans from related parties	132 496	128 222
Current tax payable	456 010	268 327
Operating lease liability	996 011	452 732
	629 458 550	396 649 920
Total Liabilities	642 458 801	409 650 171
Total Equity and Liabilities	736 083 313	495 163 549

Condensed consolidated statement of changes in equity

for the 6 months ended 31 October 2018

	Share capital	Foreign currency translation reserve	Share-based payments reserve	Total reserves	Retained income	Total equity
Balance at 01 May 2017 (audited)	14 146	(5 561 126)	-	(5 561 126)	79 617 120	74 070 140
Profit for the period					11 371 360	11 371 360
Other comprehensive income	-	4 920 584	-	4 920 584	-	4 920 584
Total comprehensive income for the year	-	4 920 584	-	4 920 584	11 371 360	16 291 944
Issue of shares	8 633 700	-	-	-	-	8 633 700
Purchase of own shares	(92)	-	-	-	(882 078)	(882 170)
Total contributions by and distributions to owners of Group recognised directly in equity	8 633 608	-	-	-	(882 078)	7 751 530
Balance at 31 October 2017 (reviewed)	8 647 754	(640 542)	-	(640 542)	90 106 402	98 113 614
Profit for the period					(7 003 140)	(7 003 140)
Other comprehensive income	-	(5 597 096)	-	(5 597 096)	-	(5 597 096)
Total comprehensive income for the year	-	(5 597 096)	-	(5 597 096)	(7 003 140)	(12 600 236)
Total contributions by and distributions to owners of Group recognised directly in equity	-	-	-	-	-	-
Balance at 1 May 2018 (audited)	8 647 754	(6 237 638)	-	(6 237 638)	83 103 262	85 513 378
Profit for the year	-	-	-	-	(644 139)	(644 139)
Other comprehensive income	-	8 624 471	-	8 624 471	-	8 624 471
Total comprehensive income for the year	-	8 624 471	-	8 624 471	(644 139)	7 980 332
Share-based payments	-	-	130 802	130 802	-	130 802
Balance at 31 October 2018 (unaudited)	8 647 754	2 386 833	130 802	2 517 635	82 459 123	93 624 512

Condensed consolidated statement of cash flows

for the 6 months ended 31 October 2018

	Unaudited Six months 31 October 2018	Audited Twelve months 30 April 2018	Reviewed Six months 31 October 2017
Cash flows from operating activities			
Cash generated from operations	(13 697 858)	15 591 461	2 169 362
Investment income	896 843	2 191 252	1 031 664
Dividend income	555 877	49	-
Finance costs	(1 000 325)	(1 944 011)	(882 721)
Tax paid	(11 448)	(1 817 077)	(2 065 334)
Net cash from operating activities	(13 256 911)	14 021 674	252 971
Cash flows from investing activities			
Acquisition of property, plant and equipment	(1 236 544)	(7 929 099)	(3 282 997)
Proceeds on disposal of property, plant and equipment	-	70 976	104 261
Acquisition of intangible assets	-	(414 997)	(323 140)
Loans advanced to Directors and employees	(7 000)	(845 915)	-
Receipts from loans to Directors and employees	206 197	967 508	125 486
Proceeds on disposal of financial assets held for trading	-	3 012 771	-
Repayment of financial liabilities held for trading	-	(2 113 162)	-
Loans advanced to equity-accounted investee	-	(310 000)	(150 000)
Acquisition of equity-accounted investee	-	(500 000)	(500 000)
Net cash from investing activities	(1 037 347)	(8 061 918)	(4 026 390)
Cash flows from financing activities			
Share issue	-	8 633 700	8 633 700
Repurchase of shares	-	(212 040)	(220 270)
Repayment of loan to related parties	(128 222)	-	-
Net cash from financing activities	(128 222)	8 421 660	8 413 430
Total cash movement for the year	(14 422 480)	14 381 416	4 640 011
Cash at the beginning of the year	71 710 133	63 435 808	63 435 808
Effect of exchange rate movement on cash balances	1 369 517	(6 107 091)	1 569 065
Total cash at the end of the year	58 657 170	71 710 133	69 644 884

Segmental report

for the 6 months ended 31 October 2018

Unaudited 31 October 2018	South Africa	UK	Total
Revenue from external customers	66 605 031	10 240 641	76 845 672
Intersegment revenues eliminated	4 439 012	989 733	5 428 745
Other income	251 130	-	251 130
	71 295 173	11 230 374	82 525 547
Operating expenses	(72 631 252)	(14 287 863)	(86 919 115)
Depreciation and amortisation	(924 066)	(47 513)	(971 579)
Investment income	1 002 782	431 416	1 434 198
Finance costs	(1 571 596)	-	(1 571 596)
Forex gains for the year	560 638	4 381 677	4 942 315
Income tax expense	658 525	(742 434)	(83 909)
Segment (loss)/profit	(1 609 796)	965 657	(644 139)
Segment Assets	698 718 227	37 365 086	736 083 313
Segment Liabilities	(641 374 494)	(1 084 307)	(642 458 801)
Revenue Reconciliation			
Total revenue per reportable segments			82 274 417
Other income			251 130
Elimination of intersegment revenues			(5 428 745)
Entity's revenue per profit and loss statement			77 096 802
Reconcile profit and loss statement			
Total profit for reportable segments			(644 139)
Elimination of intersegmental profits			-
Entity's loss per profit and loss statement			(644 139)

Reviewed 31 October 2017	South Africa	UK	Total
Revenue from external customers	81 733 574	17 377 204	99 110 778
Intersegment revenues eliminated	210 000	562 283	772 283
Other income	283 751	11 463	295 214
	82 227 325	17 950 950	100 178 275
Operating expenses	(73 432 901)	(9 458 821)	(82 891 722)
Depreciation and amortisation	(1 200 143)	(39 529)	(1 239 672)
Investment income	1 116 221	-	1 116 221
Finance costs	(1 017 977)	-	(1 017 977)
Forex gains/(losses) for the year	477 979	(749 015)	(271 036)
Income tax expense	(2 594 386)	(1 535 086)	(4 129 472)
Segment profit	5 576 118	6 168 499	11 744 617
Segment Assets	438 637 752	39 927 768	478 565 520
Segment Liabilities	(380 006 948)	(453 189)	(380 460 137)
Revenue Reconciliation			
Total revenue per reportable segments			99 883 061
Other income			295 214
Elimination of intersegment revenues			(772 283)
Entity's revenue per profit and loss statement			99 405 992
Reconcile profit and loss statement			
Total profit for reportable segments			11 744 617
Elimination of intersegmental profits			(373 257)
Entity's profit per profit and loss statement			11 371 360

Notes

for the 6 months ended 31 October 2018

Basis of preparation

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited ("JSE") and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these interim financial statements are in terms of IFRS and are consistent with those of the previous financial year and the corresponding interim reporting period except for the adoption of new and amended standards as set out in note 1 below.

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for the measurement of certain financial instruments at fair value and incorporate the principal accounting policies set out below. They are presented in South African Rand which is the Group presentation currency. The unaudited condensed consolidated interim financial statements of the Avior Group as at and for the six months ended 31 October 2018 comprise the company and its subsidiaries ("the Group") results and the Group's interests in equity accounted investees. All significant transactions and balances between Group enterprises are eliminated on consolidation.

1. New and amended standards adopted by the Group

The accounting policies are consistent with those reported in the previous year except for the adoption of the following standards and amendments effective for the current period:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments (IFRS 9), with effect from 1 January 2018, replaced IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 introduced new requirements which includes an expected credit loss (ECL) impairment model and new requirements for the classification and measurement of financial assets. As disclosed in the notes to the 2018 financial statements, there is no significant impact to the business as a result of the adoption of IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers (IFRS 15), with effect from 1 January 2018, replaces the existing revenue standards and the related interpretations. The standard sets out the requirements for recognising revenue that applies to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts or financial instruments). The core principle of the standard is that revenue recognised reflects the consideration to which the company expects to be entitled in exchange for the transfer of promised goods or services to the customer. The standard incorporates a five step analysis to determine the amount and timing of revenue recognition. The standard does not apply to revenue associated with financial instruments, and therefore does not impact the majority of the group's revenue.

IFRIC 22 Foreign Currency Transactions and Advance Consideration (IFRIC 22)

IFRIC 22 Foreign Currency Transactions and Advance Consideration (IFRIC 22), with effect from 1 January 2018, provides guidance on how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. There is no significant impact to the business as a result of the adoption of IFRIC 22.

Notes

for the 6 months ended 31 October 2018

2. Total revenue

Revenue includes trading, brokerage and commissions, research and investment banking, advisory fees disaggregated between its reporting segments, key product types and customer types.

	Unaudited Six months 31 October 2018		Reviewed Six months 31 October 2017	
	SA	International	SA	International
<i>Operating revenue</i>				
Equity brokerage and commissions				
- Institutional	37 531 111	7 183 121	47 917 573	11 458 622
- Private wealth	2 298 913	-	904 049	-
Derivatives and bonds brokerage and commissions	14 920 481	-	25 840 727	-
Research	5 188 933	3 057 520	6 257 363	5 918 582
Investment banking (corporate broking)	6 665 593	-	813 862	-
	66 605 031	10 240 641	81 733 574	17 377 204
<i>Other income</i>				
Other income comprises trading revenue.				
<i>Realised</i>				
Financial assets at fair value through profit and loss	203 277	-	1 138 755	-
<i>Fair value adjustments</i>				
Financial assets at fair value through profit and loss	(2 130 314)	-	(745 432)	-

3. Impairment of trade and other receivables included in operating expenses balance

The Group recognised provisions for expected credit losses of R1 145 548, during the 6 months to 31 October 2018, relating to all Zimbabwean trade receivables. The Group identified a change in the credit exposure risk due to current economic conditions in Zimbabwe and the foreign exchange liquidity challenges. A reasonable approximation of the expected loss rate was applied using the anticipated haircut rate incurred relating to a repatriation of funds strategy using dual-listed equities.

4. Disposal of equity accounted joint venture, A-Trade (Pty) Limited ("A-Trade")

With effect from 28 May 2018 Avior Holdings disposed of its shareholding in A-Trade (Pty) Limited for a consideration of R1 to Pallidus Investments (Namibia) (Pty) Limited.

The terms of the agreement were such that the Avior Holdings disposed of all 500 000 class A ordinary shares comprising 50% of the share capital of A-Trade.

The service level agreement between Avior Holdings and A-Trade for the management services was also terminated. The total loan at 30 April 2018 was R310 000 and this was written off as it is not recoverable per the agreed exit terms. The total investment in A-Trade of R500 000 was impaired and written off to zero, while the share of loss on the investment was limited to R500 000 which was the investment value. Losses relating to the entity were no longer recognised given they exceeded the net investment in the entity and any write-offs were recorded in the prior year's financial statements.

Notes

for the 6 months ended 31 October 2018

5. Reconciliation of headline earnings for the period

	Unaudited Six months 31 October 2018	Reviewed Six months 31 October 2017	Audited Twelve months 30 April 2018
Profit attributable to ordinary equity holders of the parent entity (basic and diluted)	(644 139)	11 371 360	4 368 220
Profit or loss on disposal of property plant and equipment	10 521	1 773	537 530
Impairment of property plant and equipment	-	-	447 113
Insurance refunds	(34 827)	-	(18 011)
Share of loss on equity accounted investee	-	163 256	
Tax effects of adjustments	6 806	(496)	(145 465)
Headline earnings	(661 639)	11 535 893	5 189 387
Basic and diluted earnings per share (cents)	(0,44)	7,80	2,99
Headline and diluted earnings per ordinary share (cents)	(0,45)	7,91	3,55
Number of ordinary shares in issue	146 285 100	146 285 100	146 285 100
Weighted average number of ordinary shares in issue	146 285 100	145 795 923	146 039 841

6. Authorised and issued stated capital

	Unaudited Six months 31 October 2018	Audited Twelve months 30 April 2018	Reviewed Six months 31 October 2017
Authorised			
Ordinary shares no par value	400 000 000	400 000 000	400 000 000
Issued			
Ordinary shares no par value	146 285 100	146 285 100	146 285 100
Issued (Rands)			
Ordinary shares no par value	8 647 754	8 647 754	8 647 754

Shares awarded in terms of the staff share scheme (refer note 7) were all subject to performance conditions. As none of these conditions were met at 31 October 2018 the shares were not dilutive at that date. However, in the event that the performance conditions may be met in future periods the shares will have a dilutive effect on earnings per share.

7. Share-based payments

Avior Holdings implemented a staff share scheme in August 2018. Employees are awarded equity shares upon vesting over a 5 year period which are based on performance conditions. These performance conditions comprise service conditions or performance targets tailored to the duties of the participant. The vesting dates are calendar year ends 3, 4 and 5 from the grant date. Shares are awarded for zero consideration.

The first issue of share scheme awards was made on 6 August 2018 and 24 October 2018 respectively. Share scheme awards were made to employees of the Group's subsidiaries, being Avior Capital Markets (Pty) Limited and Avior Capital Markets International Limited.

Grant - 6 August 2018 and 24 October 2018		
1st tranche vesting	2nd tranche vesting	3rd tranche vesting
06 August 2021	06 August 2022	06 August 2023
24 October 2021	24 October 2022	24 October 2023
33% vesting	32% vesting	35% vesting

Notes

for the 6 months ended 31 October 2018

	Unaudited 31 October 2018	
	Retention Six months 31 October 2018	Performance Six months 31 October 2018
Reconciliation of shares awarded		
Balance at the beginning of the period	-	-
Granted during the year	2 240 000	4 240 000
Balance at the end of the period	2 240 000	4 240 000
Fair value of share-based payment assumptions		
Fair value at grant date (06 August 2018) (cents)	30	
Fair value at grant date (24 October 2018) (cents)	30	
Share price at grant date (06 August 2018) (cents)	74	
Share price at grant date (24 October 2018) (cents)	35	

The directors considered whether the ruling market price was an appropriate indicator of fair value. In view of the highly illiquid nature of the share, the fact that the majority of share dealings in 2018 were directors dealings, and that there were very few dealings by market participants, the directors considered that the EBITDA multiples of comparable companies trading in liquid markets would be a more appropriate indicator of fair value. As at 31 October 2018 the following relating to the share scheme was recognised in the Group's results:

Share-based payment expense	100 138
Share-based payment reserve	100 138
Deferred tax asset	58 703
Deferred tax (equity)	30 665
Deferred tax (profit or loss)	28 039

8. Financial instruments carried at fair value

The fair value of the financial instruments is the price that would be received for the sale of the assets or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. The Group classifies assets and liabilities measured at fair value using a fair value hierarchy that reflects whether observable or unobservable inputs are used in determining the fair value of the item.

Fair value may be determined using unadjusted quoted prices in active markets for identical assets or liabilities where these are readily available and the price represents actual and regularly occurring market transactions. If this information is not available, fair value is measured using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Where a valuation model is applied and the Group cannot mark-to-market, it applies a mark-to-model approach, subject to valuation adjustments.

The valuation methodologies, techniques and inputs applied to the fair value measurement of the financial instruments have been applied in a manner consistent with that of the previous financial period.

Notes

for the 6 months ended 31 October 2018

Figures Rands	Unaudited 31 October 2018		Audited 30 April 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Fair values				
Financial assets measured at fair value				
Trading securities	55 615 279	55 417 350	22 668	47 946
Financial assets not measured at fair value				
Loans to Directors, managers and employees	2 402 943	2 402 943	2 305 880	2 305 880
Loan receivable	605 199	605 199	579 138	579 138
	58 623 421	58 425 492	2 907 686	2 932 964
Financial liabilities measured at fair value				
Trading securities	(91 972 798)	(93 909 330)	(525 768)	(555 191)
Financial liabilities not measured at fair value				
Loans from related parties	(13 132 747)	(13 132 747)	(13 128 473)	(13 128 473)
	(105 105 545)	(107 042 077)	(13 654 241)	(13 683 664)
Total	(46 482 124)	(48 616 585)	(10 746 555)	(10 750 700)

The carrying amounts of cash and cash equivalents, accounts receivable in respect of trading activities, margin and collateral accounts, trade and other receivables, accounts payable in respect of trading activities and trade and other payables reasonably approximate their fair values, due to their short-term nature.

Fair value hierarchy of financial instruments at fair value through profit or loss

The table below analyses recurring fair value measurements for financial assets and financial liabilities at fair value through profit and loss. These fair value measurements are categorised into different levels in the fair value hierarchy based on inputs to the valuation techniques used. The different levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Unaudited 31 October 2018

Financial assets held for trading
Financial liabilities held for trading

Level 1
55 417 350
(93 909 330)

Audited 30 April 2018

Financial assets held for trading
Financial liabilities held for trading

Level 1
47 946
(555 191)

Notes

for the 6 months ended 31 October 2018

9. Related party transactions

In addition to the transactions disclosed in the most recent Annual Financial Statements the following related party transactions are disclosed:

	Unaudited Six months 31 October 2018	Reviewed Six months 31 October 2017
Oakleaf balances and transactions		
Commission expense	207 091	286 578
Trade payable balance	138 463	156 384

Avior Capital Markets International Limited's Directors, Dana Becker and David Haveron, are shareholders in Oakleaf Financial Limited (UK corporate entity). Commission sharing payments relating to certain brokerage revenue streams are made to the entity. These revenue streams were secured by the two Directors prior to the acquisition of Avior Capital Markets International in 2015.

Director's participation in staff share scheme

Directors and prescribed officers participation as at 31 October 2018

Directors	Grant date	Expiry date	Number of shares
Justin Larsen	06 August 2018	06 August 2021	132 000
		06 August 2022	128 000
		06 August 2023	140 000

Refer to note 7 for further detail relating to the staff share scheme.

10. Events after reporting date

There were no material events identified after the reporting date to the date of this report, being 29 January 2019.

11. Dividends

No dividends were paid to shareholders for the period ended 31 October 2018.

12. Going concern

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe the businesses will not continue as going concerns for the foreseeable future.

Commentary

Overview

The six months ended 31 October 2018 was characterised by a continued withdrawal of funds from emerging markets to higher-return and lower-risk markets. South Africa's continued political and policy uncertainty, corporate scandals, and poor South African GDP performance weighed in on investor sentiment. These trends largely contributed to the JSE's worst performance in 10 years and the second worst equity performance globally, second only to Turkey, from a USD perspective.

Avior Holdings operates a cyclical business with its performance directly affected by market conditions. Avior Holding's current results are therefore representative of the current environment.

Avior Holding's profit for the period declined by 106% to -R0.6 million (2018: R11.4 million). Headline Earnings per Share (HEPS) declined 106% to -0.45c (2018: 7.91c).

The Group's segments are:

- South Africa
- International

Segmental analysis

The South African segment contributed -R1.61 million to profit for the period (2018: R5.6 million) and was weighed down by its brokerage business. The International segment contributed R1.0 million to profit for the period (2018: R6.2 million). The International business showed resilience despite the European Union's MiFID II regulations, growing its research and brokerage revenues. It was, however, negatively impacted by a sharp decline in performance fees which are dependent on South African equity market performance.

Financial performance

Operating revenue decreased by 22% to R76.8 million (2018: R99.1 million). This is largely attributable to a decline of 31% in brokerage commissions. Other income decreased 15% to R0.25 million (2018: R0.3 million).

Operating expenses decreased by 1% to R82.5 million (2018: R83.6 million). The decrease is attributable to an active cost saving programme, of which R2.2 million relates to once-off cost saving measures.

Foreign exchange gains for the period were R4.9 million (2018: -R0.3 million) and were largely driven by the strengthening of GBP to other major currencies, being Avior Capital Markets International Limited's functional currency. The gains were largely generated from cash and cash equivalents and trade debtor turnover.

The net result of the above was a decline in profit for the period of 106% to -R0.6 million (2018: R11.4 million).

Despite the current market conditions the Group has largely maintained its cash and cash equivalent reserves, with the 31 October 2018 balance at R58.7 million (2018: R71.7 million). The difference between the previous comparative period is largely due to an increase in financial assets held for trading and changes in working capital.

Prospects

Global market conditions are likely to remain uncertain over the next 6 months. In South Africa, elevated levels of uncertainty are likely to persist leading up to the 2019 general elections.

Despite the current conditions the Group's strategy, as articulated in the recent 2018 Integrated Annual Report, remains unchanged as the Group continues to invest in its strategic initiatives. The goal is to continue to expand its high-touch services to a growing client base, while leveraging its core research business. A key element of this is also revenue diversification.

The Group will also continue to focus on its cost saving programme to help ensure resilience in the current market, while continuing to enhance capacity and scale to take advantage of the next market cycle.

Forward-looking statements and Directors' responsibility

The Company cannot guarantee that any forward-looking statement will materialise and accordingly, readers are cautioned not to place undue reliance on any forward-looking statements. The Company disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available as a result of future events or for any other reason, other than as required by the JSE Listings Requirements.

The condensed interim financial statements are the responsibility of the Board of Directors of the Company.

Neither these condensed interim financial statements, nor any reference to future financial performance included in this results announcement, have been reviewed or audited by the Group's external auditor, BDO South Africa Incorporated. The interim results were prepared under the supervision of the Finance Director, Justin Larsen CA (SA).

Signed on behalf of the Board of Directors by Peter Koutromanos (Chief Executive Officer) and Justin Larsen (Finance Director) on 24 January 2019.

25 January 2019

Corporate Information

Company secretary

Fusion Corporate Secretarial Services
Unit 7, Block C, Southdowns Office Park,
Karee street, Irene, Pretoria

Registered office

Avior Capital Markets Offices
11th Floor, South Tower, 140 West Street, Sandton, 2196

Designated advisor

Pallidus Capital
Cradock Heights, corner of Tyrwhitt &
Cradock Avenue Rosebank, Johannesburg

Transfer secretaries

4 Africa Exchange Registry (Pty) Limited
1st Floor, Cedarwood House
Ballywood's Office Park
35 Ballyclare Drive, Bryanston, 2121