Sebata Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 1998/003821/06)
JSE Share code: SEB   ISIN: ZAE000260493
("Sebata" or "the company" or "the group")

PROVISIONAL AUDITED SUMMARISED ANNUAL CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 MARCH 2020

CONDENSED GROUP STATEMENT OF PROFIT AND LOSS

	Audited 12 months ended 31 March 2020 R'000	Audited 12 months ended 31 March 2019 Restated R'000
Continuing operations		
Revenue	161 410	151 655
Cost of sales	(86 265)	(72 307)
Gross profit	**75 145**	**79 348**
Other net income	952	306 060
Administration expenses	(226 258)	(104 920)
Distribution expenses	(375)	(577)
Profit from operations	**(150 536)**	**279 911**
Finance income	15 154	5 603
Finance cost	(16 092)	(5 030)
Share of (losses) on/profit of equity accounted associate	(2 098)	1 896
(Loss)/Profit before tax	**(153 572)**	**282 380**
Tax expense	30 728	(103 454)
(Loss)/Profit for the year from continuing operations	**(122 844)**	**178 926**
Profit/(Loss) for the year from discontinued operations	**633 751**	**(20 778)**
Profit for the year	**510 907**	**158 148**
Profit/(Loss) attributable to:		
Owners of the parent - continuing	(125 254)	177 523
Owners of the parent - discontinued	632 388	(26 290)
Non-controlling interest - continuing	2 410	1 403
Non-controlling interest - discontinued	1 363	5 512
	510 907	**158 148**
Attributable earnings/(loss) per share (cents)		
Basic	**448.27**	**131.93**
Continuing operations	(110.72)	154.87
Discontinued operations	558.99	(22.93)
Diluted basic	**448.03**	**131.82**
Continuing operations	(110.66)	154.74
Discontinued operations	558.69	(22.92)
Headline	**(107.57)**	**(30.19)**

Continuing operations	(101.77)	(7.19)
Discontinued operations	(5.80)	(23.00)
Diluted headline	**(107.50)**	**(30.16)**
Continuing operations	(101.71)	(7.18)
Discontinued operations	(5.79)	(22.98)

CONDENSED GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

	Audited 12 months ended 31 March 2020 R'000	**Audited 12 months ended 31 March 2019 Restated R'000**
Profit for the year	510 907	158 148
Other comprehensive income:		
Foreign currency translation differences	803	(35)
Disposal of subsidiaries	-	2 785
	511 710	**160 898**
Total comprehensive income attributable to:		
Owners of the parent	507 937	153 983
Non-controlling interest	3 773	6 915
	511 710	**160 898**
Reconciliation of headline earnings/(loss) (net of tax) for continuing operations:		
(Loss)/profit attributable to owners of the parent	(125 254)	177 523
Profit/(loss) on disposal of property, plant and equipment	(63)	746
(Profit) on disposal of investment in subsidiaries	-	(186 510)
Impairment of intangible assets	10 188	**-**
Headline earnings	**(115 129)**	**(8 241)**
Reconciliation of headline earnings/(loss) (net of tax) for discontinued operations:		
Profit/(loss) attributable to owners of the parent	632 388	(26 290)
Profit on disposal of property, plant and equipment	(549)	(76)
Impairment of intangible assets	67 449	-
Profit on disposal of discontinued operations	(705 851)	**-**
Headline (loss)/earnings	**(6 563)**	**(26 366)**
Weighted average number of shares (000s)	113 130	114 629
Diluted weighted average number of shares (000s)	113 192	114 723
Total number of shares in issue (000s)	113 128	112 284

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Audited as at 31 March 2020 R'000	Audited as at 31 March 2019 R'000
ASSETS		
Non-current assets	**1 468 186**	**690 003**
Property, plant and equipment	18 586	29 829
Intangible assets	54 222	626 831
Investments in associates	588 157	19 702
Other financial assets	802 025	-
Deferred tax assets	5 196	13 641
Current assets	**248 124**	**428 384**
Inventories	5 256	74 288
Trade and other receivables	38 598	225 889
Current tax	3 718	6 681
Other financial assets	185 818	79 854
Cash and cash equivalents	14 734	41 672
TOTAL ASSETS	**1 716 310**	**1 118 387**
EQUITY AND LIABILITIES		
EQUITY	**1 267 800**	**790 441**
Share capital and share premium	285 063	280 372
Other reserves	7 434	8 653
Retained earnings	971 611	455 992
Non-controlling interest	3 692	45 424
LIABILITIES		
Non-current liabilities	**273 629**	**95 556**
Other financial liabilities	3 389	881
Deferred tax liabilities	270 240	94 675
Current liabilities	**174 881**	**232 390**
Trade and other payables	43 960	116 863
Other financial liabilities	72 161	5 752
Current tax	50 883	79 756
Deferred vendor payments	7 014	7 473
Bank overdraft	863	22 546
TOTAL LIABILITIES	**448 510**	**327 946**
TOTAL EQUITY AND LIABILITIES	**1 716 310**	**1 118 387**
Net asset value per share (cents)	1 120,67	663.51
Net tangible asset value per share (cents)	1 072.74	105.26

CONDENSED GROUP STATEMENT OF CASH FLOW

	Audited 12 months ended 31 March 2020 R'000	Audited 12 months ended 31 March 2019 R'000
Cash flow from operating activities	**28 890**	**(23 950)**
Cash generated from operations	83 714	(2 567)
Finance income	3 151	5 583
Finance costs	(11 347)	(6 025)
Income tax paid	(46 628)	(20 941)
Cash flow from investing activities	**(33 931)**	**518 631**
Property, plant and equipment acquired	(7 728)	(9 979)
Intangible assets acquired	(61 004)	(86 681)
Proceeds on disposal of property, plant and equipment	173	2 863
Investment in associates	(5 864)	-
Net cash inflow/(outflow) from acquisition/disposal of businesses	41 110	596 191
Financial assets repaid	1 130	16 237
Financial assets advanced	(1 748)	-
Cash flow from financing activities	**(214)**	**(396 447)**
Treasury shares issued/(repurchased)	4 691	(15 794)
Acquisition of non-controlling interest without a change in control	(20 000)	-
Other financial liabilities repaid	(54 891)	(31 147)
Other financial liabilities raised	71 885	-
Deferred vendor payments repaid	(459)	(2 959)
Dividends paid to non-controlling interest	(1 440)	(2 755)
Dividends paid	-	(343 792)
(Decrease)/Increase in cash and cash equivalents	**(5 255)**	**98 234**
Cash and cash equivalents at the beginning of the year	19 126	(79 108)
Cash and cash equivalents at the end of the year	**13 871**	**19 126**

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Share Capital and Share Premium R'000	Other Reserves R'000	Retained Earnings R'000	Non-Controlling Interest R'000	TOTAL R'000
Balance at 1 April 2018 as adjusted	295 937	7 114	647 739	98 339	1 049 129
Profit for the year	-	-	151 233	6 915	158 148
Other comprehensive income					
Foreign currency translation differences	-	(35)	-	-	(35)
Transactions with owners, recorded directly in equity					
Dividends paid			(343 792)	(2 755)	(346 547)
Share-based payment transactions	229	(1 211)	812	-	(170)
Disposal of subsidiaries	-	2 785	-	(57 075)	(54 290)
Treasury shares purchased	(15 794)	-	-	-	(15 794)
Balance at 31 March 2019	**280 372**	**8 653**	**455 992**	**45 424**	**790 441**
Balance at 1 April 2019	280 372	8 653	455 992	45 424	790 441
Profit for the year	-	-	507 134	3 773	510 907
Other comprehensive income					
Foreign currency translation differences	-	803	-	-	803
Transactions with owners, recorded directly in equity					
Dividends paid	-	-	-	(1 440)	(1 440)
Share-based payment transactions	-	(2 022)	7 104	-	5 082
Changes in ownership interest in subsidiaries without a change in control	-	-	1 381	(21 381)	(20 000)
Disposal of subsidiaries	-	-	-	(22 684)	(22 684)
Treasury shares issued	4 691	-	-	-	4 691
Balance at 31 March 2020	**285 063**	**7 434**	**971 611**	**3 692**	**1 267 800**

NOTES TO THE GROUP FINANCIAL INFORMATION

1. Basis of preparation

These provisional audited summarised annual consolidated financial statements for the year ended 31 March 2020 are prepared in accordance with the framework concepts and the recognition and measurement criteria of International Financial Reporting Standards (IFRS), its interpretations adopted by the International Accounting Standards Board (IASB), the presentation and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, IAS 34 – Interim Financial Reporting, the Listings Requirements of the JSE Limited and the requirements of the Companies Act of South Africa (Act 71 of 2008), as amended. The accounting policies applied in the preparation of these provisional audited summarised annual consolidated financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statements, with the exception of the new standard adopted disclosed in note 4. The provisional audited summarised annual consolidated financial statements are prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS. The fair value of financial instruments approximates their carrying value.

The provisional condensed annual consolidated financial statements have been prepared under the supervision of Pierre van Eeden CA (SA), the Financial Director.

The provisional audited summarised annual consolidated financial statements are extracted from the audited annual consolidated financial statements and are consistent in all material respects with the group financial statements which are available for inspection at the company's registered office. This provisional report is extracted from audited financial information but is not itself audited.

The directors take full responsibility for the preparation of the report and confirm the financial information has been correctly extracted from the underlying audited annual consolidated financial information.

All financial information presented in South African Rand has been rounded to the nearest thousand.

Selected explanatory notes are included to explain certain events and transactions that are significant, in order to understand the group's financial position and performance.

2. Significant accounting policies

These provisional condensed annual consolidated financial statements have been prepared using accounting policies that comply with IFRS and are consistent with those used in the audited annual consolidated financial statements for the year ended 31 March 2019 other than the adoption of the new standard disclosed in note 4.

The restatement of the prior year statement of profit and loss is as a result of the significant disposals that were executed during the financial year. This restatement is required by IFRS 5 and has resulted in the reclassification of the performance of these operations from continuing to discontinued. This has had no impact on the overall profit generated and there has been no restatement to any other notes.

3. Audit opinion

The annual consolidated financial statements were audited by the group's auditors, Nexia SAB&T, and their unmodified audit report is available for inspection at the group's registered office.

4. New standards implemented

The group has adopted new accounting standards that became effective in the current reporting period. The following standards had an impact on the group:

• IFRS 16 Leases

The group has adopted IFRS 16 retrospectively from 1 April 2019 but has not restated comparatives for the 2019 reporting period as permitted under the specific transitional provisions in the standard. The right-of-use asset was measured at the value of the lease liability and adjusted by the amount of any previously recognised prepaid or accrued lease payments. The reclassifications and the adjustments arising from the adoption of IFRS 16 are therefore recognised in the opening statement of financial position on 1 April 2019. IFRS 16 introduced a single on-balance sheet accounting model for leases. As a result, the group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. After the adoption of IFRS 16, the group recognised a depreciation expense on the right-of-use assets and an interest expense accruing on the lease liabilities.

From 1 April 2019, the group recognises right-of-use assets and lease liabilities at the lease commencement date for most leases. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of prime as of 1 April 2019. The incremental borrowing rate has been utilised because the rate implicit in the lease was not readily available. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Interest costs are charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The associated right-of-use assets were measured at the amount equal to the lease liability and are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

On adoption of IFRS 16, the group recognised right-of-use assets and lease liabilities. The impact on adoption is summarised below:

	1 April 2019
Right of use assets	47 373
Adjusted by previously recognised lease smoothing accruals	(7 204)
Total Assets	**40 169**
Non-current lease liabilities	24 895
Current lease liabilities	22 478
Total Liabilities	**47 373**

The following practical expedients have been applied in the adoption of IFRS 16

- Leases have been grouped together and a single discount rate applied to determine the lease liability as these leases all had similar characteristics.
- Leases that were due to be settled within 12 months on the adoption of IFRS 16 have been treated as short-term leases.
- Initial direct costs have been excluded from the measurement of the right of use assets on initial application.

5. Disposal of subsidiaries

Water Group (USC Metering and Amanzi Meters)
On 20 August 2019, the group announced that it had entered into a Sale of Shares Agreement, a Donation Agreement and a Shareholders Agreement with Inzalo Capital Holdings ("Inzalo"), for the disposal of 55% of the total issued share capital in Amanzi Meters Proprietary Limited (“Amanzi Meters”) and USC Metering Proprietary Limited (“USC Metering”) and the donation of 5% of the total issued share capital in each of such companies to Inzalo for an aggregate purchase consideration of R388,48 million. The purchase price is payable on the achievement of a net profit after tax of R165 million over the 24-month period from the effective date, with the effective date of the transaction being 1 August 2019. The donation shares are donated in two tranches of 2.5% each, with the first being donated as at date of signature of the aforementioned agreements and the second tranche being donated 12 months after the effective date. If the profit warranty is not met the sale shares will be returned to Sebata and Sebata will have an obligation to repurchase the donation shares at the growth in the net asset value of the business per share.

The transaction was approved by the requisite majority of shareholders in general meeting on 22 January 2020. Although formal approval of the transaction only took place in January 2020, the date on which loss of control was deemed to have occurred is 30 November 2019. This was due to the fact that the boards of USC Metering and Amanzi Meters had been reconstituted to hand over irrevocable operational control to Inzalo, with both the Chairman and CEO having been appointed by Inzalo and representing the new shareholding structure. Further to this, all other suspensive conditions to the transaction had been fulfilled except for the distribution of the circular and the formal approval by shareholders in general meeting. These were deemed to be an administrative function as Sebata had already obtained irrevocable undertakings from 77% of shareholders supporting the transaction.

The transaction resulted in a loss of control as at 30 November 2019, the present value of the purchase price at the group’s incremental borrowing rate of prime, a share-based payment for the donation shares of R14.9 million and derecognition of net assets of R133.7 million. This has resulted in a profit on disposal of R191.8 million.

The remaining 42.5% and 17.5% interests in USC Metering and Amanzi Meters, respectively have been remeasured at R246.3 million and R10.1 million respectively and both are now recorded as an associate. The remaining interest in the respective companies has been measured at fair value and with direct reference to the price at which the interests were disposed of. Although the interest held in Amanzi Meters is below 20% it is deemed to be an associate company as Sebata still enjoys board representation and has influence over the operations of the business.

Software Group (Sebata Municipal Solutions, R-Data and Micromega Accounting and Professional Services)
On 25 February 2020, the group announced that it had entered into a Sale of Shares Agreement, a Donation Agreement and a Shareholders Agreement with Inzalo Capital Holdings Proprietary Limited ("Inzalo") for the disposal of 55% of the total issued

share capital in Sebata Municipal Solutions Proprietary Limited ("Sebata Municipal Solutions"), R-Data Proprietary Limited ("R-Data") and Micromega Accounting and Professional Services Proprietary Limited ("MAPS") and the donation of 5% of the total issued share capital in each of these companies to Inzalo for an aggregate purchase consideration of R501,9 million. The purchase price is payable on the achievement of an earnings before interest, tax, depreciation and amortisation of R165 million over the 24-month period from the effective date, with the effective date of the transaction being 1 February 2020. The donation shares are donated in two tranches of 2.5% each, with the first being donated as at the effective date and the second tranche being donated 12 months after the effective date. If the profit warranty is not met the sale shares will be returned to Sebata and Sebata will have an obligation to repurchase the donation shares at the growth in the net asset value of the business per share.

The transaction was approved by the requisite majority of shareholders in general meeting on 15 July 2020. Although formal approval of the transaction only took place in July 2020, the date on which loss of control was deemed to have occurred is 31 March 2020. This was due to the fact that the boards of Sebata Municipal Solutions, R-Data and MAPS had been reconstituted to hand over irrevocable operational control to Inzalo, with both the Chairman and CEO having been appointed by Inzalo and representing the new shareholding structure. Further to this, all other suspensive conditions to the transaction had been fulfilled except for the distribution of the circular, the formal approval by shareholders in general meeting and approval by the regulators. These were deemed to be an administrative function as Sebata had already received irrevocable undertakings from 80% of shareholders supporting the transaction.

The transaction resulted in a loss of control as at 31 March 2020, the present value of the purchase price at the group's incremental borrowing rate of prime, a share-based payment for the donation shares of R19 million and derecognition of net assets of R211.5 million. This has resulted in a profit on disposal of R206.6 million.

The remaining 42.5% interests in the companies have been remeasured at R352 million and recorded as an associate. The remaining interest in the respective companies have been measured at fair value and with direct reference to the price at which the interests were disposed of.

IPES-Utility Management Services ("UMS")

On 1 February 2020, the group disposed of 100% of its interest in UMS to USC Metering for a consideration of R43 million. The purchase price is payable as follows: on achievement by UMS of a significantly improved net profit after tax target of R10 million for the first 12-month period ending 31 January 2021, based on the finalised management accounts of UMS for the period in question and in the form of 36 equal monthly payments in respect of the capital amount and accrued interest thereon at the prime interest rate compounded monthly from the effective date of 1 February 2020, over the 36-month period beginning 1 July 2021 and ending 30 June 2024. The transaction has resulted in the derecognition of net assets of R37.5 million and the recognition of a profit on disposal of R5.5 million.

Mubesko Africa

On 1 May 2019, the group disposed of its 50% interest in Mubesko Africa Proprietary Limited ("Mubesko") for a consideration of R43.1 million. This was settled with R20 million in cash and the settlement of group debt owed to Mubesko of R23.1 million. The disposal resulted in the derecognition of net assets to the value of R28.6 million and goodwill to the value of R20.7 million.

Figures in R'000	Water Group	Software Group	UMS	Mubesko Africa	Total
Property, plant and equipment	12 523	12 748	4 277	1 227	30 775
Intangible assets	72 867	366 073	-	-	438 940
Goodwill	22 441	21 549	25 656	20 722	90 368
Investments	-	577	-	-	577
Inventories	53 635	831	-	-	54 466
Trade and other receivables	29 026	79 446	23 136	18 339	149 947
Cash and cash equivalents	(19 709)	(15 613)	1 896	12 319	(21 107)
Trade and other payables	(18 414)	(69 455)	(8 412)	(3 694)	(99 975)
Other financial liabilities	(16 416)	(128 451)	(12 460)	-	(157 327)
Deferred tax	(6 906)	(57 863)	2 238	471	(62 060)
Tax receivable/(payable)	4 648	1 687	1 154	(637)	6 852
Total net assets disposed	133 695	211 529	37 485	48 747	431 456
Profit/(loss) on disposal	447 365	548 736	5 515	(2 522)	999 094
Investment in associate measured at fair value	(255 530)	(342 118)	-	-	(597 648)
Non-controlling interest	3 541	-	-	(26 225)	(22 684)
Consideration	329 071	418 144	43 000	20 000	810 218
Cash disposed	19 709	15 613	(1 896)	(12 319)	21 107
Deferred payment	(329 071)	(418 144)	(43 000)	-	(790 215)
Net cash flow from disposals	19 709	15 613	(1 896)	7 681	41 110

6. Discontinued Operations

Water Group (Collectively USC Metering and Amanzi Meters)

During the year, the group disposed of 57.5% of its interest in USC and Amanzi, respectively for a consideration of R388 million. Refer to note 5 for more detail.

Software Group (Collectively Sebata Municipal Solutions, R-Data and MAPS)

During the year, the group disposed of 57.5% of its interest in Sebata Municipal Solutions, R-Data ad MAPS, respectively for a consideration of R501.9 million. Refer to note 5 for more detail.

UMS

During the year, the group disposed of 100% of its interest in UMS for a consideration of R43 million. Refer to note 5 for more detail.

Mubesko

During the year, the group disposed of its interest of 50% in Mubesko for a consideration of R43.1 million. Refer to note 5 for more detail.

2020 **Figures in R'000**	**Water Group**	**Software Group**	**UMS**	**Mubesko**	**Total**
Revenue	160 580	246 101	74 806	5 157	486 644
Cost of sales	(91 978)	(100 834)	(43 102)	(1 218)	(237 132)
Gross profit	68 602	145 267	31 704	3 939	249 512
Other net income/(expenses)	364	(2 847)	256	-	(2 227)
Distribution expenses	(589)	(2 596)	(1 206)	-	(4 391)
Administration expenses	(47 890)	(238 914)	(34 174)	(2 747)	(323 725)
Operating profit	20 487	(99 090)	(3 420)	1 192	(80 831)
Finance income	54	3 635	55	72	3 816
Finance cost	(1 776)	(2 824)	(938)	-	(5 538)
Profit before tax	18 765	(98 279)	(4 303)	1 264	(82 553)
Tax expense	(4 014)	13 954	867	(354)	10 453
Profit from discontinued operations	14 751	(84 325)	(3 436)	910	(72 100)
Profit from discontinued operations attributable to:					
Owners of the parent	13 843	(84 325)	(3 436)	455	(73 463)
Non-controlling interest	908	-	-	455	1 363
	14 751	(84 325)	(3 436)	910	(72 100)
Profit or loss on disposal of discontinued operation	447,365	548 736	5 515	(2 522)	999 094
Tax expense	(116,959)	(170 116)	(2 651)	(3 517)	(293 243)
Net profit or loss on disposal of discontinued operations	330,406	378 620	2 864	(6 039)	705 851

2019 **Figures in R'000**	**Water Group**	**Software Group**	**UMS**	**Mubesko**	**Total**
Revenue	225 002	195 803	120 582	58 867	600 254
Cost of sales	(149 653)	(80 397)	(67 705)	(14 126)	(311 881)
Gross profit	75 349	115 406	52 877	44 741	288 373
Other net income/(expenses)	58	2 021	201	39	2 319
Distribution expenses	(640)	(1 848)	(1 396)	(3)	(3 887)
Administration expenses	(71 260)	(134 142)	(41 429)	(31 206)	(278 037)
Operating profit	3 507	(18 563)	10 253	13 571	8 768
Finance income	259	337	-	2 080	2 676
Finance cost	(240)	(1 122)	(931)	-	(2 293)
Profit before tax	**3 526**	**(19 348)**	**9 322**	**15 651**	**9 151**
Tax expense	(1 107)	(21 732)	(2 677)	(4 413)	(29 929)
Profit from discontinued operations	2 419	(41 080)	6 645	11 238	(20 778)
Profit from discontinued operations attributable to:					
Owners of the parent	2 526	(41 080)	6 645	5 619	(26 290)
Non-controlling interest	(107)	-	-	5 619	5 512
	2 419	(41 080)	6 645	11 238	(20 778)

	2020 **R'000**	**2019** **R'000**
Cash flow from operating activities	44 037	10 443
Cash flow from investing activities	(22 796)	(61 151)
Cash flow from financing activities	(42 864)	30 929

7. Financial instruments – Fair value and risk management

The carrying amount of all financial assets and liabilities approximates the fair value. Directors consider the carrying value of financial instruments of a short-term nature, that mature in 12 months or less, to approximate the fair value of such assets or liability classes. The carrying value of longer-term assets are considered to approximate their fair value as these instruments bear interest at interest rates appropriate to the risk profile of the asset or liability class.

8. Segment information

	Audited 12 months ended 31 March 2020 R'000	Audited 12 months ended 31 March Restated 2019 R'000
SEGMENT REVENUE		
Software solutions	19 475	17 745
ICT support services	168 414	143 304
Holdings and consolidated	(26 479)	(9 394)
Total revenue	**161 410**	**151 655**
SEGMENT PROFIT / (LOSS)		
Software solutions	2 734	1 074
ICT support services	1 269	3 595
Holdings and consolidated	(129 257)	172 854
Total profit	**125 254**	**177 523**
SEGMENT ASSETS		
Software solutions	29 254	20 918
ICT support services	54 855	43 311
Holdings and consolidated	1 632 201	37 965
Total assets	**1 716 310**	**102 194**
SEGMENT LIABILITIES		
Software solutions	9 699	3 133
ICT support services	24 410	13 907
Holdings and consolidated	414 401	(240 845)
Total liabilities	**448 510**	**(223 805)**

9. Related party disclosure

Listed below are the balances in respect of transactions entered into with related parties. These include associates, joint operations, directors and members of key management. The transactions that are eliminated on consolidation are not included.

	Audited 12 months ended 31 March 2020 R'000	**Audited 12 months ended 31 March 2019 R'000**
Kyostax Proprietary Limited		
Associate		
Rental expense	-	17 058
Repayment of lease liability	15 563	-
Other financial assets	3 640	4 640
Kamberg Investment Holdings Proprietary Limited		
Shareholder loan	6 732	-
Interest paid	661	846
Laird Investments Proprietary Limited		
Shareholders loan	43 770	-
Interest paid	14 085	3 079
Talacar Holdings Proprietary Limited		
Consulting fees	2 538	2 538

11. Corporate Governance and changes to the board of directors of Sebata ("Board")

Sebata has embraced the recommendations of the King IV Report on governance and strives to provide reports to shareholders that are timely, accurate, consistent and informative.

Changes to the board which occurred during the period end were as follows:

- Siphiwe Nodwele was appointed as an independent non-executive director and the chairperson of the Audit Committee on 29 July 2019; and
- Khanyisile Moses, who was appointed as an executive director with effect from 12 September 2019, assumed the role of non-executive director with effect from 3 March 2020.

12. Subsequent events

Disposal of Turrito Networks and Nerdworks

On 15 May 2020, the group announced that it had entered into an agreement to dispose of its 73.20% interest in Turrito Networks Proprietary Limited ("Turrito") and Nerdworks Proprietary Limited ("Nerdworks") for a consideration of R24,1 million. While the Board had not actively been looking for a buyer, it was approached by the Purchaser, and the Management Sellers (as defined in the announcement), with the offer to purchase the respective shareholding in Nerdworks and Turrito. The Board believes that the transaction unlocks value in the assets which do not fit into the current portfolio of investments and believes that the Management Sellers and the Purchaser are best placed to take over the assets.

Shareholder approval of the Software transaction

As set out in note 5, on 15 July 2020, shareholders approved the sale of 60% of the Software Group, comprising Sebata Municipal Solutions, R-Data and MAPS, to Inzalo.

COVID-19

In terms of IAS 10 Events after the reporting period, non-adjusting post balance sheet events are events after the reporting period that are indicative of a condition that arose after the reporting period ended 31 March 2020. It was concluded that the declaration of COVID-19 as a pandemic is such a non-adjusting event. The impact of COVID-19 on accounting standards that require the use of forward-looking information (expected credit losses, goodwill impairment and investment in associate impairment) was assessed based on information available.

At the date of this report its direct and indirect effects are subject to significant levels of uncertainty. The impact of COVID-19 is expected to be felt on the group's trade debtors' book and short-term liquidity. It is already clear that the continued economic downturn will result in a significant contraction in Government spend and will have a direct impact on our ability to generate revenue.

It is anticipated that the COVID-19 pandemic may have a substantial impact on revenue. It is, however, not possible to make an accurate estimate of its full financial effect for the year ahead as the virus's infection rate and impact on macro-economic conditions remains uncertain. The pandemic is not expected to impact on the going concern assessment of the group.

No other significant events have occurred in the period between the reporting date and the date of this report.

13. Commentary on results

We have experienced an accelerated slowdown in Government spending. There are two main reasons for this. Firstly, there is increased scrutiny on all public sector spending as Government tries to reverse the endemic corruption that South Africans have witnessed for a number of years (a number of our competitors have been named recently in corruption investigations but our strong ethical principles and governance ensured that we rather lost business than gain it through corrupt practices). Secondly, the local economy is not growing and that is unlikely to change in the near term without a major coordinated effort by Government agencies - which is not visible at this time.

The forced withdrawal (due to non-payment) of our services from our largest municipal client necessitated a significant impairment of our internally generated software solutions. Additionally, the decision to write down the receivable from the share incentive trust of R14.1 million due to the prolonged period in which the share price was less than the strike price of the options granted to employees, ongoing legal disputes with the purchasers of the NOSA Group of companies relating to the Earn Out and a complete write down on the vendor financing of R47.4 million advanced to the purchasers of The Training Room Online ("TTRO") (disposed of in 2018) have negatively impacted the results for the period.

The results are fairly difficult to interpret given the number of disposal transactions that were implemented during the period, and the Board believes that continued HEPS is an appropriate reference to use when analysing the results. Further to this the continued HEPS has been distorted by the high number of once-off transactions mentioned above that are not added back to HEPS. Additionally, the empowerment transactions that were implemented and the subsequent donation of shares as part of these deals, has resulted in a share based payment charge of R32 million that has further compounded the decrease in continuing HEPS.

Dividend

No dividend has been declared for the 2020 financial year (FY2019: 300c special dividend).

Outlook

Trading conditions, which have been exacerbated by the effects of COVID-19, are not expected to ease in the short-term and the Board expects the results to reflect these conditions over the next six trading months and beyond.

The dispute with the Purchasers on the Earn Out relating to the disposal of the NOSA Group of companies is ongoing. The Board is of the view that Sebata has a very strong legal position and that once the matter has run its course the balance of the proceeds will be paid to the company. On finalisation of this matter, the Board still expects to declare the balance of these proceeds from the disposal as a dividend to shareholders.

By order of the Board

31 July 2020

Directors: DA Di Siena (Independent Non-Executive Chairperson); IG Morris (Chief Executive Officer); P van Eeden (Financial Director); CA King (Executive Director); K Moses (Executive Director); PH Duvenhage (Non-Executive Director); TW Hamill (Non–Executive Director); S Nodwele (Chair of the Audit Committee and Independent Non-Executive Director); RC Lewin (Independent Non–Executive Director); and D Passmore (Independent Non-Executive Director).

Company Secretary: RB Smith

Auditors: Nexia SAB&T

Transfer Secretaries: Singular Systems Proprietary Limited

Sponsor: Merchantec Capital

Attorneys: Di Siena Attorneys

Note: No forward looking statements in this announcement has been reviewed or reported on by Sebata’s auditors.