**AVIOR CAPITAL MARKETS HOLDINGS LIMITED**

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

for the 6 months ended 31 October 2019

AVIOR

Discovering growth.

## Financial highlights

| | | |
|---|---|---|
| | Revenue declined to R53.3 million | Headline earnings per share declined to (12.75) cents |
| Earnings per share declined to (12.75) cents | Profit for the period declined to R(18.7) 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 six months ended 31 October 2019

| Figures in Rand | % change | Notes | Unaudited Six months 31 October 2019 | Unaudited Six months 31 October 2018 |
|---|---|---|---|---|
| Revenue | -31% | 2 | 53,297,178 | 76,845,672 |
| Other income | >100 | 3 | 3,117,637 | 251,130 |
| **Total revenue** | **-27%** | | **56,414,815** | **77,096,802** |
| Operating expenses | -10% | | (73,979,554) | (81,316 402) |
| Impairment losses on financial instruments | | | - | (1,145,548) |
| **(Loss) from operations** | **>100** | | **(17,564,739)** | **(5,365,148)** |
| Net interest received | >100 | | **(2,275,877)** | **(137,397)** |
| Investment income | -43% | | 570,658 | 998,274 |
| Finance cost | >100 | | (2,846,535) | (1,135,671) |
| Foreign exchange (losses)/gains for the year | <(100) | | (915,551) | 4,942,315 |
| **(Loss) before taxation** | **>100** | | **(20,756,167)** | **(560,230)** |
| Income tax gain/(expense) | <(100) | | 2,101,822 | (83,909) |
| **(Loss) for the period** | **>100** | | **(18,654,345)** | **(644,139)** |
| **Other comprehensive income:** | | | | |
| **Items that may be reclassified to profit or loss:** | | | | |
| Exchange differences on translating foreign operation | -88% | | 1,008,604 | 8,624,471 |
| **Other comprehensive income for the year net of taxation** | **-88%** | | **1,008,604** | **8,624,471** |
| **Total comprehensive (loss)/income for the year** | **<(100)** | | **(17,645,741)** | **7,980,332** |
| Basic and diluted earnings per share (cents) | | 4 | (12.75) | (0,44) |

# Condensed consolidated statement of financial position
as at 31 October 2019

| Figures in Rand | Notes | Unaudited Six months 31 October 2019 | Audited Twelve months 30 April 2019 |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Property, plant and equipment | | 13,417,594 | 14,331,727 |
| Right of use assets | | 41,807,464 | - |
| Intangible assets | | 356,947 | 472,299 |
| Loans to prescribed officers, manager and employees | | 1,260,919 | 1,620,588 |
| Deferred tax | | 24,664,354 | 21,635,205 |
| Loan receivable | | 679,667 | 651,260 |
| | | **82,186,945** | **38,711,079** |
| **Current Assets** | | | |
| Loans to prescribed offices, manager and employees | | 1,386,487 | 1,127,147 |
| Margin and collateral accounts | | 2,029,034 | 27,344,426 |
| Trade and other receivables | | 9,133,543 | 13,173,902 |
| Financial assets at fair value through profit or loss | | 17,964,737 | 6,135,649 |
| Current tax receivable | | 2,641,773 | 2,641,773 |
| Amounts receivable in respect of stock broking activities | | 199,686,503 | 250,347,192 |
| Cash and cash equivalents | | 35,831,597 | 32,462,292 |
| | | **268,673,674** | **333,232,381** |
| **Total Assets** | | **350,860,619** | **371,943,460** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Share capital | **5** | 8,647,754 | 8,647,754 |
| Reserves | | (715,181) | (1,436,219) |
| Retained income | | 41,485,824 | 60,140,169 |
| | | **49,418,397** | **67,351,704** |
| **Liabilities** | | | |
| **Non-Current Liabilities** | | | |
| Finance lease liability | | 4,406,285 | 3,510,708 |
| Loans from related parties | | 20,408,444 | 13,000,251 |
| Loan payable | | 512,981 | - |
| Operating lease liability | | 43,431,789 | - |
| | | **68,759,499** | **16,510,959** |
| **Current Liabilities** | | | |
| Trade and other payables | | 18,444,600 | 22,128,149 |
| Financial liabilities at fair value through profit or loss | | 3,396,874 | 10,497,443 |
| Finance lease liability | | 1,103,000 | 782,399 |
| Loan payable | | 270,458 | - |
| Operating lease liability | | 3,116,469 | 2,164,040 |
| Current tax payable | | 236,282 | 608,180 |
| Amounts payable in respect of stockbroking activities | | 206,115,040 | 251,900,586 |
| | | **232,682,723** | **288,080,797** |
| **Total Liabilities** | | **301,442,222** | **304,591,756** |
| **Total Equity and Liabilities** | | **350,860,619** | **371,943,460** |

# Condensed consolidated statement of changes in equity

for the 6 months ended 31 October 2019

| Figures in Rand | Share capital | Foreign currency translation reserve | Share-based payment reserve | Total reserves | Retained income | Total equity |
|---|---|---|---|---|---|---|
| **Balance at 1 May 2018 (audited)** | **8,647,754** | **(6,237,638)** | - | **(6,237,638)** | **83,103,262** | **85,513,378** |
| Loss for the period | - | - | - | - | (644,139) | (644,139) |
| Other comprehensive income | - | 8,624,471 | - | 8,624,471 | - | 8,624,471 |
| **Total comprehensive profit for the year** | - | **8,624,471** | - | **8,624,471** | **(644, 139)** | **7,980,332** |
| Share-based payment and deferred tax thereon | - | - | 130,802 | 130,802 | - | 130,802 |
| **Total contributions by and distributions to owners of Group recognised directly in equity** | - | - | - | - | - | - |
| **Balance at 31 October 2018 (unaudited)** | **8,647,754** | **2,386,833** | **130,802** | **2,517,635** | **82,459,123** | **93,624,512** |
| Loss for the period | - | - | - | - | (22,318,954) | (22,318,954) |
| Other comprehensive income | - | (4,264,619) | - | (4,264,619) | - | (4,264,619) |
| **Total comprehensive loss for the year** | **-** | **(4,264,619)** | - | **(4,264,619)** | **(22,318,954)** | **(26,583,573)** |
| Share-based payment and deferred tax thereon | - | - | 310,765 | 310,765 | - | 310,765 |
| **Total contributions by and distributions to owners of Group recognised directly in equity** | - | - | - | - | - | - |
| **Balance at 1 May 2019 (audited)** | **8,647,754** | **(1,877,786)** | **441,567** | **(1,436,219)** | **60,140,169** | **67,351,704** |
| Loss for the period | - | - | - | - | (18,654,345) | (18,654,345) |
| Other comprehensive income | - | - | - | - | - | - |
| **Total comprehensive loss for the year** | - | - | - | - | **(18,654,345)** | **(18,654,345)** |
| Share-based payment and deferred tax thereon | - | 1,008,604 | (287,566) | 721,038 | - | 721 038 |
| **Total contributions by and distributions to owners of Group recognised directly in equity** | - | - | - | - | - | - |
| **Balance at 31 October 2019 (unaudited)** | **8,647,754** | **(869,182)** | **154,001** | **(715,181)** | **41,485,824** | **49,418,397** |

# Condensed consolidated statement of cash flows

for the 6 months ended 31 October 2019

| Figures in Rand | Unaudited Six months 31 October 2019 | Audited Twelve months 30 April 2019 | Unaudited Six months 31 October 2018 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from/(used in) operations | 21,035,591 | (46,430,423) | (13,697,858) |
| Investment income | 496,796 | 1,963,312 | 896,843 |
| Dividend income | 211,092 | 574,325 | 555,877 |
| Finance costs | (1,138,731) | (2,113,721) | (1,000,325) |
| Tax (paid)/received | (297,371) | 328,252 | (11,448) |
| **Net cash from operating activities** | **20,307,377** | **(45,678,255)** | **(13,256,911)** |
| **Cash flows from investing activities** | | | |
| Acquisition of property, plant and equipment | (44,517) | (1,280,668) | (1,236,544) |
| Proceeds on disposal of property, plant and equipment | 4,556 | 172,478 | - |
| Loans advanced to prescribed officers and employees | (355,202) | (703,734) | (7,000) |
| Receipts from loans to prescribed officers and employees | 443,497 | 386,162 | 206,197 |
| Loan advanced | - | (20,000) | - |
| (Acquisition of)/proceeds on disposal of financial assets at fair value through profit or loss | (8,369,423) | (6,087,703) | - |
| (Repayment of)/proceeds from financial liabilities at fair value through profit or loss | (11,829,088) | 6,968,223 | - |
| **Net cash from investing activities** | **(20,150,177)** | **(565,242)** | **(1,037,347)** |
| **Cash flows from financing activities** | | | |
| Share issue | - | - | - |
| Repurchase of shares | - | - | - |
| Proceeds from loans from related parties | 7,879,232 | - | - |
| Repayment of loan | (142,028) | - | - |
| Repayment of finance lease | (646,645) | (287,902) | - |
| Repayment of operating lease | (2,417,535) | - | - |
| Repayment of loan to related parties | - | - | (128,222) |
| **Net cash from financing activities** | **4,673,024** | **(287,902)** | **(128,222)** |
| **Total cash movement for the year** | **4,830,224** | **(46,531,399)** | **(14,422,480)** |
| Cash at the beginning of the year | 32,462,292 | 71,710,133 | 71,710,133 |
| Effect of exchange rate movement on cash balances | (1,460,919) | 7,283,558 | 1,369,517 |
| **Total cash at the end of the year** | **35,831,597** | **32,462,292** | **58,657,170** |

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# Segment report

for the 6 months ended 31 October 2019

| Unaudited 31 October 2019 (Figures in rand) | South Africa | UK | Total |
|---|---|---|---|
| Revenue from external customers | 43,921,724 | 9,375,454 | 53,297,178 |
| Intersegment revenues eliminated | 2,457,026 | 1,002,621 | 3,459,647 |
| Other income | 3,577,120 | (459,483) | 3,117,637 |
| | **49,955,870** | **9,918,592** | **59,874,462** |
| Operating expenses | (54,927,432) | (17,609,545) | (72,536,977) |
| Depreciation and amortisation | (2,723,183) | (1,589,766) | (4,312,949) |
| Investment income | 528,741 | 258,006 | 786,747 |
| Finance costs | (2,546,573) | (532,685) | (3,079,258) |
| Forex gains for the year | 126,685 | (1,460,919) | (1,334,234) |
| Income tax expense | 1,586,577 | 419,245 | 2,005,822 |
| **Segment (loss)/profit** | **(7,999,315)** | **(10,597,072)** | **(18,596,387)** |
| | | | |
| Segment Assets | 275,483,541 | 75,377,078 | 350,860,619 |
| Segment Liabilities | 262,673,641 | 38,768,581 | 301,442,222 |
| | | | |
| **Revenue reconciliation** | | | |
| Total revenue per reportable segments | | | 56,756,825 |
| Other income | | | 3,117,637 |
| Elimination of intersegment revenues | | | (3,459,647) |
| Entity's revenue per profit and loss statement | | | **56,414,815** |
| **Reconcile profit and loss statement** | | | |
| Total profit for reportable segments | | | (18,596,387) |
| Elimination of intersegmental profits | | | (57,958) |
| **Entity's loss per profit and loss statement** | | | **(18,654,345)** |

| 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 |
| **Total** | **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)** |

# Notes

## for the 6 months ended 31 October 2019

**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 2019 comprise the company and its subsidiaries ("the Group") results. 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 IFRS 16, Leases. None of the other standards effective for the first time in the current financial year had a significant impact on the financial statements.

**1.1 Adoption of IFRS 16**

The Group adopted IFRS 16 with effect from the beginning of the current reporting period. It applied the modified retrospective cumulative catch up method (without practical expedients); an approach which allows for comparative figures to remain as previously reported. Accordingly, the Group's previously reported financial results up to 30 April 2019 are presented in accordance with the requirements of IAS 17. The Group at 1 May 2019 had two operating leases in effect, Johannesburg and London, to which IFRS 16 was applied.

Under the new standard the Group, for operating leases, recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments for all leases with a term of more than 12 months, unless the underlying asset is of low value. Depreciation is recognised on the right-of-use asset and interest is recognised on the lease liability, replacing the straight-line operating lease expense. Upon initial recognition the right-of-use asset was adjusted by the amount of the IAS 17 straight-line lease provisions.

The lease liabilities were measured as the present value of all remaining lease payments, using the incremental borrowing rate at the date of transition, which rate for onshore leases has been referenced to the South African Prime lending rate + 2%. The London leases were referenced to the United Kingdom Prime lending rate + 2% (being an indicative borrowing rate). Both rates were converted into fixed rates for the purposes of lease accounting. The lease term applied considers an option to extend.

### 1.1 Adoption of IFRS 16 (continued)

The following impacts on the interim results are highlighted.

| Impact on the statement of financial position at 1 May 2019 | Unaudited 1 May 2019 |
|---|---|
| **Figures in Rand** | |
| **Assets** | |
| Non-current assets | |
| Right-of-use asset | 46,344,961 |
| Adjusted by: Trade and other payables (straight-line liability) | (2,345,920) |
| **Recognised right of use asset** | **43,999,041** |
| | |
| Liabilities | |
| Other financial liabilities | 44,149,944 |
| Trade and other payables | 2,195,017 |
| **Total liabilities** | **46,344,961** |

| Impact on the statement of financial position for the 6 months (increase/decrease) to 31 October 2019: | Unaudited 31 October 2019 | |
|---|---|---|
| | **Right of use asset** | **Lease liability** |
| Balance at 1 May 2019 | 43,977,899 | 46,344,961 |
| Depreciation expense | (2,964,555) | - |
| Interest expense | - | 1,708,084 |
| Lease payments | - | (2,417,535) |
| FX movement | 794,120 | 912,748 |
| | **41,807,464** | **46,548,258** |

| Impact on the statement of comprehensive income for the 6 months (increase/decrease) to 31 October 2019: | |
|---|---|
| Depreciation on the right of use asset | (2,964,555) |
| Rent expense | 2,417,535 |
| Interest expense | (1,708,084) |
| | **(2,255,104)** |
| | |
| **Sub-lease income from right-of-use assets** | 360,910 |
| | |
| **Impact on the statement of cashflow for the 6 months to 31 October 2019** | |
| Cash payments for the lease liabilities | (2,417,535) |

## 2. Revenue

Revenue includes trading revenue and fees earned from advisory, brokerage commissions, other fees, private wealth (brokerage and asset administration) and research services.

| Figures in Rand | Unaudited Six months 31 October 2019 | Unaudited Six months 31 October 2018 |
|---|---|---|
| Equity brokerage commission | | |
| - Institutional clients | 35,954,527 | 44,714,232 |
| - Private wealth clients | 2,651,373 | 2,298,913 |
| Derivatives and bonds brokerage commission | 10,762,882 | 14,920,481 |
| Research services | 3,428,396 | 8,246,453 |
| Investment banking and advisory (corporate broking) | 500,000 | 6,665,593 |
| | **53,297,178** | **76,845,672** |
| Geographical markets | | |
| - UK | 9,375,454 | 10,240,641 |
| - South Africa | 43,921,724 | 66,605,031 |
| The Group's revenue disaggregated by pattern of revenue recognition is as follows: | | |
| - Services transferred at a point in time | 49,368,782 | 61,933,626 |
| - Services transferred over time | 3,928,396 | 14,912,046 |
| | **53,297,178** | **76,845,672** |

## 3. Other income

Other income comprises proprietary trading income revenue, sub-lease income and client account admin fees. Specific disclosure relating to other income comprises:

| Figures in Rand | Unaudited Six months 31 October 2019 | Unaudited Six months 31 October 2018 |
|---|---|---|
| *Realised* | | |
| Financial assets at fair value through profit and loss | 625,603 | 203,277 |
| *Unrealised* | | |
| Financial assets at fair value through profit and loss | 684,909 | (2,130,314) |

### 4. Reconciliation of headline earnings for the period

| Figures in Rand | Unaudited Six months 31 October 2019 | Audited Twelve months 30 April 2019 | Unaudited Six months 31 October 2018 |
|---|---|---|---|
| **(Loss) attributable to ordinary equity holders of the parent entity (basic and diluted)** | **(18,654,345)** | **(22 963 093)** | **(644 139)** |
| Profit or loss on disposal of property plant and equipment | (4,556) | 22,618 | 10,521 |
| Insurance refunds | - | - | (34,827) |
| Tax effects of adjustments | 1,276 | - | 6,806 |
| **Headline earnings** | **(18,657,625)** | **(22,940,475)** | **(661,639)** |
| Basic and diluted earnings per share (cents) | (12.75) | (0.44) | **(0.44)** |
| Headline and diluted earnings per ordinary share (cents) | (12.75) | (0.44) | (0.45) |
| **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** | **146,285,100** | **146,285,100** |

### 5. Authorised and issued stated capital

| Authorised | Unaudited Six months 31 October 2019 | Unaudited Six months 31 October 2018 | Audited Twelve months 30 April 2019 |
|---|---|---|---|
| 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 |

Shares awarded in terms of the two staff share schemes as disclosed in the FY19 financial statements are subject to service and performance conditions. None of the performance conditions were met at 31 October 2019 and therefore the potential shares were not dilutive at that date. However, if the performance conditions are met in future periods the shares will have a dilutive effect on earnings per share. For the retention scheme, the service conditions were met at 31 October 2019 and the potential shares are dilutive at that date. However, given the loss for the current year, the potential shares are anti-dilutive and do not qualify for inclusion in diluted earnings per share.

## 6. 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.

| Figures in Rand | Unaudited 31 October 2019 | | Audited 30 April 2019 | |
|---|---|---|---|---|
| | **Carrying amount** | **Fair value** | **Carrying amount** | **Fair value** |
| **Financial assets measured at fair value** | | | | |
| Trading securities | 17,964,737 | 17,964,737 | 6,135,649 | 6,135,649 |
| Margin and collateral accounts | 1,497,650 | 1,497,650 | 9,976,733 | 9,976,733 |
| **Financial assets not measured at fair value** | | | | |
| Loans to prescribed offices, manager and employees | 2,647,406 | 2,647,406 | 2,747,735 | 2,747,735 |
| Loan receivable | 679,667 | 679,667 | 651,260 | 651,260 |
| Margin and collateral accounts | 531,384 | 531,384 | 17,367,693 | 17,367,693 |
| Trade and other receivables | 9,133,543 | 9,133,543 | 8,108,320 | 8,108,320 |
| Cash and cash equivalents | 35,831,597 | 35,831,597 | 32,462,292 | 32,462,292 |
| Amounts receivable in respect of stock broking activities | 199,686,503 | 199,686,503 | 250,347,192 | 250,347,192 |
| **Total financial assets** | **267,972,487** | **267,972,487** | **327,796,874** | **327,796,874** |
| **Financial liabilities measured at fair value** | | | | |
| Trading securities | 3,396,874 | 3,396,874 | 10,497,443 | 10,497,443 |
| **Financial liabilities not measured at fair value** | | | | |
| Loans from related parties | 20,408,444 | 20,408,444 | 13,000,251 | 13,000,251 |
| Loan payable | 783,439 | 783,439 | | |
| Trade and other payables | 18,444,600 | 18,444,600 | 17,162,967 | 17,162,967 |
| Amounts payable in respect of stock broking activities | 206,115,040 | 206,115,040 | 251,900,586 | 251,900,586 |
| **Total financial liabilities** | **249,148,397** | **249,148,397** | **292,561,247** | **292,561,247** |
| **Total (net asset and liability)** | **18,824,090** | **18,824,090** | **35,235,627** | **35,235,627** |

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).

**7. Events after the reporting date**

**Avior Capital Markets Holdings Limited (''Avior'') Delisting**

Pursuant to an offer received, a scheme of arrangement in terms of section 114(1)(c) of the Companies Act, 2008 ("Scheme") was proposed by the Avior board between Avior and the Avior shareholders, which, if implemented, will result in the offeror acquiring all of the Avior shares held by scheme participants and Avior delisting from the JSE.

At the general meeting held on Monday, 20 January 2020, all resolutions tabled thereat were passed by the requisite majority of shareholders. Accordingly, subject to the fulfilment or waiver of the outstanding Scheme conditions precedent, the Scheme will now be implemented.

**8. Dividends**

No dividends were paid to shareholders for the period ended 31 October 2019.

**9. Changes to the Board and sub-committees during the period under review**

There were no changes to the Board nor its sub-committees during the period under review.

# Commentary

### Overview

The prevailing market conditions over the past six months ended 31 October 2019 were consistent with those experienced in the latter half of FY19. Ongoing negative sentiment in South Africa substantially reduced local equity trading volumes. Key strategic market expansion projects also negatively contributed to these results, while in the medium term represent an investment in growth. Consequently, the Group's performance was disappointing.

The Group has continued to focus on cost containment. While not evident in these results, the back end of this period reflects a more stable set of finances.

Overall the Group generated a loss after tax of R(18.7) million and HEPS of (12.75) c.

The Group's segments are:

- South Africa
- International (United Kingdom and USA)

### Segmental analysis

The South Africa segment incurred a loss after tax of R(8.0) million which was driven by two poor performing months in May and June 2019, and restructuring costs of R2.4 million.

The international segment incurred a loss after tax of R(10.6) million driven by ongoing UK and US investments and a weaker trading environment.

### Financial performance

Revenues declined by 31% to R53.3 million (2019: R76.9 million). Operating expenses declined by 10% to R74.0m (2019: R82.5million).

Net loss for the period after tax declined by over 100% to R(18.7) million (2019: R0.6 million).

Given the business's performance an important indicator of its robustness is its near liquid and cash assets, which remain adequate.

On this basis near liquid and cash assets declined by R3.0 million to R52.4 million (2019: R55.4 million). The difference between the loss after tax for the year and the near liquid and cash asset loss is largely explained by the shareholder loans of R7.9m, an annual IT contract renewal cycle and an increase in general finance lease and other loans.

### Prospects

The Group will continue to invest for growth in the USA and UK markets and expects an increase in revenues as the initiatives mature.

The delisting (refer to Note 7 for detail) is in keeping with ongoing cost rationalisation initiatives.

The competitor landscape has recently improved. This is anticipated to lead to market share gains. A combination of higher investment returns, growing market share and a leaner cost base will serve the business well in the current conditions.

### 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, were 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 28 January 2020.

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