SAGARMATHA

Sagarmatha Technologies Limited
(formerly African Technology and Media Holdings Proprietary Limited)
(Incorporated in South Africa)
(Registration number 2013/181904/06)
JSE share code: SGT
ISIN: ZAE000252334
("**Sagarmatha Technologies**" or "**the Company**")

PRE-LISTING STATEMENT

The definitions and interpretations commencing on page 10 of this Pre-listing Statement apply to this entire document, including this cover page, unless otherwise stated or the context clearly indicates otherwise.

This Pre-listing Statement relates to a private placement by way of an offer for subscription by Sagarmatha Technologies, subject to certain conditions, to (i) selected persons in South Africa who fall within one of the specified categories listed in section 96(1)(a) of the Companies Act, 71 of 2008, as amended and (ii) selected persons in South Africa, acting as principal, acquiring Shares for a total acquisition cost of R1 000 000 or more, as contemplated in section 96(1)(b) of the Companies Act, to whom the Private Placement will specifically be addressed, and only by whom the Private Placement will be capable of acceptance, of up to 189 298 334 Shares, at a Placement Price of R39,62 per Share equating to a maximum capital raise of R7.5 billion and comprising an aggregate of up to 15.6 per cent of the total issued Shares at Listing net of 40 000 000 treasury shares. The Private Placement and the relevant information that pertains to such Private Placement in respect of each class of Invited Investor is combined in this Pre-listing Statement for the sake of convenience only. There shall neither be an over-allotment of Shares in terms of the Private Placement, nor will there be any stabilisation activity.

This Pre-listing Statement is not and shall not constitute an offer or an invitation or solicitation to the public to acquire Private Placement Shares in any jurisdiction. It is issued in compliance with the Listings Requirements for the purpose of providing information regarding Sagarmatha Technologies to selected persons in South Africa only, and the listing of up to 1 214 718 441 Shares in the "Media" sector (sub-sector: Broadcasting and Entertainment) on the Main Board of the JSE, as further detailed in this Pre-listing Statement.

Immediately prior to the Private Placement and Listing, and assuming that the Acquisitions are implemented:

- the authorised shares of Sagarmatha Technologies will comprise 10 000 000 000 Shares; and
- the issued shares of Sagarmatha Technologies will comprise 1 025 420 107 Shares, inclusive of 40 000 000 treasury shares.

After Listing and assuming that the Acquisitions are implemented and the Private Placement is fully subscribed:

- the authorised shares of Sagarmatha Technologies will comprise 10 000 000 000 Shares; and
- the issued shares of Sagarmatha Technologies will comprise 1 214 718 441 Shares, inclusive of 40 000 000 treasury shares.

On Listing and thereafter, all Shares will rank *pari passu* in respect of all rights. Shares will be issued in dematerialised form only. No certificated Shares will be placed or issued on Listing. There will be no fractions of Shares offered in terms of the Private Placement.

The Private Placement will not be underwritten.

The anticipated market capitalisation of the Company will be approximately R49.7 billion, based on 1 253 433 280 Shares in issue (net of 40 000 000 treasury shares) at a Placement Price of R39.62 per Private Placement Share.

The JSE has granted Sagarmatha Technologies approval for a listing of up to 1 214 718 441 Shares in the "Media" sector (sub-sector: Broadcasting and Entertainment) on the Main Board of the JSE, with effect from the commencement of trade on Friday, 6 April 2018, under the abbreviated name: "Sagarmath", JSE share code: "SGT" and ISIN: ZAE000252334, subject to the fulfilment of the conditions referred to in paragraph 16.2 and 18 of this Pre-listing Statement, namely the Company having satisfied the Listings Requirements regarding the spread of public shareholders, being a minimum of 20% of the issued Shares of the Company being held by public shareholders, the Company achieving a minimum subscription on Listing of R3 billion and to the publication of the reviewed provisional financial statements of Sagarmatha Technologies for the year ended 31 December 2017 on SENS prior to the Listing Date. If the Conditions Precedent fail, the Private Placement and any acceptance thereof shall not be of any force or effect and no person shall have any claim whatsoever against the Company, the Sponsor, Legal advisor, Reporting accountants, Independent Expert or any other third party, their respective affiliates or any other person as a result of the failure of any condition.

The Directors, whose names are set out on page 34 of this Pre-listing Statement, collectively and individually, accept full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement false or misleading, and that they have made all reasonable enquiries to ascertain such facts and that this Pre-listing Statement contains all information required by the JSE Listings Requirements.

The facts and views contained in the Pre-listing Statement have not been verified by the Reporting accountants, Sponsor, Legal advisor, Independent Expert or any other third party.

In addition, please refer to Annexure 21 which annexure details the risk factors with regard to the Private Placement.

Each of the Sponsor, Reporting accountants and auditors, Legal advisor, Independent Expert, company secretary, transfer secretaries and bankers whose names are included in this Pre-listing Statement have consented in writing to the inclusion of their names in the capacity stated and, where applicable, to their reports being included in this Pre-listing Statement, and have not withdrawn such consent prior to publication of this Pre-listing Statement.

An abridged version of this Pre-listing Statement will be published on SENS on Wednesday, 28 March 2018 and in the press on Thursday, 29 March 2018.

Sponsor and Transaction Advisor

VUNANI CAPITAL

Reporting accountant

BDO

Legal advisor

TGR ATTORNEYS

Independent Expert

REDWOOD VALUATION PARTNERS

Date of issue of the Pre-listing Statement: Wednesday, 28 March 2018

This Pre-listing Statement is available in English only. Copies of this Pre-listing Statement are available on the Company's website at www.sagarmathatech.com and may also be obtained from the Company and the Sponsor at the addresses set out in the Corporate Information section of this Pre-listing Statement during normal office hours from Wednesday, 28 March 2018 to Friday, 6 April 2018.

CORPORATE INFORMATION

Registered office and postal address of the Company
Sagarmatha Technologies Limited
(Registration number 2013/181904/06)
10th Floor, Convention Tower
Heerengracht
Foreshore, 8001
(PO Box 56, Cape Town, 8000)

Capital raiser
3 Laws Capital South Africa Proprietary Limited
(Registration number 2008/005223/07)
4th Floor, Claremont Central
8 Vineyard Road, Claremont, 7700
(PO Box 2679, Clareinch, 7740)

Independent reporting accountants and auditors
BDO Cape Inc
(Registration number 2010/016246/07)
6th Floor, 123 Hertzog Boulevard
Cape Town, 8001
(PO Box 2275, Cape Town, 8000)

Bankers
Standard Bank of South Africa Limited
Heerengracht
Foreshore, 8001
Cape Town

Company Secretary
Fredelaine Elna Cindy Brand
10th Floor, Convention Tower
Heerengracht
Foreshore, 8001
(PO Box 56, Cape Town, 8000)

Legal Advisor
TGR Attorneys
6th Floor, Vdara
41 Rivonia Road
Sandhurst
Sandton, 2196
(PO Box 782352, Sandton, 2146)

Sponsor and Transaction Advisor
Vunani Capital Proprietary Limited
3rd Floor Wesbank Centre
9 Long Street
Cape Town, 8000
(PO Box 2883 Cape Town 8000)

Transfer Secretaries
Link Market Services South African Proprietary Limited
19 Ameshoff Road
Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

Independent Expert
Redwood Valuation Partners LLC
771 Lakeview Way
Emerald Hills
California
94062
United States of America

Date and place of incorporation of the Company: Wednesday, 2 October 2013, South Africa

NOTICES

LAST PRACTICABLE DATE

Unless the context clearly indicates otherwise, all information provided in this Pre-listing Statement is provided as at the Last Practicable Date.

SPECIAL NOTE WITH REGARD TO THE PRIVATE PLACEMENT

The distribution of this Pre-listing Statement and the making of offers for subscription may be restricted by law. It is the responsibility of any person into whose possession this Pre-listing Statement comes to inform themselves about and observe any such restrictions. Any failure to comply with any of those restrictions may constitute a violation of the applicable laws or regulations of certain jurisdictions. This Pre-listing Statement does not constitute an offer of, or an invitation to acquire or subscribe for, any of the Private Placement Shares in any jurisdiction in which such offer, subscription or purchase would be unlawful or require further action for such purpose.

In making an investment decision, each investor must rely on its own examination, analysis and enquiry of Sagarmatha Technologies, the Private Placement Shares and the terms and conditions of the Private Placement, including the merits and the risks involved.

Prospective investors should not treat the contents of this Pre-listing Statement as advice relating to legal, taxation, investment or any other matters and should consult their own professional advisors concerning the consequences of their acquiring, holding or disposing of Private Placement Shares. Prospective investors should inform themselves as to:

- the legal requirements within their own jurisdictions for the subscription for, holding, transfer or disposal of Private Placement Shares;
- any foreign exchange restrictions applicable to the subscription for, holding, transfer or disposal of Private Placement Shares that they might encounter; and
- the income and other tax consequences that may apply to them as a result of the subscription for, holding, transfer or disposal of Private Placement Shares. Prospective investors must rely upon their own representatives, including their own legal advisors, tax advisors and accountants, and not those of Sagarmatha Technologies or its advisors, as to legal, tax, investment or any other related matters concerning Sagarmatha Technologies and an investment in it.

NOTICE TO INVESTORS

The Private Placement will only be made in South Africa by way of separate private placements to (i) selected persons falling within one of the specified categories listed in section 96(1)(a) of the Companies Act and (ii) selected persons, acting as principal, acquiring Shares for a total acquisition cost of R1,000,000 or more, as contemplated in section 96(1)(b) of the Companies Act ("**Invited Investors**"), and to whom the Private Placement will specifically be addressed, and only by whom the Private Placement will be capable of acceptance, and this Pre-listing Statement is only being made available to such Invited Investors. The Private Placement and the relevant information that pertains to such Private Placement in respect of each class of Invited Investor is combined in this Pre-listing Statement for the sake of convenience only. Accordingly: (i) the Private Placement is not an offer to the public as contemplated in the Companies Act; (ii) this Pre-listing Statement does not, nor does it intend to, constitute a "registered prospectus", as contemplated by the Companies Act; and (iii) no prospectus has been filed with the CIPC in respect of the Private Placement. As a result, this Pre-listing Statement does not comply with the substance and form requirements for a prospectus set out in the Companies Act and the Companies Regulations of 2011, and has not been approved by, and/or registered with, the CIPC, or any other South African authority. The JSE has approved this Pre-listing Statement.

The Private Placement will not be made to or be capable of acceptance by investors outside of South Africa.

SPECIAL NOTE WITH REGARD TO FORWARD-LOOKING STATEMENTS

This Pre-listing Statement contains statements about Sagarmatha Technologies that are or may be forward-looking statements. All statements, other than statements of historical fact, are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate or investment strategy (including proposed investments), future or expected returns, future realisations, and other economic factors, such as, among other things, interest and exchange rates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Sagarmatha Technologies cautions that forward-looking statements are not guarantees of future performance.

All these forward-looking statements are based on estimates and assumptions, all of which estimates and assumptions, although Sagarmatha Technologies believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Many factors (including factors not yet known to Sagarmatha Technologies, or not currently considered material) could cause the actual results, returns, performance or achievements of Sagarmatha Technologies to be materially different from any future results, performance or achievements expressed or implied in those estimates, statements or assumptions. You should not rely on forward-looking statements as predictors of future events.

Investors should keep in mind that any forward-looking statement made in this Pre-listing Statement or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Sagarmatha Technologies, or other matters to which such forward-looking statements relate, not to develop as expected may emerge from time to time, and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results or matters to differ materially from those contained in any forward-looking statement are not known. Sagarmatha Technologies has no duty, and does not intend, to update or revise the forward-looking statements contained in this Pre-listing Statement after the Last Practicable Date, except as may be required by law.

TABLE OF CONTENTS

The definitions and interpretations commencing on page 10 of this Pre-listing Statement have, where appropriate, been used in the following table of contents.

IMPORTANT DATES AND TIMES[1]

The definitions and interpretations commencing on page 10 of this Pre-listing Statement have, where appropriate, been used in the table below.

	2018
Pre-listing Statement made available	Wednesday, 28 March
Abridged Pre-listing Statement released on SENS	Wednesday, 28 March
Opening date of the Private Placement	Wednesday, 28 March
Abridged Pre-listing Statement published in the press	Thursday, 29 March
Closing date of the Private Placement (17:00)[2]	Thursday, 29 March
Results of the Private Placement released on SENS	Tuesday, 3 April
Notification of allotment on or from	Tuesday, 3 April
Results of the Private Placement published in the press	Wednesday, 4 April
Applicant's CSDP or broker must commit to Strate to the receipt of the applicant's allocation of Private Placement Shares against payment on	Thursday, 5 April
Accounts at CSDP or broker updated and debited in respect of dematerialised shareholders[3]	Friday, 6 April
Listing date – Sagarmatha Technologies Shares listed and commence trading on the JSE (at 09:00)	Friday, 6 April

Notes:

1. All dates and times are reflected in South African Standard Time (SAST or GMT+2) and are subject to amendment. Any such amendment will be released on SENS and published in the South African press.
2. Invited investors must advise their CSDP or broker of their acceptance of the Private Placement Shares in the manner and cut-off time stipulated by their CSDP or broker.
3. CSDPs effect payment on a delivery-versus-payment basis.

SALIENT FEATURES

The definitions and interpretations commencing on page 10 of this Pre-listing Statement have, where appropriate, been used in this section.

The information set out in this section provides an outline of the information contained in this Pre-listing Statement and is not intended to be comprehensive. It should be read in conjunction with the other sections of this Pre-listing Statement in order to gain a comprehensive overview of the Company.

1. INTRODUCTION

1.1 Sagarmatha Technologies was incorporated in South Africa on 2 October 2013 as Virturtorque Proprietary Limited. On 17 June 2014, the Company was renamed Independent Media Corporate Services Proprietary Limited, and subsequently, on 20 January 2015, changed its name to African Technology and Media Holdings Proprietary Limited. On Thursday, 21 September 2017, the Company was converted to a public company and on 28 September 2017, renamed "Sagarmatha Technologies" Limited. The Company's registered address is 10th Floor, Convention Tower, Heerengracht, Foreshore, 8000.

1.2 Sagarmatha Technologies' financial year end is 31 March (previously 31 December).

2. OVERVIEW OF SAGARMATHA TECHNOLOGIES

2.1 Sagarmatha Technologies Limited is an integrated African technology platform group with aspirations to become the African leader in e-commerce, digital media and syndicated content and technology ventures as part of the Fourth Industrial Revolution. It currently owns the following:

2.1.1 95% of ANA, a content syndication and news wire agency;

2.1.2 83.3% of Loot Online, a general merchandise online retailer:

2.1.3 60% of IOL Property JV, an online classifieds business specialising in property;

2.1.4 100% of Independent Online, an online news business; and

2.1.5 100% of Sagarmatha Enterprise Solutions.

2.2 Sagarmatha owns and develops integrated technology platforms including content management services (CMS), data management platforms (DMP), automated marketing and merchandising software, ecommerce technology platforms with enterprise resource planning systems, social media platforms, search functionality, video player and video platforms, augmented reality and user generated content applications, online website creation tool, mobile and online applications.

2.3 Sagarmatha believes it is uniquely positioned to create an integrated multi-sided platform ecosystem in Africa that knits technology platforms; content creation and distribution and e-commerce into a consolidated value proposition aimed at attracting prime customers for monetisation.

2.4 As a result of the strategic acquisition of Independent Media (which will be executed once the outstanding conditions precedent as set out in the Acquisitions and Acquisition Pipeline section below are fulfilled), Sagarmatha will, in addition to the interests set out in paragraph 2.1, own an effective 55% interest in Independent Media, a leading media house in South Africa with a reach of approximately 5.5 million people and deep content capabilities. This will make Sagarmatha Technologies one of a few global technology groups with an integrated value proposition of platforms, e-commerce, content, and distribution, enabled for prime customer monetisation.

2.5 Assuming that the Acquisitions are implemented, Sagarmatha Technologies will have the following audiences:

2.5.1 B2C E-Commerce: 1.8 million user sessions (in October 2017) (source: www.similarweb.com);

2.5.2 Branded Media: 5.5 million newspaper and magazine readers (All Media Products Study – 2015);

2.5.3 Digital Media Online: 5.5 million unique online browsers (2017 up to the last practicable date) (source: Effective Measure / Google Analytics); and

2.5.4 Social media reach on Facebook and Twitter: 16 million (source and metric applied).

2.6 The consumer opportunity in Africa rests on five key pillars; the rise of the middle class (355 million consumers as of 2011 and expected to grow to 500 million consumers by 2030); exponential population growth; the dominance of youth (more than 200 million Africans, or just over 20% of the total population, are aged between 15 and 24, and that demographic is expected to grow to 321 million by 2030); rapid urbanisation and fast adoption of digital technologies (mobile is fast becoming the primary channel for accessing the Internet). The potential for growth is significant, with only 20% of the population online, compared with nearly 75% in Europe and 32% in Asia). (Deloitte Consumer Review – Africa: A 21st century view – 2015). It is this opportunity that sees Sagarmatha well positioned to drive Africa into the Fourth Industrial Revolution with a consolidated offering to audiences and advertisers.

2.7 The overall strategy of the Group is to use its integrated ecosystem to attract new and grow existing audiences and customers off its content and e-commerce platforms and to convert a high segment to a prime customer offering (known as Sagarmatha Peak) that is monetised through annuity subscriptions; product and service sales and third-party advertising. This strategy of a consolidated offering to audience, customers and advertisers, built on proprietary technology, positions Sagarmatha to become a leading multisided platform group in Africa.

2.8 Sagarmatha Peak will offer customers a monthly subscription that gives them access to a range of services that bundles together current and future offerings from various Sagarmatha businesses and partners. This would include free delivery and/or expedited delivery from our e-commerce platforms; access to instant streaming of TV shows and movies (including original content) from our Video and Entertainment business; free subscriptions to daily and weekend newspapers and magazines from our Branded Media Vertical; early access to deals; members-only sales and discounts; discounts on video games and photo storage.

2.9 The basic Sagarmatha Peak membership model will have a set of extensions including:

2.9.1 Business Peak which offers business customers a bundled enterprise package that includes access to Sagarmatha Web Services; access to Sagarmatha private marketplace; discounts on advertising in print and digital products offered through ANA and Branded Media as well as custom content solutions offered by Studio Independent;

2.9.2 Student Peak which offers students free access to a range of edu-tech products;

2.9.3 Sport Peak which offers sports enthusiasts access to a range of niche sports products; and

2.9.4 Health Peak which offers access to healthtech products as well as partner products.

2.10 Sagarmatha Technologies believes growth will come from organic expansion, key partnerships and strategic acquisitions. Scale will drive a low marginal cost of production in the overall ecosystem as Sagarmatha's platforms can be replicated in new markets. This will require substantial investment over the next few years and the intention is to utilise the proceeds of the Private Placement to either scale up existing platforms and/or acquire new platforms and enter new markets. Sagarmatha Technologies has no plans to increase its shareholding in its existing businesses where minority shareholders are present.

2.11 Sagarmatha Technologies has the Verticals as component parts of its ecosystem, each one a lever that amplifies the value proposition of the Group. Each Vertical delivers a benefit to Sagarmatha and ultimately to Sagarmatha Peak and in turn extracts data intelligence to grow and expand the individual businesses. The Group has aspirations to be a leader in each of the Verticals:

	Vertical	Platform	Assets/business	Company
2.11.1	B2C E-commerce	B2C	Loot Online	Loot Online *
2.11.2	Syndicated Content Distribution	News Wire	www.africannewsagency.com	ANA *
		PR Wire	http://pr.africannewsagency.com/	
2.11.3	Digital Media Online	General News	iol.co.za	IOL *
		Africa News	africanindy.com	ANA *
		Youth	tyi.co.za	IOL *
		Hyperlocal	14 hyperlocal sites	Independent Newspapers **
		Title sites	20 title sites	IOL *
2.11.4	Classifieds Marketplace	Motoring	Drive360.co.za	Independent Newspapers **
		Careers	Talent360.co.za	Independent Newspapers **
		Property	IOLProperty.co.za	IOL Property JV*
2.11.5	Branded Media	Africa	African Independent	ANA *
		National	Sunday Independent	Independent Newspapers **
		Regional	Star, Pretoria News, Mercury, Daily News, Cape Argus, Cape Times, Saturday Star, Weekend Argus, Independent on Saturday, Sunday Tribune	Independent Newspapers **
		Hyperlocal	Athlone, Constantiaberg, Table Talk, Tatler, Vukani, Plainsman, Diamond Field Advertisers	Africa Community Media *
		Vernacular	Isolezwe (Zulu), Ilisoleswe (Xhosa)	Independent Newspapers **
		Magazines	GQ, Glamour, House and Garden, Gourmet, GQ Style, Glamour Hair, HG Trade Directory	Conde Nast Independent Magazines**; ANA Publishing *
2.11.6	Video and Entertainment	Video	Video360.co.za	ANA Pics *
			OTT/Video on Demand (pipeline)	
			Drone images (pipeline)	
			Original film/video (pipeline)	
2.11.7	Prime Custom Content Solutions	Custom Solutions	Studio Independent	Studio Independent **
2.11.8	Integrated Logistics Platforms	Freight	Allied Logistics	Allied Logistics Holdings **

	Vertical	Platform	Assets/business	Company
2.11.9	Technology Platform Ventures	Data	Infonomist (in development)	IOL*
		Digital Marketing Services	Volt (in development)	IOL*
		Augmented Reality	Augmenta (licensed)	Studio Independent**
		Virtual Reality	In development	IOL*
		Artificial Intelligence	Voice (pipeline)	IOL*
2.11.10	SCB2B Industry Marketplace	E-Commerce	In development	Sagarmatha Technologies
2.11.11	B2B Regional and Country Marketplace	E-Commerce	In development	Sagarmatha Technologies
2.11.12	Enterprise Tech Solutions (ETS)	Cloud computing	In development	Sagarmatha Enterprise Solutions*
2.11.13	Boutique E-Tech and M-Tech (mobile) Solutions	Edutech	Pipeline	Sagarmatha Enterprise Solutions*
		Fintech (including crypocurrency)	In development plus pipeline	Sagarmatha Enterprise Solutions*
		Healthtech	Pipeline	Sagarmatha Enterprise Solutions*
2.11.14	Mobility (Outdoor) Advertising	Advertising	Pipeline	ANA*

* currently owned by Sagarmatha Technologies

** Will be owned by Sagarmatha Technologies on Listing Date

2.12 These 14 Verticals and their platforms will be anchored on advanced content management and algorithm technologies. Sagarmatha Technologies' business model is to be flexible, scalable, integrated and able to increase revenue off a relatively fixed cost base. The Group believes that it is well positioned to be a leading provider of platform technologies across these 14 Verticals, and that the capital raised by the Private Placement will enable it to achieve the required scale in the targeted African markets.

2.13 Syndicated Content Distribution, e-Commerce (B2C E-Commerce, SCB2B Industry Marketplace and B2B Regional and Country Marketplace) and Digital Media Online are expected to be the primary Verticals for Sagarmatha Technologies going forward.

3. PRIVATE PLACEMENT

3.1 The Company will, in conjunction with the Listing, undertake the Private Placement by way of an offer to Invited Investors to subscribe for Private Placement Shares in the Company, thereby raising up to R7 500 000 000 for the Company.

3.2 Only persons who are Invited Investors and who fall within the categories envisaged in section 96(1)(a) of the Companies Act or who subscribe for the Private Placement Shares, the acquisition cost of which is not less than R1 000 000 per single addressee acting as principal (as contemplated in section 96(1)(b) of the Companies Act), are entitled to participate in the Private Placement.

4. USE OF PROCEEDS

4.1 Assuming that R7 500 000 000 is raised in terms of the Private Placement, it is anticipated that the proceeds will be applied as follows:

4.1.1 R500 000 000 in working capital, in particular for the roll-out of three additional regional offices in East Africa, West Africa and North Africa over a 12 to 18 month period to serve as collaborative work spaces for the platforms and their partners and working capital requirements;

4.1.2 R2 000 000 000 to finance the growth of Sagarmatha Technologies' existing platforms as set out in paragraph 2.3 of the Pre-listing. Funds are anticipated to be utilised over a 3 to 5 year period in accordance with approved business plans and based on the achievement of key milestones;

4.1.3 R1 500 000 000 to finance the expansion of Sagarmatha Technologies' platforms still to be established. Funds are anticipated to be spent over a 3 to 5 year period;

4.1.4 R2 500 000 000 to finance the acquisition of businesses and platforms that are complementary to the fourteen Verticals that form part of the Sagarmatha ecosystem. The pipeline of potential acquisitions is set out in paragraph 3.5 of the Pre-listing Statement; and

4.1.5 R1 000 000 000 to settle outstanding Group debt.

4.2 Should the full amount of R7 500 000 000 not be raised, the application of proceeds will be adjusted as follows (the minimum amount to be raised is R3 000 000 000):

4.2.1 R500 000 000 in working capital, in particular for the roll-out of three additional regional offices in East Africa, West Africa and North Africa over a 12 to 18 month period to serve as collaborative work spaces for the platforms and their partners and working capital requirements;

4.2.2 the balance will be used to finance the growth of Sagarmatha Technologies' existing platforms with a primary focus on expanding Syndicated Content Distribution, the e-commerce portfolio, Classifieds Market Place and Digital Media Online. In addition, funds will be allocated to the expansion of the Technology Platform Ventures Vertical, by investing in data, artificial intelligence, augmented reality, virtual reality and fintech. Funds will also be allocated to finance the acquisition of businesses and platforms that are complementary to the fourteen Verticals that form part of the Sagarmatha ecosystem.

4.2.3 The expansion of additional Sagarmatha Technologies' platforms that are still to be established will be delayed until further capital has been raised.

5. STATEMENT AS TO LISTING ON THE JSE

The JSE has granted Sagarmatha Technologies approval for a listing of up to 1 214 718 441 Ordinary Shares in the "Media" sector (sub-sector: Broadcasting and Entertainment) on the Main Board of the JSE, with effect from the commencement of trade on Friday, 6 April 2018, under the abbreviated name: "Sagarmath", JSE share code: "SGT" and ISIN: ZAE000252334, subject to the fulfilment of the conditions referred to in paragraph 16.2 and 18 of this Pre-listing Statement, namely the Company having satisfied the Listings Requirements regarding the spread of public shareholders, being a minimum of 20% of the issued Shares of the Company being held by public shareholders, the Company achieving a minimum subscription on Listing of R3 billion and to the publication of the reviewed provisional financial statements of Sagarmatha Technologies for the year ended 31 December 2017 on SENS prior to the Listing Date. Shareholders are advised that their Shares may only be traded in dematerialised form.

6. ACTION REQUIRED

6.1 Applications by Invited Investors for Private Placement Shares must be made in accordance with the procedures and terms detailed in **Section Four** of the Pre-listing Statement and by completing an Application Form, which form accompanies this Pre-listing Statement. Application Forms will be made available to Invited Investors.

6.2 Applications for Private Placement Shares can only be made for dematerialised Shares and where applicable, must be submitted through a CSDP or broker in accordance with the Custody Agreement governing the relationship between the applicant and the CSDP or broker by the cut-off time stipulated by the CSDP or broker.

6.3 If you are in any doubt as to what action to take, you should consult your broker, attorney or other professional advisor immediately.

7. FURTHER COPIES OF THE PRE-LISTING STATEMENT

7.1 Copies of this Pre-listing Statement are available on the Company's website at www.sagarmathatech.com and may also be obtained from the Company and the Sponsor at the addresses set out in the Corporate Information section of this Pre-listing Statement during normal office hours from Wednesday, 28 March 2018 to Friday, 6 April 2018.

7.2 An abridged version of this Pre-listing Statement will be published on SENS on Wednesday, 28 March 2018 and in the press on Thursday, 29 March 2018.

DEFINITIONS AND INTERPRETATIONS

In this Pre-listing Statement and the annexures hereto, unless the context indicates otherwise, references to the singular include the plural and *vice versa*, words denoting one gender include the others, expressions denoting natural persons include juristic persons and associations of persons and *vice versa*, and the words in the first column have the meanings stated opposite them in the second column, as follows:

"Acquisitions"	collectively, the SACTWU SIM Acquisition and the SIM Consortia Acquisition;
"Acquisition Agreements"	collectively the SACTWU Agreement and the SIM Consortia Agreement;
"Africa Community Media"	Africa Community Media Proprietary Limited, registration number 2014/187226/07, a private company incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of Independent Media;
"African Independent"	a daily-updated online and monthly print newspaper distributed in South Africa;
"AI"	Artificial intelligence;
"Allied Logistics Holdings"	Allied Logistics Holdings Proprietary Limited, registration number 2017/139357/07, a private company incorporated in accordance with the laws of South Africa, a wholly-owned subsidiary of Independent Newspapers;
"ANA"	African News Agency Proprietary Limited, registration number 2014/254680/07, a private company incorporated in accordance with the laws of South Africa and a 95% owned subsidiary of Sagarmatha Technologies;
"ANA Pics"	African News Agency Pictures Proprietary Limited, registration number 2016/261354/07, a private company incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of ANA;
"ANA Publishing"	ANA Publishing Proprietary Limited, registration number 2017/033209/07, a private company incorporated in accordance with the laws of South Africa;
"Application Form"	the application form to be used by Invited Investors when applying for Private Placement Shares to be issued to them in terms of the Private Placement, which is attached to this Pre-listing Statement and which will be made available to Invited Investors;
"AR"	Augemented Reality;
"B2B"	business to business;
"B2C"	business to consumer;
"B2C E-Commerce"	business to customer electronic commerce, which forms one of the fourteen Verticals, the details of which are set out in paragraph 2.1 of the Pre-listing Statement;
"B2B2C"	business to business to consumer;
"SCB2B Industry Marketplace"	Supply chain business to business Industry Marketplace which forms part of one of the fourteen Verticals, details of which are set out in paragraph 2.9.2 of the Pre-listing Statement;
"B2B Regional and Country Marketplace"	business to business Regional and Country Marketplace, which forms part of one of the fourteen Verticals, details of which are set out in paragraph 2.9.2 of the Pre-listing Statement;
the "Board", the "Board of directors" or the "Directors"	the board of directors of Sagarmatha Technologies, particulars of which are set out in **Annexure 1** of this Pre-listing Statement;
"Boutique E-Tech and M-Tech (mobile) Solutions	one of the fourteen Verticals, details of which are set out in paragraph 2.9.4 of the Pre-listing Statement;
"Branded Media"	one of the fourteen Verticals, details of which are set out in paragraph 2.5 of the Pre-listing Statement;
"BRICS"	the BRICS Business Council, an association of five major emerging national economies, being Brazil, Russia, India, China and South Africa, and which association aims to facilitate co-operation between the five member countries;
"C2C"	consumer to consumer;
"CIPC"	the Companies and Intellectual Property Commission;
"Classifieds Marketplace"	one of the fourteen Verticals, details of which are set out in paragraph 2.4 of the Pre-listing Statement;
"Common Monetary Area"	collectively, South Africa, the Kingdoms of Swaziland and Lesotho, and the Republic of Namibia;

“company secretary”	Fredelaine Elna Cindy Brand, identity number 890817 0040 089 and who holds an LLB from the University of the Western Cape;
“Companies Act”	the Companies Act, 71 of 2008, as amended from time to time;
“Conde Nast Independent Magazines”	Conde Nast Independent Magazines Proprietary Limited, registration number 1997/004605/07, a private company incorporated in accordance with the laws of South Africa;
“CPA”	Certified Public Accountant;
“CPM”	cost per thousand, a marketing term used to denote the price of 1,000 advertisement impressions on one webpage;
“CSDP”	a Central Securities Depository Participant, as defined in the FMA, appointed by a Shareholder to hold and administer dematerialised Shares on behalf of a Shareholder;
“dematerialised”	the process whereby physical share certificates have been replaced with electronic records of ownership under Strate and recorded in the sub-register of Shareholders maintained by a CSDP or broker;
“Digital Media Online”	one of the fourteen Verticals, details of which are set out in paragraph 2.3 of the Pre-listing Statement;
“documents of title”	share certificates, certified transfer deeds, balance receipts and any other documents of title to shares acceptable to the board;
“Enterprise Tech Solutions” or “ETS”	one of the fourteen Verticals, details of which are set out in paragraph 2.9.3 of the Pre-listing Statement;
“ETS”	Enterprise Tech Solutions;
“Exchange Control Regulations”	the Exchange Control Regulations of South Africa issued under the Currency and Exchanges Act, 9 of 1933, as amended from time to time;
“FMA”	the Financial Markets Act, 19 of 2012, as amended from time to time;
“FNN”	Financial News Network, a finance and business television network that operated in the United States of America during the 1980s and which was bought by and merged with Consumer News and Business Channel (CNBC) in 1991;
“IAB”	International Advisory Board;
“IFRS”	International Financial Reporting Standards as issued by the International Accounting Standards Board, as amended from time to time;
“Income Tax Act”	the Income Tax Act, 58 of 1962, as amended from time to time;
“Independent Expert”	Redwood Valuation Partners LLC, registration number 200723710486, a limited liability company incorporated in accordance with the laws of the State of California;
“Independent Media”	Independent Media Proprietary Limited, registration number 1991/005270/07, a private company incorporated in accordance with the laws of South Africa, of whom the current shareholders are SIM (55%), the PIC (25%) and Interacom Investment Holdings Limited (funded by the China Africa Development Fund) (20%), and which will be an 55% held (indirectly through SIM) subsidiary of Sagarmatha Technologies post the Acquisitions;
“Independent Newspapers”	Independent Newspapers Proprietary Limited, registration number 1989/004672/07, a private company incorporated in accordance with the laws of South Africa;
“Independent Reporting Accountants” or “BDO”	BDO Cape Inc. registration number 2010/016246/07, a limited partnership established in South Africa, further details of which are set out in the Corporate Information section of this Pre-listing Statement;
“Integrated Logistics Platforms”	one of the fourteen Verticals, details of which are set out in paragraph 2.8 of the Pre-listing Statement;
“Invited Investors”	those specifically identified investors to whom the Private Placement will be addressed and is being made, it being recorded that only persons who fall into any of the categories envisaged in section 96(1)(a) of the Companies Act or who subscribe for Private Placement Shares, the acquisition cost of which is not less than R1 000 000 per single addressee acting as principal) (as contemplated in section 96(1)(b) of the Companies Act), are entitled to participate in the Private Placement;
“IOL” or “Independent Online”	Independent Online SA Proprietary Limited, registration number 2011/137399/07, a private company incorporated in accordance with the laws of South Africa and a 100% owned subsidiary of Sagarmatha Technologies;

"IOL Property JV"	Independent Online Property Joint Venture Proprietary Limited, registration number 2008/020335/07, a private company incorporated in accordance with the laws of South Africa and a 60% owned subsidiary of Sagarmatha Technologies;
"JSE"	the JSE Securities Exchange, being the exchange operated by JSE Limited, registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa and licensed as an exchange under the FMA;
"King IV"	the King IV Report on Corporate Governance for South Africa, 2016, as amended from time to time;
"Last Practicable Date"	the last practicable date for finalisation of this Pre-listing Statement, being Tuesday, 20 March 2018;
"Listing"	the listing of the Shares on the Main Board of the JSE;
"Listing Date"	the anticipated date of listing on the Main Board of the JSE, being Friday, 6 April 2018;
"Listings Requirements"	the JSE Listings Requirements, as amended from time to time;
"Loot Online" or "Loot.co.za"	Loot Online Proprietary Limited, registration number 2002/012642/07, a private company incorporated in accordance with the laws of South Africa and an 83.3% owned subsidiary of Sagarmatha Technologies;
"Mobility (Outdoor) Solutions"	one of the fourteen Verticals, details of which are set out in paragraph 2.9.5 of the Pre-listing Statement;
"MOI" or "Memorandum of Incorporation"	the memorandum of incorporation of Sagarmatha Technologies, a copy of which is made available for inspection as indicated in paragraph 36 of the Pre-listing and extracts of which are set out in **Annexure 5**;
"MOOCs"	Massive Open Online Courses;
"NAV"	net asset value;
"PIC"	the Public Investment Corporation SOC Limited, registration number 2005/009094/30, a company duly incorporated in accordance with the laws of South Africa;
"Pre-listing Statement"	this pre-listing statement, dated Wednesday, 28 March 2018, including all annexures;
"Prime Custom Content Solutions"	one of the fourteen Verticals, details of which are set out in paragraph 2.7 of the Pre-listing Statement;
"Private Placement"	the private placement of up to 189 298 334 Shares of the Company, which will be privately placed with Invited Investors at the Private Placement Price;
"Private Placement Price"	R39,62 per Private Placement Share
"Private Placement Share(s)"	up to 189 298 334 Shares offered to Invited Investors under the Private Placement;
"promoter"	the party(ies) responsible for the formation of a company to be listed, or acquired by an existing issuer, and who earn(s) a fee therefrom, in cash or otherwise;
"R" or "Rand"	South African Rand, the official currency of South Africa;
"SAARC"	the South-east Asia Association for Regional Cooperation;
"SACTWU"	the South African Clothing and Textile Workers Union;
"SACTWU Agreement"	the asset-for-share agreement dated 22 November 2017 and entered into between Sagarmatha Technologies and SACTWU, in relation to the SACTWU SIM Acquisition;
"SACTWU Investments"	SACTWU Investments Group Limited, registration number 1995/010319/07, a company incorporated in accordance with the laws of South Africa;
"SACTWU SIM Acquisition"	the acquisition by Sagarmatha Technologies of all of SACTWU's ordinary shares in and loan claims against Sekunjalo Independent Media from SACTWU in terms of the SACTWU Agreement, further details of which are set out in paragraph 3.2 of the Pre-listing Statement;
"Sagarmatha Digital Media"	Sagarmatha Digital Media Proprietary Limited, registration number 2017/419823/07, a private company duly incorporated in accordance with the laws of South Africa, and a wholly-owned subsidiary of Sagarmatha Technologies;
"Sagarmatha Enterprise Solutions"	Sagarmatha Enterprise Solutions Proprietary Limited, registration number 2017/429806/07, a private company duly incorporated in accordance with the laws of South Africa;
"Sagarmatha Peak"	Sagarmatha's high value segment offering to its prime customers as set out in paragraphs 1.2.8 and 1.2.9 of the Pre-listing Statement;

"Sagarmatha Technologies" or "the Company"	Sagarmatha Technologies Limited, registration number 2013/181904/06, a public company incorporated in accordance with the laws of South Africa, the Shares in which will be listed on the Main Board of the JSE, as further detailed in this Pre-listing Statement;
"Sagarmatha Technologies Group" or "the Group"	Sagarmatha Technologies and its subsidiaries as at the Listing Date;
"Sagarmatha Technologies Shares" or "Shares"	ordinary shares of no par value in the Company;
"Sagarmatha Technologies Shareholder" or "Shareholder"	the holder of a Sagarmatha Technologies Share;
"SCB2B"	supply chain business to business;
"SCM"	supply chain management;
"Sekunjalo Independent Media" or "SIM"	Sekunjalo Independent Media Proprietary Limited, registration number 2012/115196/07, a private company incorporated in accordance with the laws of South Africa, which will be a wholly-owned subsidiary of Sagarmatha Technologies following the implementation of the SIM Consortia Agreement and the SACTWU Agreement;
"SENS"	the Stock Exchange News Service of the JSE;
"Settlement Date"	the date of the implementation of the Private Placement when the Private Placement Shares will be delivered to applicants against payment of the aggregate Private Placement Price, which date is expected to be Friday, 6 April 2018;
"Share split"	the amendment to the Company's authorised and issued share capital, whereby the authorised share capital of the Company was increased from 4 000 ordinary no par value shares to 4 000 000 000 ordinary no par value shares on the basis of 1:1 000 000, and the issued shares were increased from 1 000 ordinary no par value shares to 1 000 000 000 ordinary no par value shares, which amendment was authorised by the directors of the Company on 25 September 2017;
"SIM Consortia"	collectively, Sekunjalo Independent Media Consortium One Proprietary Limited, Sekunjalo Independent Media Consortium Two Proprietary Limited and Sekunjalo Independent Media Consortium Three Proprietary Limited;
"SIM Consortia Agreement"	the asset-for-share agreement dated 22 November 2017 and entered into between Sagarmatha Technologies and the SIM Consortia in relation to the SIM Consortia Acquisition;
"SIM Consortia Acquisition"	the acquisition by Sagarmatha Technologies of all of the SIM Consortia's ordinary shares in and claims against the SIM, in terms of the SIM Consortia Agreement, further details of which are set out in paragraph 3.1 of the Pre-listing Statement;
"SOC"	State owned companies;
"South Africa"	the Republic of South Africa;
"Strate"	Strate Proprietary Limited, registration number 1998/0022242/07, a private company incorporated in accordance with the laws of South Africa, a central securities depository licensed in terms of the Financial Markets Act and operating the electronic clearing and settlement system used by the JSE to settle trades;
"**Studio Independent**"	Studio Independent Proprietary Limited, registration number 2015/291377/07, a private company incorporated in accordance with the laws of South Africa;
"Syndicated Content Distribution"	one of the fourteen Verticals, the details of which are set out in paragraph 2.2 of the Pre-listing Statement;
"Technology Platform Ventures"	one of the fourteen Verticals, details of which are set out in paragraph 2.9.1 of the Pre-listing Statement;
"Transfer Secretaries" or "Link"	Link Market Services South Africa Proprietary Limited, registration number 2000/007239/07, a private company incorporated in accordance with the laws of South Africa, further details of which are set out on in the Corporate Information section of this Pre-listing Statement;
"VAT"	Value Added Taxation, in terms of the Value Added Tax Act 89 of 1991, as amended from time to time;

"Vertical"	the fourteen sectors identified by Sagarmatha Technologies as component parts of its group, consisting of: • B2C E-commerce; • Syndicated Content Distribution; • Digital Media Online; • Classifieds Marketplace; • Branded Media; • Video and Entertainment; • Prime Custom Content Solutions; • Integrated Logistics Platforms; • Technology Platform Ventures; • SCB2B Industry Marketplace and B2B Regional and Country Marketplace; • B2B Regional and Country Marketplace; • Enterprise Tech Solutions (ETS); • Boutique E-Tech and M-Tech (mobile) Solutions; and • Mobility (Outdoor) Advertising;
"Video and Entertainment"	one of the fourteen Verticals, details of which are set out in paragraph 2.6 of the Pre-listing Statement;
"VOD"	video on demand;
"VR"	Virtual Reality;
"Vunani"	Vunani Capital Proprietary Limited (registration number 1998/001469/07) in its capacity as sponsor and corporate advisor, further details of which are set out in the Corporate Information section of this Pre-listing Statement; and
"WCBS"	WCBS-TC, a television station operated by the Columbia Broadcasting System (CBS) television network.

Sagarmatha Technologies Limited
(formerly African Technology and Media Holdings Proprietary Limited)
(Incorporated in South Africa)
(Registration number 2013/181904/06)
JSE share code: SGT
ISIN: ZAE000252334
("**Sagarmatha Technologies**" or "**the Company**)

Executive Directors

Takudzwa Hove *(Chief financial officer)*
Grant Fredericks *(Joint Chief Executive Officer)*
Gary Hadfield *(Joint Chief Executive Officer)*
Valentine Dzvova *(Executive director- Corporate services)*

Non-executive directors

Paul Lamontagne (Chairman)
Rosemary Mosia * *(Deputy Chairperson and Lead Independent Director)*
Aisha Pandor *
Alan Ipp *
Arthur Johnson
Aziza Amod
Dr Sibongiseni Tunzelana Tshotsejane *
Harold E. Doley III *

* Independent

SECTION ONE – COMPANY INFORMATION

1. INCORPORATION, HISTORY AND NATURE OF BUSINESS

1.1 **Incorporation, history and address**

Sagarmatha Technologies was incorporated in South Africa on 2 October 2013 as Virturtorque Proprietary Limited. On 17 June 2014, the Company was renamed Independent Media Corporate Services Proprietary Limited, and subsequently, on 20 January 2015, changed its name to African Technology and Media Holdings Proprietary Limited. On 21 September 2017, the Company was converted to a public company and on 28 September 2017, renamed "Sagarmatha Technologies Limited". The Company's registered address is 10th Floor, Convention Tower, Heerengracht, Foreshore, 8000. On 7 December 2017, the Company's financial year end was changed from 31 December to 31 March of each year.

1.2 **Nature of business**

1.2.1 Sagarmatha Technologies Limited is an integrated multi-sided platform African technology group with aspirations to become the African leader in e-commerce, digital media, and syndicated content and technology ventures as part of the Fourth Industrial Revolution. It currently owns the following:

1.2.1.1 95% of ANA, a content syndication and news wire agency;

1.2.1.2 83.3% of Loot Online, an online fashion/luxury goods and services e-commerce retailer:

1.2.1.3 60% of IOL Property JV, an online classifieds business specialising in property;

1.2.1.4 100% of Independent Online, an online news business; and

1.2.1.5 100% Sagarmatha Enterprise Solutions.

1.2.2 Sagarmatha owns and develops integrated technology platforms including content management services (CMS), data management platforms (DMP), automated marketing and merchandising software, e-commerce technology platforms with enterprise resource planning systems, social media platforms, search functionality, video player video platforms, augmented reality and user generated content applications, online website creation tools and mobile and online applications.

1.2.3 Sagarmatha believes it is uniquely positioned to create an integrated multi-sided platform ecosystem in Africa that knits technology platforms; content creation and distribution and e-commerce into a consolidated value proposition aimed at attracting prime customers for monetisation.

1.2.4 As a result of the strategic acquisition of Independent Media, Sagarmatha Technologies will own an effective 55% interest in Independent Media, a leading media house in South Africa with a reach of approximately 5.5 million people and deep content capabilities. This will make Sagarmatha Technologies one of a few global technology groups with an integrated value proposition of platforms, e-commerce, content and distribution enabled for prime customer monetisation.

1.2.5 Assuming that the Acquisitions are implemented, Sagarmatha Technologies will have the following audiences:

1.2.5.1 B2C E-Commerce: 1.8 million user sessions (in October 2017) (source: www.similarweb.com);

1.2.5.2 Branded Media: 5.5 million newspaper and magazine readers (All Media Products Study – 2015);

1.2.5.3 Digital Media Online: 5.5 million unique online browsers (2017 up to the last practicable date) (source: Effective Measure / Google Analytics); and

1.2.5.4 Social media reach on Facebook and Twitter: 16 million (source and metric applied)

1.2.6 The consumer opportunity in Africa rests on five key pillars; the rise of the middle class (355 million as of 2011 and expected to grow to 500 million by 2030); exponential population growth; the dominance of youth (more than 200 million Africans, or just over 20% of the total population, are aged between 15 and 24, and that demographic is expected to grow to 321 million by 2030); rapid urbanisation and fast adoption of digital technologies (mobile is fast becoming the primary channel for accessing the Internet. The potential for growth is significant, with only 20% of the population online, compared with nearly 75% in Europe and 32% in Asia) (Deloitte Consumer Review – Africa: A 21st century view – 2015). It is this opportunity that sees Sagarmatha Technologies well positioned to drive Africa into the Fourth Industrial Revolution with a consolidated offering to audiences and advertisers.

1.2.7 The overall strategy of the Group is to use its integrated ecosystem to attract new and grow existing audiences and customers off its content and e-commerce platforms and to convert a high value segment to a prime customer offering (known as Sagarmatha Peak) that is monetised through annuity subscriptions; product and service sales and third-party advertising. This strategy of a consolidated offering to audience, customers and advertisers, built on proprietary technology, positions Sagarmatha to become a leading multisided platform Group in Africa.

1.2.8 Sagarmatha Peak will offer customers a monthly subscription that gives them access to a range of services that bundles together the offerings from various Sagarmatha businesses and partners. This would include free delivery and/or expedited delivery from our e-commerce platforms; access to instant streaming of television shows and movies (including original content) from our Video and Entertainment business; free subscriptions to daily and weekend newspapers and magazines from our Branded Media Vertical; early access to deals; members-only sales and discounts; discounts on video games and photo storage.

1.2.9 The basic Sagarmatha Peak membership model will have a set of extensions including:

1.2.9.1 Business Peak which offers business customers a bundled enterprise package that includes access to Sagarmatha web services; access to Sagarmatha private marketplace; discounts on advertising in print and digital products offered through ANA and Branded Media as well as custom content solutions offered by Studio Independent;

1.2.9.2 Student Peak which offers students free access to a range of edu-tech products;

1.2.9.3 Sport Peak which offers sports enthusiasts access to a range of niche sports products; and

1.2.9.4 Health Peak which offers access to healthtech products as well as partner products.

1.2.10 Sagarmatha Technologies believes growth will come from organic expansion, key partnerships and strategic acquisitions. Scale will drive a low marginal cost of production in the overall ecosystem as Sagarmatha platforms can be replicated in new markets. This will require substantial investment over the next few years and the intention is to utilise the proceeds of the Private Placement to either scale up existing platforms and/or acquire new platforms and enter new markets. Sagarmatha Technologies has no plans to increase its shareholding in its existing businesses where minority shareholders are present.

1.2.11 Sagarmatha Technologies has identified fourteen Verticals as component parts of its ecosystem, each one a lever that amplifies the value proposition of the Group. Each Vertical delivers a benefit to Sagarmatha and ultimately to Sagarmatha Peak and in turn extracts data intelligence to grow and expand the individual businesses. The Group has aspirations to be a leader in each of the following fourteen Verticals:

	Vertical	Platform	Assets/business	Company
1.2.11.1	B2C E-commerce	B2C	Loot Online	Loot Online *
1.2.11.2	Syndicated Content Distribution	News Wire	www.africannewsagency.com	ANA *
		PR Wire	http://pr.africannewsagency.com/	
1.2.11.3	Digital Media Online	General News	iol.co.za	IOL *
		Africa News	africanindy.com	ANA *
		Youth	tyi.co.za	IOL *
		Hyperlocal	14 hyperlocal sites	Independent Newspapers **
		Title sites	20 title sites	IOL *
1.2.11.4	Classifieds Marketplace	Motoring	Drive360.co.za	Independent Newspapers **
		Careers	Talent360.co.za	Independent Newspapers **
		Property	IOLProperty.co.za	IOL Property JV*
1.2.11.5	Branded Media	Africa	African Independent	ANA *
		National	Sunday Independent	Independent Newspapers **
		Regional	Star, Pretoria News, Mercury, Daily News, Cape Argus, Cape Times, Saturday Star, Weekend Argus, Independent on Saturday, Sunday Tribune	Independent Newspapers**
		Hyperlocal	Athlone, Constantiaberg, Table Talk, Tatler, Vukani, Plainsman, Diamond Field Advertisers	Africa Community Media **
		Vernacular	Isolezwe (Zulu), Ilisoleswe (Xhosa)	Independent Newspapers **
		Magazines	GQ, Glamour, House and Garden, Gourmet, GQ Style, Glamour Hair, HG Trade Directory	Conde Nast Independent Magazines**; ANA Publishing *
1.2.11.6	Video and Entertainment	Video	Video360.co.za	ANA Pics *
			OTT/Video on Demand (pipeline)	
			Drone images (pipeline)	
			Original film/video (pipeline)	
1.2.11.7	Prime Custom Content Solutions	Custom Solutions	Studio Independent	Studio Independent **
1.2.11.8	Integrated Logistics Platforms	Freight	Allied Logistics	Allied Logistics Holdings **
1.2.11.9	Technology Platform Ventures	Data	Infonomist (in development)	IOL *
		Digital Marketing Services	Volt (in development)	IOL*
		Augmented Reality	Augmenta (licensed)	Studio Independent **
		Virtual Reality	In development	IOL*
		Artificial Intelligence	Voice (pipeline)	IOL*
1.2.11.10	SCB2B Industry Marketplace	E-Commerce	In development	Sagarmatha Technologies*
1.2.11.11	B2B Regional and Country Marketplace	E-Commerce	In development	Sagarmatha Technologies*
1.2.11.12	Enterprise Tech Solutions (ETS)	Cloud computing	In development	Sagarmatha Enterprise Solutions*
1.2.11.13	Boutique E-Tech and M-Tech (mobile) Solutions	Edutech	Pipeline	Sagarmatha Enterprise Solutions*
		Fintech (including crypocurrency)	In development plus pipeline	Sagarmatha Enterprise Solutions*
		Healthtech	Pipeline	Sagarmatha Enterprise Solutions*
1.2.11.14	Mobility (Outdoor) Advertising	Advertising	Pipeline	ANA*

* currently owned by Sagarmatha Technologies
**Will be owned by Sagarmatha Technologies on Listing Date

1.2.12 These 14 Verticals and their platforms will be anchored on advanced content management and algorithm technologies. Sagarmatha Technologies' business model is to be flexible, scalable, integrated and able to increase revenue off a relatively fixed cost base. The Group believes that it is well positioned to be a leading provider of platform technologies across these 14 Verticals, and that the capital raised by the Private Placement will enable it to achieve the required scale in the targeted African markets.

1.2.13 Syndicated Content Distribution, E-Commerce (B2C E-Commerce, SCB2B Industry Marketplace and B2B Regional and Country Marketplace) and Digital Media Online are expected to be the primary Verticals for Sagarmatha Technologies going forward.

2. OVERVIEW OF SAGARMATHA TECHNOLOGIES' EXISTING BUSINESS SECTORS

2.1 B2C E-COMMERCE AND EXPANSION PLANS

2.1.1 Overview of sector

The African e-commerce market is still at a very early stage in its lifecycle as the digital economy relative to gross domestic product is small in comparison to western economies.

According to *The Deloitte Consumer Review – Africa a 21st Century*, Africa's middle-class population, which it broadly defines as those living on between USD2.0 and USD20.0 per day, is expected to reach 500 million by 2030. Coupled with increased internet and mobile penetration, the B2C E-commerce Vertical is well positioned to grow rapidly over the next two decades.

In South Africa, the online retail players that dominate are general retailers, online-only retailers and a few specialist offerings. In the rest of Africa, the online market is in its infancy, but the traction is mostly with general merchandise market places, with the key e-commerce hubs being Nigeria, Kenya, Ghana, Egypt and Morocco. The leading categories are general technology products, phones and fashion, often facilitated by innovative solutions for payments, logistics and fulfilment.

2.1.2 Loot Online

Sagarmatha Technologies owns 83.3% of Loot Online. The remaining 16.7% is owned by Loot Founders Proprietary Limited, of whom the shareholders are Michael van Rooyen, Adrian Lever, the estate of D McSweeney, C Scott, A McWilliam Smith, Lindy Clarke, Gary Hadfield, Titan Investments Proprietary Limited (Sean Emery), the Jellybean Trust (Sean Johnson), the MacScott Trust (estate of D McSweeney and Craig Scott) and Clifftop Colony Proprietary Limited (Oliver Drews) (*names in brackets are the ultimate beneficiaries). Headquartered in Cape Town, Loot Online (http://www.loot.co.za), is a leading South African based multi-category online retailer.

Through its desktop and mobile websites and applications, Loot Online delivers a convenient and intuitive online shopping experience, that currently offers 14 million products across 17 categories: Books; Movies and TV; Games; Music; Computers; Toys; Baby; Kitchen; Home; Outdoor; DIY; Health and Beauty; Stationery and Office; and Arts and Crafts.

History
Loot Online was started in 2003 as an online bookstore and by 2010 had added music, DVDs and games to the product mix. In March 2015 Sagarmatha Technologies acquired a 75% shareholding in Loot Online. Subsequent to the acquisition, Sagarmatha Technologies made advertising space across its media channels available to Loot Online and provided preference share funding, which was used by Loot Online to:

- lease warehouses in Midrand (from October 2016) and Cape Town Airport Industria (from October 2017);
- increase inventory holding;
- develop a Loot mobile app;
- market Loot Online's business; and
- employ additional personnel.

During December 2017, Loot Online repurchased 10% of its shares from Loot Founders Proprietary Limited thereby decreasing the issued share capital of Loot Online which resulted in an increase in Sagarmatha Technologies' shareholding in Loot Online from 75% to 83.3%.

Opportunity
Sagarmatha Technologies believes that e-commerce presents a significant opportunity in Africa, with a number of factors supporting its expansion, including increasing online penetration and mobile adoption; the emergence of new payment methods; and improved network and logistics infrastructure. The South African online retail market is still very nascent, and only constitutes in the region of 2 % of total general merchandise retail sales (excluding groceries). In the rest of Africa the online market is also at a very early stage and the traction is mostly with general merchandise market places. Management believes that in Africa the e-commerce market is still very contestable with a high degree of price elasticity.

Technology
The Loot Online technology platform is bespoke and owned by Loot Online. The platform has evolved over time to cater for the business's increased focus on general merchandise and marketing. The platform incorporates an enterprise resource planning system that services multiple-warehousing, and integrates accounting and merchandising. The technology platform also handles a large product data set of over 14 million product records daily, ensuring that all latest price and stock information is displayed on its website and allows for seamless integration with local and international suppliers.

Loot Online's performance reports are currently standardised and set up in advance. These are generated off its transactional (online transaction processing) database. Management believes that its data analytics and marketing/merchandise automation requirements would be better serviced by an analytical database configuration (On-line Analytical Processing "OLAP" /Data warehouse) and intends making this transition in the near future.

Loot.co.za servers are housed at a third party purpose-built colocation centre in Rondebosch, Cape Town.

- Loot Online has built strong partnerships with business partners.
- It is one of only eight national partners of the Myschool Loyalty Programme, and its only pure play online e-commerce retail partner.
- Loot Online partners with the Discovery Health loyalty ecosystem and is one of four pure play online e-commerce retailers to be part of the Vitality programme. Loot Online offers Discovery Miles as a payment option. It also receives monthly exposure to key Discovery customer databases.
- Loot Online launched a partnership with Cardova for the Espresso breakfast television show in November 2017 that initially involves cooperative marketing with brands such as Nedbank, Avios and Tropika, and will be the first time that the Loot Online brand has received television exposure.
- Loot Online's partnership with FedEx has enabled it to offer a high-quality customer delivery experience at competitive rates. Management believes it is able to offer a competitive free delivery offer in the South African market, with free delivery on orders over R250, which is lower than its major competitors.
- In 2015 Loot became an official UNISA bookseller as it met the requirement of having all of the prescribed books in stock.

Staff

Gary Hadfield, the CEO, joined Loot Online in January 2011 from Kalahari.net where he spent 10 years, initially as head of marketing, and then for the last five years (2005 – 2010) as CEO. Gary oversees a staff complement of approximately 100 people, of whom approximately three quarters are employed in the warehouses and as customer service personnel. The Loot Online team is very diverse and has a rich blend of e-commerce and retail experience.

Competition

- Loot Online competes with a variety of other companies including:
- local online B2C retailers, Takealot and Yuppie Chef;
- international online B2C retailers, including Amazon;
- traditional brick-and-mortar retailers, some of which also offer online shopping, including Makro, DionWired, Incredible Connection and Exclusive Books; and
- retailers and other sellers that conduct business through online marketplaces such as ebay, bid-or-buy.co.za and OLX.

According to Similarweb.com, as at October 2017 the monthly user sessions of South African online retailers was as follows (ie. the presence of a user with a specific IP address who has not visited the site recently – usually not in the last 30 minutes. The number of user sessions is a measure of the volume of traffic going through a website):

- Takealot 12.0 million
- BidorBuy 5.0 million
- Spree 2.1 million
- Loot Online 1.8 million
- Superbalist 1.4 million
- Zando 1.2 million
- Yuppiechef 0.5 million

Conversion from browsing to purchasing varies over time however management believes that, based on internal data analysis, there is a strong correlation between user sessions and revenue. This is illustrated by the key value driver table under the Operational Performance paragraph set out below.

Suppliers

Loot Online sources directly from local brands, distributors, agents, publishers and international wholesalers. Loot Online has Sale or Exchange (SOE), Sale or Return (SOR) and consignment arrangements in place with its suppliers, and its growth since 2015 has enabled the company to benefit from increasing supplier/retailer allowances in the form of discounts and more generous payment terms. The majority of Loot Online's order placements take place seamlessly via Electronic Data Interchange.

Operations

Loot Online owns its head office, which is situated in Westlake, Cape Town. It leases and operates the following two distribution centres under lease agreements:

Location	Lessor	Lease start date	Lease term (years)
Midrand	CEZ Investments	1 August 2016	2 years
Cape Town	Redefine Properties	1 October 2017	2 years

Payment

Loot Online customers have the flexibility to choose from 13 payment options, which include major credit cards (Mastercard, Visa, Diners Club and American Express), Discovery Miles, EFT, ABSA, Zapper, I-PAY, MasterPass, RCS, SCode and Mobicred.

Marketing

Since Sagarmatha Technologies acquired its interest in Loot Online, Loot Online has, in addition to traditional print media, pursued performance based marketing Return On Investment ("ROI") focused campaigns:

- performance campaigns with Google, Facebook and Criteo.
- Loot Online was an early adopter of Google shopping campaigns. Its campaign launched in South Africa in January 2017, and is focused on running cost per click and image driven shopping campaigns.
- Criteo performance marketing campaigns which use sophisticated algorithms and deep learning to retarget visitors to Loot Online after they leave the Loot Online site.

Loot Online's print campaigns are used for brand building, promoting special deals on Loot Online, building consumer trust and communicating Loot Online's value proposition. Management believes these print campaigns continue to be instrumental in driving higher levels of page views (engagement) and reinforcing Loot Online's position as a leading general merchandise retailer. After launching the first print campaigns in May 2015, in the period from 2015 to 2016 the compound growth of Loot Online's monthly page views compared to the same period in the previous year was 68%. Prior to that period, year-on-year growth in monthly page views was approximately 12%. Loot Online's key category brand partners across all departments receive extensive exposure in print and Loot Online believes that brand partners attach a high value to this exposure**.** Loot Online is also able to secure improved supplier discounts for featured print items which has a positive impact on margins.

Operational Performance

Growth in Loot Online's key value drivers are set out in the below.

Year-on-year growth	Financial Year ended 31 December 2014	Financial year ended 31 December 2015	Financial year ended 31 December 2016	12-month period ending 31 December 2017
Registrations	23%	46%	29%	30%
Users	28%	43%	32%	31%
User sessions	23%	59%	49%	33%
Revenue	16%	83%	55%	38%

Note:

The substantial increase in revenues between 2014 and 2017 can mostly be attributed to greater media exposure through the integration with Sagarmatha's Branded Media and Digital Media Online platforms, increased (sustained) marketing spend on google, re-targeting, additional partnerships, new category introductions and higher product inventory levels. Revenue for the financial years ended 31 December 2014 to 31 December 2016 is extracted from audited figures. The figures for the 12-month period ending 31 December 2017 are unaudited. Registrations are derived from internal management report dashboards, users and user sessions are derived from google analytics and revenue is derived from management accounts.

Loot Online is currently the third most trafficked pure play general ecommerce retail site in South Africa and management believes that there is an increasing degree of brand recognition of Loot's name. Management believes that the strong value chain and associated networks would be costly to replicate, and that these strengths combined with Loot Online's strategy, marketing and merchandising will serve as a solid platform to accelerate growth.

Financial Performance

Loot Online's growth has been achieved without any significant negative impact on margins and within budgeted cost parameters. This despite a highly competitive environment and tough retail trading conditions.

2.1.3 **Looking forward**

Management believes that the timing is right to grow Loot Online, and achieve its objective of being one of the largest and most customer-centric general merchandise e-commerce destinations in Africa. In order to achieve this objective, Loot Online intends to:

- Increase the personnel complement dealing with the commercial and IT side of the Loot Online business.
- Further invest in marketing, automation and customer retention tools, search engine optimisation, media content integration and marketing partnerships.
- Invest in ancillary support services including warehousing and logistics in order to improve the product offering to customers.
- Implement best of breed automated marketing and merchandising software and data science resourcing to enhance its marketing capabilities.
- Extension of sales mix to include, for example, fashion.

2.2 SYNDICATED CONTENT DISTRIBUTION

ANA was launched in March 2015 and is Africa's only multimedia content syndication platform. Syndicated content distribution is the process of pushing multimedia content from a website to subscribing third parties who will in turn redistribute it on their own websites

ANA was incorporated by the Group in 2015, with the Group holding 79% and Sekunjalo Investments Holdings 21% of the issued share capital of ANA. In 2015, Sagarmatha Technologies and Sekunjalo Investments diluted their shareholdings to 75% and 20% respectively when an international investor, the China Africa Fund (a division of the China Development Bank), subscribed for 5% of ANA's issued share capital. In 2016, Sagarmatha Technologies acquired Sekunjalo Investments Holdings' 20% interest in ANA.

ANA's marginal cost-of-content strategy is crafted around strategic media partnerships, with news and media organisations on the African continent. These partnerships enable ANA to package and on-sell authentic African content to news and media organisations across Europe, North America and the BRICS countries.

ANA also offers a free-to-view, subscription-based press release platform, which enables its subscribers to self-upload its press releases and disseminate them to a targeted audience, globally.

ANA owns and operates a multimedia syndicated news service, with two primary products – News Wire and PR Wire. ANA uses publishing software, the Baobab Suite (https://baobabsuite.com), which has been custom built by South African software developer, Afrozaar (https://www.afrozaar.com). According to Afrozaar, Baobab has been deployed within a number of leading media organisations, including the UK's Telegraph Media Group. The version of Baobab that ANA uses has been customised to meet its specific requirements.

ANA is headquartered in Cape Town and has offices in Johannesburg and Durban. The CEO of ANA is Grant Fredericks, who oversees a staff complement of 26 people.

2.2.1 News Wire

News Wire (http://www.africannewsagency.com) provides its subscribers with a comprehensive source of African and international news. ANA's strategy is to produce or source and sell African content to international subscribers.

News Wire provides news which can be categorised as coming from one of three sources:

a. ANA Wire: ANA has an in-house team of 35 journalists and editors (including freelancers) who cover South Africa and create South African news stories, in the following content areas:

- Breaking news
- Economics and development
- Business
- Government and Politics
- Sport
- Youth
- Lifestyle

b. African Wire: ANA African Wire has agreements with media houses in African countries who provide their news to ANA. ANA either purchases this content or supplies its South African content in return under reciprocity agreements. ANA has media partnerships with six media houses including: News Agency of Nigeria; News Agency of Namibia; News Decoder; and PANAPress. ANA is currently concluding additional media partnerships with four other media houses, which includes the Southern African region of the African Union (sport content for 10 sporting codes). These agreements are typically for an initial period of three years, that automatically renew for a further three years unless cancelled. All content undergoes a vetting process and thereafter it gets fed directly onto the African Wire.

c. Global Wire: As with ANA African Wire, ANA Global Wire has agreements with media houses in countries outside Africa who provide their news to ANA. ANA purchases this content and syndicates it to various media houses in South Africa. ANA has agreements with The Washington Post, The Associated Press, Bloomberg, Bang Media, Thompson Reuters, The New York Times and AFP, among others. Contracts with these media houses range from one to three years in duration.

News is categorised into one of six categories: conflict and crisis; economics and governance; business and entrepreneurship; sustainable development; marginalised communities (women and youth); lifestyle and sport.

News Wire customers subscribe to only that content that they are interested in. Subscribers can select specific content providers and/or categories of news that they are interested in receiving. Visitors to the News Wire website can view headlines and read the first few lines of a news article, but only subscribers can read full articles (subject to the terms of their subscription) and use the full functionality of the website.

News Wire's pricing model is flexible and tailored to requirements of each subscriber. Subscribers are billed monthly in advance. Contracts are annual contracts which renew automatically unless cancelled.

News Wire does not have any direct competitors in South Africa. International competition comes from Reuters and Bloomberg.

2.2.2 PR Wire

PR Wire (http://pr.africannewsagency.com) was launched in August 2017. It is an information service that allows businesses, organisations and individuals to share their news releases publicly on the PR Wire website and with targeted audiences.

PR Wire is a free to access website. Users of the site can view news releases and, once registered, can re-publish news releases at no cost. Registered users can use advanced search and filtering functionality and sign up to receive email notifications.

PR Wire subscribers produce and publish and categorise their own content (news and pictures) on the PR Wire website. Besides being available on the website for anyone to view, PR Wire distributes news releases to specifically targeted audiences based on a subscriber's preferences. Press releases published on PR Wire get automatically published on News Wire.

PR Wire also offers its subscribers a media monitoring and reporting service. Subscribers can obtain daily, weekly, monthly and quarterly media monitoring reports with varying degrees of detail. These reports are generated and provided to ANA by the Novus Group (http://novusgroup.co.za).

Subscribers can choose from various pricing models based on their requirements. Subscriptions are available on a per press release basis, or on a bundled basis that must be used within specific periods of time. Longer term contracts are priced more favourably.

PR Wire has no direct competitors based in Africa. APO (APO Group – previously the African Press Organisation), which owns and manages a competing service called Africa Wire, is based in Switzerland. Other competitors include Reuters and Bloomberg.

2.2.3 Looking forward

ANA intends to seek opportunities to grow organically or through strategic acquisitions. Management believes that ANA is well-placed to scale up its operations and expand outside South Africa, to increase its African media partnerships and to develop specialized content platforms for its media partners and incorporate them into its existing content platforms, at a marginal cost, to enhance ANA's product offering and to extract data from their content platforms and house it on a centralised ANA data management platform (DMP).

ANA intends to position itself as a source of nuanced African content, aimed at the large diaspora market outside Africa, to be sold via its News Wire and PR Wire offerings. Content will be sourced from media partners on the African continent through content swap arrangements or acquisitions if appropriate.

ANA's African expansion strategy is to centralise its operations in regional economic hubs within Africa and develop commercial and sales operations in those regions, so as to drive:

- African media partnerships.
- annual subscriptions to file press releases on the ANA PR wire.
- advertising in ANA-Publishing's print and digital magazines.
- advertising on ANA's social media site.

The target client base for News Wire's content will include media houses, advertising agencies, online publishers, brand development agencies, television stations, press release agencies, corporates, financial institutions, business forums, NGOs, government departments, provincial and municipal governments and political parties, primarily located in the United States, Europe amd the BRICS countries. To this end, Sagarmatha Technologies intends to invest in sales infrastructure, including the establishment of international commercial and sales centres in the following regional economic hubs:

1. New York City, United States of America
2. London, United Kingdom
3. Dubai, United Arab Emirates
    a. Sao Paulo, Brazil
    b. Delhi, India
    c. Hong Kong, China
    d. Moscow, Russia

2.3 DIGITAL MEDIA ONLINE

2.3.1 Overview

Sagarmatha Technologies owns 100% of IOL which is headquartered in Cape Town. The CEO of IOL is Walter Madzonga who oversees a staff complement of 20 people.

IOL (https://www.iol.co.za) is a popular South African free-to-access news website. The site is device responsive, and can be accessed on desktop and on all mobile screen sizes. It is also available via an app from Apple and Android devices. IOL offers general news and premium content in the areas of business, sport, entertainment, lifestyle, travel and motoring.

Digital Media Online operates other digital media sites outside of IOL. These include 14 hyperlocal sites on behalf of Africa Community Media (Pty) Ltd and African Independent on behalf of ANA.

Digital content from Independent Media brands and titles is showcased to South African and international audiences, via IOL.

Online industry measurement tools Effective Measure and Google Analytics, show that between 10% and 15% of visitors to the site each per month are from outside South Africa. Effective Measure recorded IOL as the fourth largest site for news in South Africa in October 2017.

IOL operates 20 dedicated title sites for Sagarmatha's print newspapers. For example, The Star newspaper's website is https://www.iol.co.za/the-star. IOL is in the process of creating unique separate sites for those Independent Media titles with larger audiences. IOL also operates TYI (https://www.tyi.co.za), which was launched in 2015, and is dedicated to delivering news to the youth market.

IOL currently generates its revenue from the sale of advertising (banners, native advertising and video).

Set out below is IOL's unique browser growth across digital platforms in the last three years

Year	Unique browsers	Growth
2014	1 837 082	–
2015	2 078 146	13%
2016	3 348 961	61%
2017	5 522 136	65%

2.3.2 Technologies

IOL has invested in and developed its own website framework and technology. This framework is very closely integrated into IOL's Content Management System ("**CMS**") and has been developed with a mobile and user first approach. The framework can be customised for specific content and targeted audiences. Once a site has an audience, it is migrated onto IOL's in-house custom developed framework. IOL employs a team of developers to enhance the framework. All developments on the framework contribute to the IP of IOL.

2.3.3 Looking forward

IOL's objective is to offer the right content to the right person at the right place. Management plans to roll out the IOL platform across Africa (East, West and North Africa). This expansion will take the form of either partnering with established operators (and using their established brands) or starting new initiatives. The integration with CMS and technology partners means that the IOL framework can be used to quickly launch and scale a new or existing publisher's site, with immediate benefits of optimisation, for the enhancement of content and commercial opportunities.

Management also intends establishing freewalls and paywalls, behind which high value premium content will be offered for a subscription fee or data capturing.

2.4 CLASSIFIEDS MARKETPLACE

Classifieds Marketplace is headquartered in Cape Town and has offices in Johannesburg, Pretoria and KwaZulu-Natal. The CEO is Samantha Naidu, who oversees a staff complement of 180 people.

Classifieds Marketplace has a portfolio with B2B, B2C and C2C offerings across a variety of media products (online and print). It currently has three digital platforms in Motoring, Careers and Property. These products, which were previously print focused, have now been transformed into digital-first offerings. Each platform offers a secure, credible and transparent website. Sites are Search Engine Optimised (SEO), rich and fully responsive, making them accessible across all devices.

2.4.1 Motoring

Classifieds Marketplace launched Drive360 (https://www.drive360.co.za) in August 2017. Drive360 offers the advertiser, as well as the user, a 360 multi-media solution, incorporating print, desktop, mobile, eventing, video and social media, including user generated ratings and reviews. In its first few months of operations, Drive360 has reached over 5 000 unique browsers and Classifieds Marketplace is working to build more traffic, in particular from IOL Motoring's 250 000 unique browsers.

Drive360 offers South African motor vehicle dealers the opportunity to showcase their motoring stock on self-service dealer showrooms. Users of the site can search for vehicles, and other motoring products and services, on a hyperlocal basis. Drive360 aims to cover every element of motoring – cars, 4x4s, bikes, commercial vehicles, spare parts, financing and insurance.

Drive360 competes against Auto Trader, Cars.co.za, Carfind.co.za and Surf4cars.co.za. A key differentiator from its competitors is Drive360's strong and unique motoring content, which is sourced from IOL Motoring, and updated daily. Drive360's objective is to try and answer all the questions a prospective buyer would have before purchasing a motoring related product. Drive360 is integrated into the IOL Motoring site via built-in widgets.

Management believes that dealer reputation and credibility is very important to prospective buyers. Classifieds Marketplace has partnered on a 3-year contract with a US-based reputation management company, Reputation.com (https://www.reputation.com) and is the official re-seller of the reputation tool in South Africa. Reputation.com aggregates online ratings and reviews (across major social media platforms), so that users of Drive360 can see how dealers are rated and reviewed in one place. This tool enables dealers to proactively manage their reputations from a single source, as well as grow their social media audiences with regular postings.

Dealers purchase a virtual showroom on Drive360 starting at R5,500 per monthly, to which they upload and maintain stock. Reputation.com's tool is bundled with the showroom fee. SCM also generates revenues from the sale of other motoring value-added advertising.

Drive360 offers the private seller a free service. This free model creates additional inventory on the site, which assists in creating a viable marketplace environment between buyer and seller. After private sellers upload their vehicles to Drive360, these vehicles sit in an independent showroom, which is only visible to dealers who then bid for these vehicles.

2.4.2 Careers

Classifieds Marketplace launched Talent360 (https://www.talent360.co.za/) in October 2017. Talent360 offers South African employers the opportunity to differentiate themselves as the preferred employer and to advertise vacancies on the site. Like Drive360, the site is anchored on quality editorial content. Content comes from a number of sources, including original content by a team of dedicated writers that are specialists in specific industries. Talent360 also has links running throughout IOL and Business Report, with the aim of providing job seekers with enough information to enable them to make informed decisions.

Talent360 competes against the likes of P Net, Career Junction, Job Mail and Careers24. Unlike its competitors, Talent360's focus is on employers showcasing and profiling themselves as employers of choice to prospective candidates. Job postings must link back to the employers and not to recruitment agents. The site also offers training and development opportunities for training institutes, allowing institutes to market their courses online. This speaks to the journey of the user all the way from the school leaver to the corporate environment.

In addition to the regular job posting service, Talent360 has separate hubs for:

- Profiling government departments and available jobs;
- Training and development, where educational institutions can sell training courses;
- Graduate programmes, where candidates can go to view and apply for internships; and
- Freelancers, to assist them in obtaining employment.

Talent360 generates revenue by offering businesses an opportunity to showcase themselves across various HUBS, such as our graduate internship programs, Government Jobs, and freelance projects. SCM offers mini-sites as well as custom-made recruitment solutions, as well as B2B opportunities for training institutes.

Using Reputation.com's tool, users of Talent360 can see how employers are rated and reviewed in one place. This tool enables employers to proactively manage their reputations from a single source, as well as grow their social media audiences with regular postings.

Classifieds Marketplace offers a recruitment solution, which enables businesses to place vacancies, filter applications, and head hunt active and passive candidates via our talent pool. Businesses can purchase this custom-made recruitment solution based on their needs, which include purchasing CV packages and filtering of candidates.

2.4.3 Property

Sagarmatha Technologies owns 60% of IOL Property JV. IOL Property JV (http://www.iolproperty.co.za/) offers real estate agents and property developers a portal for advertising South African residential properties for sale and rent. Users of the site can search and view approximately 250,000 properties based on location, price and other relevant criteria.

IOL Property JV has approximately 500,000 unique browsers and competes against the likes of Property24.com, Private Property and Property Fox.

IOL Property JV generates revenue by charging its customers (agents and developers) listing fees, and by selling value added advertising on the site.

2.4.4 Looking forward

Classifieds Marketplace plans to disintermediate each of the segments within its portfolio – motoring, careers, property and other specialised services.

This will include removing all pain points in the consumer purchase journey by creating "one stop shops". In motoring, for example, the strategy includes establishing meta-data sites comparing prices, giving professional and user reviews, connecting buyers and sellers and offering, at comparable or discounted prices access to adjacancies around each of those industries, fintech in particular.

The strategy will encompass both transactional marketplaces with a business model that is based on commissions for facilitating the direct buyer-seller transaction as well as end-to-end marketplaces that adds branding and services on top of the transactional model.

At the centre of the strategy is simplifying buyer-seller interactions; building in trust and cutting out the middlemen in internet-based transactions while aggregating data.

Levering data analytics and machine learning capabilities from allied Sagarmatha businesses to track consumer behaviour; a strong marketing strategy that uses Sagarmatha's audience reach to build brands in our portfolio; deep search capabilities that enhances the user experience and proactive reputation management will give Classifieds Marketplace the ability to scale and expand at low marginal cost around the African continent.

Management believes that Classifieds Marketplace is scalable and intends to roll out some of its digital offerings into other African countries.

2.5 BRANDED MEDIA

2.5.1 Overview

Despite the well documented challenges faced by traditional media houses worldwide, they still play a crucial role as a source of news and content discussed on television and radio, and shared digitally and on social media.

Branded Media platforms connect audiences in clearly identifiable market segments, based on location, region, ethnicity and language. The content consumed by audiences is further aggregated into unique niche segments such as business, sport, lifestyle and entertainment. This is either online or in print.

In a technology media environment, Branded Media is a source of prime audiences that can be monetised on new technology platforms including digital and e-commerce.

2.5.2 Sagarmatha Technologies' portfolio

Sagarmatha Technologies, through Independent Newspapers, has one of the largest offerings of Branded Media platforms (online and print) in South Africa. The Branded Media Vertical has a reach of over 12 million people weekly (All Media Products Study – 2015).

Independent Newspapers has over 500 trained content generators and is one of the leading players in the English language reader market in South Africa and owns one of the largest vernacular brands in South Africa. This provides Sagarmatha Technologies with a platform to expand its access to African audiences and markets for its digital and technology offerings.

The Branded Media Vertical's portfolio consists of:

- African focused multi-channel brand – the African Independent brand exists monthly in print and daily in digital format. It is widely distributed on the continent and is a regular media partner at prominent events. The brand has a presence in 18 African countries.
- National focused multi-channel brands – focusing on national news matters, with an emphasis on politics, business, sport and entertainment. These are reputable insightful brands amongst political and business leaders. Popular titles include The Star and The Sunday Independent.
- Regional focused multi-channel brands – comprise daily metro titles which cover daily metro news, business, sport and entertainment. The portfolio covers the major metropolitans in South Africa. Popular titles include Pretoria News, Daily News, Mercury, Cape Argus, Cape Times.
- Hyperlocal focused multi-channel brands – dealing with community specific matters. These are published weekly and the brands are household names having been in existence for decades.
- Vernacular focused multi-channel brands – niche offering in indigenous languages. Isolezwe is the largest vernacular paper in South Africa.
- Magazines – premium consumer focus with some of the most prestigious brands on the continent. Popular publications include GQ, Glamour, House and Garden, Gourmet.

Sagarmatha Technologies recognises the benefits of integrating specialised Branded Media content with new monetisable technology platforms like e-commerce, and further recognises the value of the Independent Media's Branded Media portfolio as a critical component of drawing audiences to its wide array of platforms.

This platform earns revenue from advertising and from sales of newspapers and subscriptions.

ANA Publishing
ANA also operates a boutique publishing house called ANA Publishing with a staff of 18 people. ANA Publishing (http://www.anapublishing.com) produces, publishes and distributes niche magazines like Fast Company South Africa, The Intrepid Explorer, Simply Green and Magenta, and generates revenue from the sale of advertising, subscriptions and the sale of its publications

ANA Publishing also owns and operates African Independent (https://www.africanindy.com/), a daily-updated online, and monthly-print newspaper distributed within South Africa. Management plans to make African Independent the home for the online content offered by the various magazines. This content will be offered behind a paywall.

2.5.3 Looking forward

The Branded Media Vertical's portfolio is concentrated in South Africa. Sagarmatha Technologies intends to acquire branded media assets in other African countries as the Group expands its African audience base. This is expected to complement the Group's e-commerce and Syndicated Content Distribution expansion plans.

Sagarmatha Technologies recognises that customers desire premium content. The Group therefore intends to further invest in its content creating capabilities to attract new and retain existing audiences.

Sagarmatha Technologies also understands the value of integrating specialised content with e-commerce and other specialist digital offerings like classified portals and intends to improve integration within the Group.

2.6 VIDEO AND ENTERTAINMENT

Sagarmatha Technologies owns 100% of ANA Pics. ANA Pics houses Sagarmatha's Video and Entertainment business.

ANA Pics is headquartered in Cape Town. The CEO of ANA Pics is Amit Makan who oversees a staff complement of 46 people.

ANA Pics owns and manages a product called Video360 (https://www.video360.co.za). Video360 is a video sharing site and app similar in many respects to YouTube. Video360 has a uniquely African feel about it with the focus on African content. IOL uses Video360 plugins.

Video360 generates revenue from the sale of advertising that runs before or after videos play.

Video360 went live in September 2017 and showcases daily news stories in video format. The website has not been marketed to the public as yet as it is being further developed technically to include a user generated content mechanism that will see video producers earn a share of revenue from views that we believe will be more preferential than those earned on competitor platforms. Once the technical implementation is completed in February 2018, an aggressive marketing strategy will be implemented to attract video producers to submit content.

Looking forward: Ana Pics plans to launch Video360 as a plug in offered as a value add to African media houses. This will cement partnership agreements with media houses and, more importantly, increase Sagarmatha Technologies' reach across the continent.

ANA Pics sees growth through partnerships and acquisitions. Its future plans are a play in the over the top (OTT) space with a video on demand service that will be a key offering in Sagarmatha Peak.

A new front for growth and expansion is virtual reality, augmented reality and 360 video. To this end ANA Pics has experimented with partners in South Africa to create a value offering in sectors such as property and motoring. Plans include the development of 360 video software and applications as a value-added offering to African media houses.

ANA Pics' plans include the acquisition of film production companies on the continent for the development of original video and films to differentiate its VOD offering from compeitors on the continent.

2.7 PRIME CUSTOM CONTENT SOLUTIONS

2.7.1 Overview

Sagarmatha Technologies has a team of skilled professional editorial writers, designers and artists who comprise Studio Independent, an in-house commercial content team that provides multi-channel content marketing services to brands and service providers.

The chief executive officer of Studio Independent is Vasantha Angamuthu who oversees a team of 98 journalists with skills ranging from writing, editing, content production, graphic arts, photography, video and page design. Studio Independent is a one-stop-shop for content strategy, product development, content development and media buying across all platforms. Its core services include:

- Creating, managing and distributing content, including advertising content, on behalf of advertising clients;
- developing bespoke content campaigns for clients to specific audiences and communities including text, images and video; and
- social media management on campaigns to client owned digital and social platforms or directed to Sagarmatha technologies owned media platforms.

The Company offers a full-service content agency that provides custom solutions, channel management and bespoke product development for advertising clients. It provides prime content which can be monetised through sponsored content, advertising, content production and subscriptions. The following services are on offer:

- 360-degree solutions for campaigns or brands;
- creation of sponsored content for 360-degree advertising solutions. It also serves as a repository for new generation platforms like Augmented Reality linked video, custom content created for clients, and also features clients' own content or links to their sites;
- owns and offers value added channels and formats to advertisers including events, video, augmented reality and other new technology;
- offers branded content and native advertising opportunities to advertisers in print and digital channels;
- offers content services to clients requiring content development and management in all formats; and
- subbing, layout and design services.

This unit charges customers for time spent creating custom content off a rate card or through annuity packages.

2.7.2 Looking Forward

Sagarmatha Technologies will have an opportunity to earn additional advertising revenue should the custom content solutions be distributed via its Branded Media, Digital and Video platforms. Looking forward Studio Independent plans to offer an editorial production service on a low-cost annuity basis to media houses around Africa. This will fill the gaps created in legacy media companies which have shed editorial staff by presenting an outsourced opportunity. Subbing and production services will be offered across all media platforms, including print, digital and social.

2.8 **<u>INTEGRATED LOGISTICS PLATFORMS</u>**

2.8.1 **Sagarmatha Technologies' portfolio**

Sagarmatha Technologies currently has traditional logistics businesses inherited with its legacy traditional media businesses. These service the three major metropolitan areas in South Africa and are skewed towards servicing its print businesses.

The distribution network, though old, has penetration into major retailers, businesses and homes (primarily in urban areas).

Looking Forward

The Company's strategy is to scale up this unit so that it complements the e-commerce strategy through e-delivery (combining physical logistics assets into Loot Online's logistics application), drone delivery service, express courier, freight clearing and forwarding.

2.9 **Additional Expansion Plans**

Sagarmatha Technologies plans to expand via acquisition or organically into the following areas:

2.9.1 **TECHNOLOGY PLATFORM VENTURES**

<u>Data</u>

Sagarmatha Technologies believes data is central to Africa's development and growth agenda as well as central to the growth agenda of the Group. Sagarmatha Technologies' strategy, much of which is in the pipeline, is to acquire and/or build proprietary data warehouse tools and technologies to use within the Sagarmatha Technologies business as well as on-sell to business partners on the continent.

These data technologies and software will mine data from the various Sagarmatha businesses customer touch points for quicker, clearer business decision-making and expansion and will be used to develop consumer intelligence that can be sold on. Sagarmatha Technologies' data business will be, more critically, based on data analytics and intelligence, designed to solve some of the challenges being experienced with accessing data on the African continent.

The strategy is for Sagarmatha Technologies' data business (the Infonomist), is for it to be the primary source of data and intelligence on and from the African continent. It will collect data from a number of free and partner sources, including government information systems, and present it as information to enable decision making.

It is intended that the Infonomist will offer the following services:

- a subscriptions-based on-demand data journalism/visualisation service for global and continental media houses;
- a subscriptions-based data analytics platform including sector reports, investor reports and industry intelligence for global investors, governments and other stakeholders;
- a subscriptions-based data information and analysis platform;
- proprietary data mining software; and
- monthly and quarterly development indices.

The strategy also requires investments in developing data management platforms ("DMP") or entering into partnerships with owners of DMPs to boost Sagarmatha Technologies revenue earning capabilities as higher CPM's are charged to advertisers for more targeted adverts. Another leg of this business is where we are providing other smaller publishers with these capabilities and charging them a fee for this service. Data sets in their own right will be packaged for sale.

<u>Digital marketing services</u>

Sagarmatha Technologies intends to create expertise in digital online marketing, and offer content marketing, search engine optimisation, social media marketing, influencer marketing, digital advertising and website analytics and conversion optimisation to clients to assist in attracting, engaging and converting more customers.

<u>Artificial intelligence</u>

Sagarmatha Technologies intends to invest in self-learning technologies and testing the application of AI within the e-commerce and media landscape. In addition, the Company will invest and evaluate partnerships to better understand machine learning technologies, including voice biometrics.

The Company recently launched the first phase of an AI competition, the "AI Revolution Challenge". The AI Revolution Challenge aims to promote artificial intelligence on the African continent and showcase emerging businesses and top talent working to build expertise in their countries. $1 Million (USD) will be invested in an African Artificial Intelligence startup as part of the AI Revolution Challenge.

<u>Virtual reality</u>

VR is an immersive experience which offers a new platform for audience engagement. Sagarmatha Technologies, through its strategic networks, has access to VR hardware producers which enables the Company to experiment and develop content and software designed for VR platforms. Sagarmatha has already begun investing in VR solutions for IOL Property JV where immersive experiences for home views have been developed.

Augmented reality

AR increases audience engagement with products and services being advertised. The Company already has capabilities which are integrated into the IOL applications, and allow consumers a real-life interaction with varied offline content. Sagarmatha Technologies intends to further develop its own AR software capabilities with a resultant increase in audience engagement enabling the advertisement of products and services in an interactive and first-hand manner.

2.9.2 SCB2B INDUSTRY MARKETPLACE AND B2B REGIONAL AND COUNTRY MARKETPLACE

Supply chain business to business e-commerce is on the increase as technology is now enabling companies to manage their procurement more efficiently via e-commerce platforms. Sagarmatha Technologies intends to create highly scalable platforms using intelligent algorithms to organise businesses according to industries, match and connect buyers and sellers, and facilitate payments and order fulfilment through integrated fintech and logistics.

Through Loot Online, Sagarmatha Technologies has a B2C E-commerce platform which could be extended to SCB2B and B2B e-commerce. The Group intends using a portion of the proceeds from the Private Placement to hire additional software engineers to develop data analytics and intelligent algorithms which will allow the Loot Online platform to match supply and demand, and thereby facilitate trade.

Specific sectors to be targeted will include agriculture, construction, engineering, internet, communications and infrastructure, mining and pharmaceuticals and medical supplies. Businesses will be vetted before being loaded onto the platform. An integrated payments system will enable the easy conclusion of transactions whilst lowering the risk of non-payment and other exchange control hurdles. The intention is to generate revenue by charging businesses a subscription to be on the platform, thereby building an annuity income stream, together with commission on sales conducted through the platform.

Over time, the intention is to extend the platform to be able to offer the following services:

- risk management, including insurance;
- financial services;
- integrated warehouse, logistics and order fulfilment;
- credit control through pre-screening of customers; and
- supply chain management.

SCB2B Industry Marketplace will target customers in the following sectors:

- construction;
- mining;
- engineering;
- agriculture; and
- transportation.

Sagarmatha Technologies intends to develop an e-commerce platform (B2B Regional and Country Marketplace) modelled on the SCB2B Industry Marketplace, which will connect businesses within a particular region or countries trading with each other across industries and business sectors. This could be beneficial in fostering trade with selected trading partners (for example, after signing bilateral trade agreements). In this case, the intelligent algorithms will be adapted to connect businesses searching for specific products with businesses selling the specific products in predefined countries or regions.

Targeted regions include BRICS members, as well as regional economic associations such as the Southern African Development Community, the Economic Community of West African States and the East African Community.

2.9.3 ENTERPRISE TECH SOLUTIONS

Sagarmatha Technologies intends to develop ETS platforms that complement the Company's B2B channels, as they are expected to provide value added services to its business customers. Modelled on global market leaders in cloud computing and web services, the ETS platform, in partnership with the Company's strategic partners, will take the Company's first step into cloud computing.

2.9.4 BOUTIQUE E-TECH AND M-TECH (MOBILE SOLUTIONS

Sagarmatha Technologies intends to venture into eLearning and MOOCs. MOOCs are a form of distance learning, which are open and free for anyone to utilise no matter where they are located. Sagarmatha Technologies intends entering into partnerships with or acquiring prominent suppliers of education solutions and services to academic institutions, companies and governments. The Company's technology team will aim to assist in developing novel, easy, fast and exciting learning solutions.

Revenue is intended to be earned from subscriptions to the online curricula. In addition, the unit will target commission on sale of academic material.

Fintech

Sagarmatha Technologies aims to develop mobile payment systems (m-wallet), cryptocurrencies and other products and services such as insurance and lending arrangements as the basis for providing internet financial services to the segment of the productive African population which is excluded from the mainstream economy, and has little or no access to financial services.

Healthtech

Sagarmatha Technologies intends to offer innovative solutions through the use of technology to transform health system management, specialising in personal genetics where customers' genetic data is analysed and users are provided with personalised information with regard to both fitness and nutrition. Data sets can be analysed with customers' consent and further packaged to provide information to pharmaceutical companies focusing on personalised medicine.

2.9.5 **MOBILE (OUTDOOR) ADVERTISING**

Sagarmatha Technologies recognises mobility advertising as an asset-light form of media platform. The out-of-home advertising market consists of advertisers spending on out-of-home media such as billboards, street furniture (for example bus shelters), transit displays (for example, bus sides, on-train print, taxi wraps), sports arena displays and captive ad networks (in venues such as elevators, bathrooms, etc.), as well as other formats.

Sagarmatha Technologies intends to launch innovative cost-effective solutions to access audiences that couldn't otherwise be reached.

3. ACQUISITIONS AND ACQUISITION PIPELINE

3.1 The SIM Consortia Acquisition

3.1.1 In terms of the SIM Consortia Acquisition, Sagarmatha Technologies will acquire 92% of the issued ordinary shares of Sekunjalo Independent Media as follows:

- from Sekunjalo Independent Media Consortium One Proprietary Limited – 40 ordinary shares constituting 40% of the issued ordinary shares of SIM;
- from Sekunjalo Independent Media Consortium Two Proprietary Limited – 30 ordinary shares constituting 30% of the issued ordinary shares of SIM; and
- from Sekunjalo Independent Media Consortium Three Proprietary Limited – 22 ordinary shares constituting 22% of the issued ordinary shares of SIM.

3.1.2 Sekunjalo Independent Media holds a 55% interest in Independent Media.

3.1.3 The effective date of the SIM Consortia Acquisition will be the date on which the Company notifies SIM Consortia in writing that a SENS announcement with regard to the Lisiting has been or will be released, or if no such SENS announcement is to be released, the second business day following the date on which the Company notifies SIM Consortia that the Listing will proceed.

3.1.4 The purchase price payable by the Company is R672 980 000, which purchase price will be discharged by the Company allotting and issuing to the SIM Consortia such number of Shares at the Private Placement Price which based on the Private Placement price of R39.62 per share equates to 16 985 866 Shares.

3.1.5 The shareholders of Sekunjalo Independent Media Consortium One Proprietary Limited, Sekunjalo Independent Media Consortium Two Proprietary Limited and Sekunjalo Independent Media Three Proprietary Limited are:

Company	Shareholder	Ultimate shareholder/ trustee	Percentage
Sekunjalo Independent Media Consortium One Proprietary Limited	Sekunjalo Investment Holdings Proprietary Limited	Haraas Trust, the beneficiaries of which are Rayhaan Survé and Saarah Surve, Trustee: Iqbal Surve	57.5
	Basebenzi Investments Proprietary Limited	Food and Allied Workers Union	5
	Obagyn Proprietary Limited	Sekunjalo Investment Holdings Proprietary Limited	10
	Copper Sunset Trading Proprietary Limited	Thembekile Khumalo, Lindiwe Ngcobo, Nobuhle Ally and Thoba Dlwati	10
	Bertour Proprietary Limited	Black Business Chamber	5
	Eribex Proprietary Limited	Sekunjalo Investment Holdings Proprietary Limited	12.5

Company	Shareholder	Ultimate shareholder/ trustee	Percentage
Sekunjalo Independent Media Consortium Two Proprietary Limited	Sekunjalo Investment Holdings Proprietary Limited	Haraas Trust, the beneficiaries of which are Rayhaan Surve and Saarah Survé, Trustee: Iqbal Surve	54
	Obagyn Proprietary Limited	Sekunjalo Investment Holdings Proprietary Limited	20
	Kopano Communications Technology Proprietary Limited	Cosatu of which the beneficiaries are the groups of trade unions belonging to Cosatu	10
	Mvezo Development Trust	A community charity trust, the trustees of which are: Mandla Mandela, Suko Dani and Nonkoliseko Sobuza and the beneficiaries of which are the Mvezo community in the Eastern Cape, the hometown of Nelson Mandela.	10
	Umphankaso Ikapa Investments Limited	The Siyolo Development Trust – a community charity trust of which the trustees are: Iqbal Survé, Zoliswa Kota and Louisa Xabela, The Modjadji Development Trust – a community charity trust of which the trustees are: Iqbal Survé, Mziwamadoda Kalako and Patrick Mngxunyeni), and Nadia Kamies and the beneficiaries of which are various communities ranging from womens groups, unemployed people, and townships and rural communities (the trust funds health care projects, educational projects and other broad based social development projects).	6

Company	Shareholder	Ultimate shareholder/ trustee	Percentage
Sekunjalo Independent Media Consortium Three Proprietary Limited	Sekunjalo Investment Holdings Proprietary Limited	Haraas Trust, the beneficiaries of which are Rayhaan Survé, Saarah Survé, Trustee: Iqbal Surve	51
	Umkhonto weSizwe Military Veteran Trust	The beneficiaries of which are a grouping of military veterans and the trustees of which are: Chilton Khoza, Nkopane Motseki, Emmanuel Maphatsoe and Deacon Mathe	9
	Eribex Proprietary Limited	Sekunjalo Investment Holdings Proprietary Limited	5
	Aquarius Interactive Impact Proprietary Limited	Bobby Jean Music SLU (Gavin Bonnar)	9
	Obasat Proprietary Limited	Sekunjalo Investment Holdings Proprietary Limited and ultimately Haraas Trust, the beneficiaries of which are Rayhaan Survé and Saraah Survé	9
	Southern Palace Investment 353 Proprietary Limited	Sandile Zungu	9
	Modjadji African Empowerment Consortium Proprietary Limited	Modjadji Development Trust a community charity trust of which the trustees are: Iqbal Survé, Mziwamadoda Kalako and Patrick Mngxunyeni, Nadia Kamies and Ismet Amod and the beneficiaries of which are various communities ranging from womens groups, unemployed people, and townships and rural communities (the trust funds health care projects, educational projects and other broad based social development projects)	8

The shareholder of Sekunjalo Investment Holdings Proprietary Limited is the Haraas Trust, of whom the trustee is Dr Iqbal Survé and of whom the beneficiaries are Rayhaan Survé and Saraah Survé.

3.1.6 The SIM Consortia Acquisition is subject to the following outstanding condition precedent:

- the Company notifying the SIM Consortia in writing that a SENS announcement with regard to the results of the Private Placement has been or will be released, or if no such SENS announcement is to be released, that the Listing will proceed.

3.2 **The SACTWU SIM Acquisition**

3.2.1 In terms of an asset-for-share agreement entered into on or about 22 November 2017, Sagarmatha Technologies will acquire 8% of the issued ordinary shares of Sekunjalo Independent Media from SACTWU and all of the claims of SACTWU against Sekunjalo Independent Media. Sekunjalo Independent Media holds a 55% interest in Independent Media.

3.2.2 The effective date of the acquisition will be the the date on which the Company notifies SACTWU in writing that a SENS announcement with regard to the Listing has been or will be released, or if no such SENS announcement is to be released, the second business day following the date on which the Company notifies SACTWU that the Listing will proceed.

3.2.3 The purchase price payable by the Company is R334 164 627, which purchase price will be discharged by the Company allotting and issuing to SACTWU such number of Shares at the Private Placement Price, which based on the Private Placement price of R39.62 per Share, equates to 8 434 241 Shares.

3.2.4 The acquisition is subject to the following outstanding condition precedent: the SIM Consortia Agreement becoming unconditional.

3.3 **Effect of Acquisitions**

Prior to the Acquisitions, SIM held 55% of the issued share capital of Independent Media. After the Acquisitions, Sagarmatha will hold 100% of SIM, and 55% of the issued share capital of Independent Media by virtue of SIM being a wholly-owned subsidiary post the Acquisitions.

3.4 **Nature of business of SIM and Independent Media**

SIM and Independent Media operate as newspaper publishers, printers and distributors of daily and weekly newspapers in the major metropolitan areas of South Africa and have an interest in digital media operations. The newspaper stable includes 18 paid daily and weekly newspapers with products covering the daily morning and afternoon markets as well as the Saturday markets in South Africa's major metropolitan areas. In addition, it owns and publishes 14 local community newspapers that are delivered free to homes in Cape Town and has investments in Gauteng, KwaZulu-Natal and Eastern Cape.

3.5 **Acquisition pipeline**

As part of Sagarmatha Technologies' growth strategy, it will expand its presence and offering across the African continent through partnerships, acquisitions of businesses and platforms that are complementary to the fourteen Verticals that form part of the Sagarmatha ecosystem. Most of these target companies have been identified with certain at various stages of negotiations and/or due diligence, with agreements expected to be concluded post the Listing. To ensure smooth transitioning into the Group, Sagarmatha Technologies also ensures that the companies it targets, align with the Sagarmatha Technologies Group's philosophy of creating a multi-sided technology platform business.

Whilst negotiations with below companies are at various stages of conclusion, there is no certainty that the transactions referred to below will be concluded. High level detail of these companies is set out below.

3.5.1 Company A

Company A is one of Southern Africa's leading players in the e-commerce arena. Company A provides an e-commerce platform for individuals and companies. This platform offers a safe, secure shopping environment and has a number of e-commerce enablers for new market entrants and established players.

3.5.2 Company B

Company B is a fast-growing South African platform company that connects customers to restaurants. Online food delivery is revolutionising this sector and Company B is an emerging player in this space. This service is available on desktop/ mobile applications and serves many major cities in the territory.

3.5.3 Company C

Company C has developed an innovative payment platform that caters for online shopping and account payment. Company C's payment platform provides customers with a smart, safe and simple way to pay using cash, debit or credit cards at any payment outlets in their national network. The company uses a patented barcode and SMS platform.

3.5.4 Company D

Company D is a leading e-commerce market place on the African continent that has been instrumental in developing a rich e-commerce ecosystem. Company D has a seller network that supports key categories like clothing, shoes, electronics, home and beauty.

3.5.5 Company E

Company E is a pioneer in self learning technologies and testing the application of AI within the media landscape. It is investing and entering into partnerships to better understand machine learning technologies. AI and big data is a future high growth online vertical and there are no dominant competitors in Africa.

3.5.6 Company F

Company F is a leader in voice biometrics. Its proprietary technology allows it to perform biometric identification remotely. It has the potential to become the largest store of biometric information across Africa. Speech related AI technologies are a fast-growing part of enterprise customer engagement and analytics budgets. The company's voice AI solutions:

- combine best-in-class speech, neuro-linguistic programming and voice biometric technologies into a unified multi-engine platform -which is unique in the industry; and
- reduce complexity through unified: application programming interfaces software tools, software updates, single vendor support, bundled pricing

3.5.7 Company G

Company G is a drone leasing, planning, management and data capturing company that uses its drones extensively in Africa with clients currently in the public, agricultural and defense sectors. Company G has strong relationships with government authorities and is committed to responsible drone usage, is therefore in a position to operationalise e-commerce drone deliveries, gather unique data and aerial video content that can be monetized. Company G is also the only company in Africa to offer a certified drone training programme.

3.5.8 Company H

Company H is a pioneer in using blockchain technology to develop a commodity backed cryptocurrency. It aims to modernise commodities exchange on the African continent and allow African farmers easier entry into the global economic mainstream. Company H's technology is being developed by a team of leaders in blockchain technologies and with a strong African background.

3.5.9 Company I

Company I is a film and cinematic production company (including virtual reality and 360-degree video) specialising in African entertainment and edutainment including TV series, documentary, short films and feature length films.

3.5.10 Company J

Company J is an over the top ("**OTT**") TV and video platform company providing an integrated suite of technology which allows OTT-providers to expand their monetization options and use analytics to gather insights that drive digital video revenue.

3.5.11 Company K

Based in South Africa, Company K is one of the leading publishers in the classified advertising space with B2C, C2C and B2B offerings. Company K publishes a number of classified related titles through varying media (online and offline). Advertising space is sold to customers and businesses wanting to connect with consumers of their general goods and services. Advertisements are accepted via mobile, phone, and internet, ensuring that the biggest number of classified advertisements are published, making it attractive to prospective buyers accessing the classified content.

3.5.12 Company L

Company L's primary aim is to source and provide affordable product options to South Africans with B2C, B2B offerings for mobile, broadband, banking and insurance. Through their research of all the markets, they are able to comprehensively provide comparisons in areas such as insurance, cell phone or broadband contracts, and new credit card applications. The acquisition of Company L will benefit all Verticals by offering a value-added service to the user, creating the one stop shopping experience.

3.5.13 Company M

Company M is the largest private media house in East and Central Africa and operates in Kenya, Tanzania and Uganda. It has operations in print, broadcast and digital media, which attract and serve unparalleled audiences in the region.

3.5.14 Company N

Company N is the central news syndication distributor in West Africa. The main subscribers include major newspapers, radio and television stations, diplomatic missions, corporate and government institutions.

3.5.15 Company O

Company O is a state-run national news agency in East Africa. It has over 70 journalist that produce multimedia content which is disseminated nationally. Subscribers include news media companies in Kenya and around the world. Their services also include electronic/TV news unit, mobile inema and photographic services.

4. COMPANY STRUCTURE

4.1 Company structure

The Company structure is set out in **Annexure 2**.

4.2 Subsidiaries

4.2.1 As at the Listing Date and assuming that the Acquisitions have been implemented, Sagarmatha Technologies will have 13 subsidiaries.

4.2.2 The name, registration number, place of incorporation, date of incorporation and other information in respect of Sagarmatha Technologies' major subsidiaries are set out in **Annexure 3**, together with details of inter-group loans and borrowings.

4.3 Share capital

Information regarding the issued Shares, Shareholders holding in excess of 5% of the issued Shares pursuant to the Private Placement, the Acquisitions and other ancillary information is set out in **Annexure 4**.

4.4 Memorandum of Incorporation

Extracts from the memorandum of incorporation of Sagarmatha Technologies are set out in **Annexure 5**.

5. PROSPECTS

The Board believes that Sagarmatha Technologies is well positioned to be able to create significant growth in its portfolio of assets over the next 5 years and into the future. The capital raised through the Private Placement is expected to assist the Company in implementing its emerging market growth strategy to own and invest in proprietary technology platforms, as well as to acquire technology and media businesses that complement its existing businesses.

6. DIRECTORS, SENIOR MANAGEMENT AND KEY SERVICE PROVIDERS

6.1 Board of Directors

Name and age	Role	Nationality	Qualification	Business Address
Paul Lamontagne (58)	Non-Executive Chairman	Canadian	BA (McGill), MBA (Institut d'Etudes Politiques de Paris)	12A The Valley Walk, Constantia, Cape Town, 7806
Takudzwa Hove (35)	Chief Financial Officer	Zimbabwean	BCom (Hons) Accounting (NMU), CA(SA), ACMA, CGMA	10th Floor, Convention Tower, Heerengracht, Foreshore, 8001
Grant Fredericks (45)	Joint Chief Executive Officer	South African	BCom (Hons) NDip (Marketing Management)	10th Floor, Convention Tower, Heerengracht, Foreshore, 8001
Gary Hadfield (51)	Joint Chief Executive Officer	South African	NHD Marketing, Harvard University Executive Program	10th Floor, Convention Tower, Heerengracht, Foreshore, 8001
Valentine Dzvova (35)	Executive director – Corporate Services	Zimbabwean	BCom (UCT), PGDA (UCT), CA(SA), CIA	10th Floor, Convention Tower, Heerengracht, Foreshore, 8001
Harold E Doley III (49)	Non-executive director *	American	BA (Columbia University), Masters in Professional Studies (Cornell University)	9th Floor, 333 East 38th Street, New York, United States of America
Arthur Johnson (49)	Non-executive director	South African	BCom LLB	Claremont Central, 8 Vineyard Road, Claremont, 7700
Alan Ipp (75)	Non-executive director *	South African	CA(SA)	8 Avenue Branksome, Fresnaye, 8005
Dr Aisha Pandor (32)	Non-executive director *	Botswanan	PhD Human Genetics, PGBA	3 Lutgens Road, Rondebosch, Cape Town, 7700
Dr Sibongiseni Tunzelane (39)	Non-executive director *	South African	PhD Information Systems (UCT)	11 Ulana Close, Amatola View, Bisho, 5605
Rosemary Mosia (50)	Deputy Chairperson *	South African	BCom (UN), PDM (Wits), Crim Just in Acc (RAU), BCTA (RAU), MBL (UNISA)	66 Loch Road, Rondebosch, 7700
Aziza Amod (56)	Non-executive director	South African		26 Mayfield Avenue, Rondebosch, 7700

* independent

Annexure 1 contains the following additional Director information:

6.1.1 a brief curriculum vitae of each Director;

6.1.2 information concerning the appointment, remuneration, terms of office, and borrowing powers of the Directors;

6.1.3 Directors' declarations; and

6.1.4 Directors' other directorships and partnerships.

6.2 **Senior Management**

Name and age	Role	Nationality	Group company employed by	Qualification	Business Address
Grant Fredericks (45) (appointed 1 February 2016)	Group Executive – Syndicated Content Distribution	South African	Sagarmatha Technologies	BCom (Hons) NDip (Marketing Management)	10th Floor, Convention Tower, Heerengracht, Foreshore, 8001
Gary Hadfield (51) (appointed 1 January 2011)	Group Executive – E-commerce	South African	Sagarmatha Technologies	NHD Marketing, Harvard University Executive Program	10th Floor, Convention Tower, Heerengracht, Foreshore, 8001
Walter Madzonga (32) (appointed 1 April 2016)	Divisional Head – Digital Media Online and Chief Digitization Officer	Zimbabwean	IOL	BEng (Electrical), MBA	10th Floor, Convention Tower, Heerengracht, Foreshore, 8001
Howard Plaatjes (54) (appointed 1 April 2014)	Divisional Head – Branded Media	South African	Independent Media	BCom Hons (UCT),	10th Floor, Convention Tower, Heerengracht, Foreshore, 8001
Wesley Diphoko (35) (appointed 1 April 2017)	Divisional Head – E-Tech Platform Ventures and Chief Innovation Officer	South African	IOL	BCom (IS) (UWC)	10th Floor, Convention Tower, Heerengracht, Foreshore, 8001
Amit Maken (36) (appointed 1 February 2016)	Divisional Head – Video and Entertainment	South African	ANA Pics	BBusSci Hons (Marketing and Economics), MA (Public Policy and Administration), MA (Film and Media Studies)	10th Floor, Convention Tower, Heerengracht, Foreshore, 8001
Vasantha Angamuthu (49) (appointed 1 January 2014)	Divisional Head – Prime Custom Content	South African	Independent Media	NDip (Journalism) (Durban University of Technology)	10th Floor, Convention Tower, Heerengracht, Foreshore, 8001
Sandy Naude (63) (appointed 1 January 2017)	Divisional Head – Africa Community Media	South African	Africa Community Media	Advanced Marketing Diploma (University of Berkeley) (SA Division), Social Media Diplomas (UCT Graduate School of Business)	10th Floor, Convention Tower, Heerengracht, Foreshore, 8001

Curricula vitae of the senior management team are set out in **Annexure 1**.

6.3 **Key Service Providers**

6.3.1 The company Secretary is Fredelaine Elna Cindy Brand, LLB.

Annexure 20 contains full disclosure with regard to the relationship between the Board and the company secretary.

6.3.2 In addition to the above, it is envisaged that the Company will outsource a number of functions to specialist third-party service providers. Such service providers may include without limitation: investor relations managers; legal counsel; accountants and auditors; administration and financial service providers; and bankers.

7. HISTORICAL FINANCIAL INFORMATION

7.1 The audited historical financial statements of Sagarmatha Technologies for the three years ended 31 December 2016, 2015 and 2014 are set out in **Annexure 7**. BDO's report on this historical financial information is set out in **Annexure 8**. It is envisaged that the reviewed provisional financial statements of Sagarmatha Technologies for the year ended 31 December 2017 will be published on SENS prior to the Listing Date and that the audited financial statements of Sagarmatha Technologies for the year ended 31 December 2017 will be published on SENS during April 2018.

7.2 The reviewed interim financial information of Sagarmatha Technologies for the six months ended 30 June 2017, is set out in **Annexure 9**. BDO's report on this interim financial information is set out in **Annexure 10**.

7.3 The audited historical financial statements of Sekunjalo Independent Media for the three years ended 31 December 2016, 2015 and 2014 are set out in **Annexure 11**. BDO's report on this historical financial information is set out in **Annexure 12**.

7.4 The reviewed interim financial information of Sekunjalo Independent Media for the six months ended 30 June 2017, is set out in **Annexure 13**. BDO's report on this interim financial information is set out in **Annexure 14**.

7.5 The preparation of the historical financial information is the responsibility of the Directors.

8. *PRO FORMA* FINANCIAL INFORMATION

8.1 The *pro forma* statement of financial position and *pro forma* statement of comprehensive income of Sagarmatha Technologies is set out in **Annexure 15**. The Independent Reporting Accountants' report on the *pro forma* statement of financial position and *pro forma* statement of comprehensive income is set out in **Annexure 16**.

8.2 The *pro forma* statement of financial position and *pro forma* statement of comprehensive income, including the assumptions on which they are based and the financial information from which they have been prepared, are the responsibility of the Directors.

8.3 The *pro forma* financial effects have been prepared for illustrative purposes only, and because of their nature, may not give a fair reflection of Sagarmatha Technologies' financial position, changes in equity and results of operations after the implementation of the proposed transactions.

9. INDEPENDENT EXPERT REPORT

The report of the Independent Expert on the value of Sagarmatha Technologies is set out in **Annexure 22**.

10. DIVIDENDS AND DISTRIBUTIONS

It is the current intention of the Company to re-invest profits in future growth.

Shareholders are referred to **Annexure 5** which contains extracts from the Memorandum of Incorporation of the Company with regard to dividends and distributions.

11. ACQUISITIONS AND DISPOSALS

Save for the acquisition of those assets set out in paragraph 3 of the Pre-listing Statement and **Annexure 19**, no material immovable properties, fixed assets, securities and/or business undertakings have been acquired or disposed of by the Company since incorporation nor are in the process of being or are proposed to be acquired or disposed of by the Company (or which the Company has an option to acquire) in the three years prior to the Last Practicable Date.

12. ADVANCES, LOANS AND BORROWINGS

12.1 Details of all material loans and borrowings of the Sagarmatha Technologies Group as at the Last Practicable Date are set out in **Annexure 17**. Save as set out in **Annexure 17** no material loans were advanced by or to the Sagarmatha Technologies Group (including by the issue of debentures) as at the Last Practicable Date.

12.2 None of the material borrowings set out in **Annexure 17** have any redemption or conversion rights attaching to them.

12.3 As at the Last Practicable Date:

12.3.1 save as set out in **Annexure 17**, no Shareholders' loans were recorded in the Company's statement of financial position;

12.3.2 there is no loan capital outstanding;

12.3.3 no loans have been made or security furnished by the Company to or for the benefit of any Director or manager or associate of any Director or manager of the Company;

12.3.4 save as set out in **Annexure 17**, there were no inter-company loans or other financial transactions;

12.3.5 save as set out in **Annexure 17**, no charge or mortgage has been created over any assets of the Company;

12.3.6 no loans are repayable within the next 12 months; and

12.3.7 there were no outstanding convertible debt securities.

SECTION THREE – TAXATION

13. TAXATION

The following summary describes certain tax consequences of the subscription for and the purchase, ownership and disposition of the Ordinary Shares. It is not a complete description of all the possible tax consequences of such subscription purchase, ownership or disposition. This summary is based on the laws as in force and as applied in practice on the Last Practicable Date and is subject to changes to those laws and practices subsequent to such date. You should consult your own advisors as to the tax consequences of the subscription for and the purchase, ownership and disposal of Ordinary Shares in light of your particular circumstances.

13.1 Residence-based system of taxation

Residents of South Africa are taxed on their worldwide income and capital gains, whereas non-residents are taxed only on income sourced in South Africa or deemed to be from a source in South Africa and only on certain capital gains.

13.2 Dividend definition

A "dividend" is broadly defined as meaning any amount transferred or applied by a company that is a resident for the benefit or on behalf of any person in respect of any share in that company, whether that amount is transferred or applied: (a) by way of a distribution made by; or (b) as consideration for the acquisition of any share in that company. However, a dividend does not include any amount so transferred or applied to the extent that the amount so transferred or applied: (i) results in a reduction of the contributed tax capital of the company; (ii) constitutes shares in the company; or (iii) constitutes a general repurchase by the company of its shares listed on the exchange operated by the JSE.

Contributed tax capital, in its basic form, will comprise amounts received by or accrued to a company as consideration for the issue of its shares. This would therefore typically be share capital and share premium or stated capital (excluding any portion thereof which comprises capitalised reserves).

13.3 Dividend income

Dividends declared by a South African tax resident company are generally exempt from income tax in the hands of the recipient, but there are various anti-avoidance provisions and other specific provisions that deny the income tax exemption in relation to certain dividends with the result that they are treated as taxable income.

13.4 Dividends tax

Dividends tax is a withholding tax that is levied on the payment of any amount by way of a dividend, subject to certain exemptions. Dividends tax is triggered by the payment of a dividend, in the case of listed companies, and is levied at the rate of 20%. While the company paying the dividend has the obligation to withhold the dividends tax, the liability for the tax is that of the beneficial owner of the dividend (where the dividend does not consist of a distribution of an asset *in specie*).

There are various exemptions available in respect of dividends tax, subject to meeting administrative formalities within prescribed timeframes. The most notable exemption is in respect of dividends paid to a beneficial owner that is a South African resident company.

13.5 Disposal of shares

The disposal of shares will give rise to either a capital or revenue receipt or accrual in the hands of the person disposing of such shares. As dealt with further below, capital gains are subject to a lower effective tax rate than revenue amounts. This is because only a portion (the inclusion amount) of a capital gain is included in a taxpayer's taxable income and then subjected to normal income tax. In determining whether the amount derived from the disposal of such shares is of a capital or revenue nature, regard should be had to case law and section 9C of the Income Tax Act. Section 9C in general deems any amounts received or accrued from the disposal of shares to be capital in nature if the taxpayer immediately prior to such disposal had been the owner of that share for a continuous period of at least three years, subject to certain exclusions.

Where section 9C is not applicable to particular shares, then the capital or revenue nature of the amount derived from the disposal of the shares must be determined by applying the common law tests that the South African Courts have formulated, among other things, the intention of the holder of the shares in acquiring, holding and disposing of the shares. Profits derived from the disposal of South African shares held as long-term investments are generally regarded as profits of a capital nature.

A non-resident Shareholder may be subject to South African income tax to the extent that it derives South African sourced income from trading in shares and such income is attributable to a permanent establishment of that non-resident (subject to relief in terms of an applicable double taxation agreement).

Residents of South Africa are subject to CGT in respect of gains made on the disposal of their worldwide assets.

In the ordinary course, non-resident Shareholders may not be subject to South African capital gains tax (CGT) on the disposal of their shares. However, to the extent that a non-resident Shareholder disposes of an "interest" in immovable property (see below), then such non-resident Shareholder may be subject to CGT (subject to relief in terms of an applicable double taxation agreement).

An "interest" in immovable property includes any equity shares held by a person in a company or a person's ownership or the right to ownership in any other entity or vested interest of a person in any assets of any trust if (i) 80% or more of the market value of those equity shares, ownership or right to ownership or vested interest, as the case may be, at the time of disposal thereof is attributable directly or indirectly to immovable property held otherwise than as trading stock; and (ii) in the case of a company or other entity, that person (whether alone or together with a connected person) directly or indirectly, holds at least 20% of the equity shares in the company or ownership or right to ownership of that other entity.

13.6 Tax rates

The following table sets out the normal income tax rates (expressed as a percentage) applicable to certain taxpayers, the prescribed portion of a capital gain that would be included in a taxpayer's taxable income, and, consequently, the effective rate at which capital gains are taxed.

Type of taxpayer	Statutory income tax rate on taxable income (%)	Prescribed portion of the capital gain included in taxable income (%)	Maximum effective rate on capital gains (%)
Individuals	0-45	40	18
Trusts			
Special	0-45	40	18
Other	45	80	36
Life assurers— Individual policyholder fund	30	40	12
Company policyholder fund	28	80	22.4
Corporate fund	28	80	22.4
Untaxed policyholder fund	0	0	0
Risk policy fund	28	80	22.4
Companies	28	80	22.4
Permanent establishments (branches)	28	80	22.4

13.7 Corporate tax

The corporate tax rate is presently 28% of taxable income.

13.8 Securities Transfer Tax ("STT")

STT is levied in respect of every transfer of any security (which includes a share in a company) issued by a close corporation or company incorporated, established or formed inside South Africa; or a company incorporated, established or formed outside South Africa and listed on an "exchange" as contemplated in the FMA. Due to the fact that Sagarmatha Technologies is a company incorporated in South Africa every transfer of its shares will be subject to STT (unless an exemption applies).

STT is imposed in respect of the "transfer" of shares (including the cancellation or redemption of a share, unless the company which issued the shares is being wound up, liquidated or deregistered or its corporate existence is being finally terminated) at the rate of 0.25% of the "taxable amount" of such shares. The "taxable amount" is determined differently depending on whether the shares are listed or unlisted. In the case of listed shares, where the shares are purchased through or from a member, the taxable amount is the consideration for which the shares were purchased. Where any transfer of listed shares is effected by a participant or in any other case (other than via a member), the taxable amount is the amount of the consideration for those shares declared by the person who acquired the shares, or if no amount of consideration is declared or if the amount so declared is less than the lowest price of those shares, the closing price of the shares.

When listed securities are bought or transferred through or from a Shareholder or CSDP, the Shareholder or CSDP is liable for the tax. That Shareholder or CSDP may, however, recover the tax payable from the persons to whom the securities were transferred. The transfer of any other listed security will result in the person to whom the security is transferred being liable for the tax. The tax must, however, be paid through the member or participant holding the security in custody. Should this not be the case, the tax must be paid through the company that issued the listed security.

The definition of "transfer" excludes the issue of a share and hence no STT is payable on the issue of a share.

SECTION FOUR – DETAILS OF THE PRIVATE PLACEMENT

14. PURPOSES OF THE PRIVATE PLACEMENT AND THE LISTING

14.1 The main purposes of the Private Placement and the Listing are to:

14.1.1 Raise capital of up to R7 500 000 000 to be used as outlined in paragraph 17 of the Pre-listing Statement;

14.1.2 obtain a spread of investors in order to enhance the liquidity and tradability of the Shares;

14.1.3 provide the Company with a platform to raise funding to pursue growth and investment opportunities in the future; and

14.1.4 enhance the public profile and general public awareness of the Company.

14.2 The main purposes of this Pre-listing Statement are to:

14.2.1 provide Invited Investors with relevant information relating to the Company;

14.2.2 communicate the strategy and the objectives of the Group; and

14.2.3 set out the salient details of the Private Placement and the procedure for participating therein.

15. SALIENT DATES AND TIMES

	2018
Pre-listing Statement made available	Wednesday, 28 March
Abridged Pre-listing Statement released on SENS	Wednesday, 28 March
Opening date of Private Placement (09:00)	Wednesday, 28 March
Abridged Pre-listing Statement published in the press	Thursday, 29 March
Closing date of the Private Placement (12:00)	Thursday, 29 March
Results of the Private Placement released on SENS	Tuesday, 3 April
Notification of allotment on or from	Tuesday, 3 April
Results of the Private Placement published in the press	Wednesday, 4 April
Accounts at CSDP or broker updated and debited in respect of dematerialised Shareholders	Friday, 6 April
Listing date – Sagarmatha Technologies Shares listed and commence trading on the JSE (at 09:00)	Friday, 6 April

The dates and times in this Pre-listing Statement are subject to change and any changes will be communicated on SENS and in the press.

16. PARTICULARS OF THE PRIVATE PLACEMENT

16.1 **Details of the private placement**

16.1.1 The Private Placement to raise up to R7 500 000 000 is being presented to Invited Investors only for up to 189 298 334 Private Placement Shares at an issue price of R39.62 per Private Placement Share.

16.1.2 The Private Placement Shares issued in terms of this Pre-listing Statement will be allotted and issued subject to the provisions of the MOI and will rank *pari passu* in all respects including dividends, with all existing issued shares in the Company.

16.1.3 There are no convertibility or redemption provisions relating to any Shares.

16.1.4 The Private Placement Shares will be issued in dematerialised form only. No certificated Private Placement Shares will be issued.

16.1.5 No fractions of Private Placement Shares will be offered in terms of the Private Placement.

16.2 **Conditions to which the Private Placement and the Listing is subject:**

16.2.1 The Private Placement is subject to the Company having satisfied the Listings Requirements regarding the spread of public shareholders, being a minimum of 20% of the issued Shares being held by public shareholders, a minimum of R3 billion being raised in terms of the Private Placement and to the publication of the reviewed provisional financial statements of Sagarmatha Technologies for the year ended 31 December 2017 on SENS prior to the Listing Date.

16.2.2 If the conditions fail, the Private Placement shall not be of any force or effect and no person shall have claim whatsoever against the Company, the Company's advisors, their respective affiliates or any other person as a result of the failure of the condition.

16.2.3 In the event that the Private Placement raises less than the maximum amount of R7 500 000 000 that could be raised in terms of the Private Placement, the Company will adjust the application of proceeds accordingly.

16.3 **Irrevocable Undertakings**

As at the Last Practicable Date, the parties set out below have provided irrevocable commitments to subscribe for Private Placement Shares on Listing, as set out below:

Name of Party	Total private placement consideration
James Beeland Rogers, Jr (Beeland Interests Inc)	Not less than R100 000 000 and up to a maximum of R150 000 000
Harold E. Doley, Jr	Not less than R100 000 000 and up to a maximum of R150 000 000
Leonardo Nicolo Altini	Not less than R50 000 000 and up to a maximum of R100 000 000
Nadia Kamies	Not less than R50 000 000 and up to a maximum of R100 000 000
Selwyn Lewis	Not less than R50 000 000 and up to a maximum of R100 000 000

16.4 **Procedures for acceptance**

16.4.1 The Private Placement is open to Invited Investors only. Only certain limited institutional asset managers, pension fund managers, family offices and high net worth individuals will be invited to participate in the Private Placement.

16.4.2 Invited Investors are to provide Vunani their completed Application Form by 17:00 on Thursday, 29 March 2018. Invited Investors will be informed of their allocated Private Placement Shares, if any, on or from Tuesday, 3 April 2018. Invited Investors must make the necessary arrangements to enable their CSDP or broker, as the case may be, to make payment for the allocated Private Placement Shares on the settlement date. The allocated Private Placement Shares will be transferred, on a 'delivery-versus-payment' basis, to successful applicants on the settlement date, which is expected to be April, 6 April 2018.

16.4.3 The following parties may not participate in the Private Placement:

16.4.3.1 any person who may not lawfully participate in the Private Placement; and/or

16.4.3.2 any investor who has not been invited to participate; and/or

16.4.3.3 any person acting on behalf of a minor or deceased estate.

16.4.4 No applications will be accepted after 17:00 on Thursday, 29 March 2018. Tuesday, 3 April 2018 will be reserved for auditing the applications.

16.4.5 Applications must be for a minimum subscription of R1 000 000 per investor acting as principal.

16.4.6 Applications submitted by Invited Investors are irrevocable and may not be withdrawn once received by Vunani.

16.4.7 Application Forms must be completed in accordance with the provisions of this Pre-listing Statement and the instructions contained in the Application Form.

16.4.8 Copies or reproductions of the Application Form will be accepted at the discretion of the Directors of the Company.

16.4.9 Any alterations on the Application Form must be authenticated by full signature.

16.4.10 Receipts will not be issued for applications, application monies or supporting documents received.

16.4.11 Each application will be regarded as a single application.

16.4.12 Other than as detailed in the Application Form, no documentary evidence of capacity to apply need accompany the Application Form, but the Company reserves the right to call upon any applicant to submit such evidence for noting, which evidence will be held on file with the Company or the Transfer Secretaries or returned to the applicant at the applicant's risk.

16.4.13 The Directors of the Company reserve the right to accept or refuse any applications, either in whole or in part, or to abate any or all applications (whether or not received timeously) in such manner as they may, in their sole and absolute discretion, determine:

16.4.13.1 applications from non-invited investors may be rejected;

16.4.13.2 applications for amounts exceeding the target capital raise may be amended or rejected; and

16.4.13.3 applications where proof of funding (if required) is not provided, may be rejected.

16.5 **Issue and allocation of Private Placement Shares**

16.5.1 All Private Placement Shares subscribed for in terms of this Pre-listing Statement will be issued at the expense of Sagarmatha Technologies.

16.5.2 It is intended that notice of the allocations will be given on Tuesday, 3 April 2018.

16.5.3 Successful applicants' accounts with their CSDP or broker will be credited with the allocated Private Placement Shares on the settlement date on a 'delivery-versus-payment' basis.

16.6 **Payment for and delivery of the Private Placement Shares**

16.6.1 No payment should be submitted with the Application Form delivered to Vunani. Applicants must make the necessary arrangements to enable their CSDP or broker to make payment for the allocated Private Placement Shares on the Settlement Date which is expected to be Friday, 6 April 2018, in accordance with each applicant's agreement with their CSDP or broker.

16.6.2 The allocated Private Placement Shares will be transferred, on a 'delivery-versus-payment' basis, to successful applicants on the Settlement Date, which is expected to be April, 6 April 2018.

16.6.3 The applicant's CSDP or broker must commit to Strate to the receipt of the applicant's allocation of Private Placement Shares against payment on Thursday, 5 April 2018.

16.6.4 On the Settlement Date, the applicant's allocation of Private Placement Shares will be credited to the applicant's CSDP or broker against payment during the Strate settlement runs, prior to the opening of the market.

16.6.5 The CSDP or broker concerned will receive and hold the dematerialised Private Placement Shares on the applicants' behalf.

16.6.6 In the event that the Listing does not proceed, the Private Placement Shares will not be issued to investors and no funds will be transferred to the Company.

16.7 **Warranties and Representations**

Any Invited Investor applying for or accepting the Private Placement Shares in the Private Placement shall be deemed to have represented to Sagarmatha Technologies that such investor was in possession of a copy of this Pre-listing Statement at that time. Any person applying for or accepting Private Placement Shares on behalf of an Invited Investor shall be deemed to have warranted and represented to Sagarmatha Technologies that they are duly authorised to do so and that they and the Invited Investor for whom they are acting as agent are duly authorised to do so in accordance with all relevant laws and such person guarantees the payment of the Private Placement Price and that a copy of this Pre-listing Statement was in the possession of the Invited Investor for whom they are acting as agent.

16.8 **Applicable law**

The Private Placement, applications, allocations and acceptances will be exclusively governed by the laws of South Africa and each Invited Investor will be deemed, by applying for Private Placement Shares, to have consented and submitted to the jurisdiction of the courts of South Africa in relation to all matters arising out of or in connection with the Private Placement.

16.9 **Strate**

16.9.1 Shares may be traded on the JSE in electronic form only (as dematerialised Shares) and will be trading for electronic settlement in terms of Strate immediately following the Listing.

16.9.2 Strate is a system of "paperless" transfer of securities. If you have any doubt as to the mechanics of Strate please consult your broker, CSDP or other appropriate advisor. In addition, you are referred to the Strate website (http://www.strate.co.za) for more detailed information.

16.9.3 Some of the principal features of Strate are:

16.9.3.1 electronic records of ownership replace certificates and physical delivery of certificates;

16.9.3.2 trades executed on the JSE must be settled within three business days;

16.9.3.3 all investors owning dematerialised Shares or wishing to trade their securities on the JSE are required to appoint either a broker or a CSDP to act on their behalf and to handle their settlement requirements; and

16.9.3.4 unless investors owning dematerialised Shares specifically request their CSDP to register them as an "own name" holder (which entails a fee), their respective CSDP's or broker's nominee company holding Shares on their behalf, will be the holder (member) of the Company and not the investor. Subject to the agreement between the investor and the CSDP or broker (or the CSDP's or broker's nominee company), generally in terms of the rules of Strate, the investor is entitled to instruct the CSDP or broker (or the CSDP's or broker's nominee company), as to how it wishes to exercise the rights attaching to the Shares and/or to attend and vote at shareholder meetings.

16.10 **Over subscription**

16.10.1 The maximum number of Shares that can be subscribed for and/or purchased in terms of the Private Placement is 189 298 334. Subject to that maximum, there is no maximum number of Shares that can be subscribed for per applicant.

16.10.2 In the event of an oversubscription for Private Placement Shares, the Board shall, in its sole discretion, determine an appropriate allocation mechanism, taking into account the spread requirements of the JSE, the liquidity of the Shares and considering the potential Shareholder base that the Board wishes to achieve and whether or not the Board considers it appropriate to grant preferential allocation to any applicant or group of applicants.

16.10.3 Depending upon the level of demand, Invited Investors may receive no Private Placement Shares or fewer than the number of Private Placement Shares applied for. Any dealing in Shares prior to delivery of the Private Placement Shares is entirely at the Invited Investor's own risk.

16.11 **Simultaneous issues**

No Shares are to be issued simultaneously with the issue of Private Placement Shares for which application is being made, with the exception of the Shares issued as consideration for the Acquisitions**.**

16.12 **Underwriting**

The Private Placement will not be underwritten.

17. USE OF PROCEEDS

17.1 Assuming that R7 500 000 000 is raised in terms of the Private Placement, it is anticipated that the proceeds will be applied as follows:

17.1.1 R500 000 000 in working capital, in particular for the roll-out of three additional regional offices in East Africa, West Africa and North Africa over a 12 to 18 month period to serve as collaborative work spaces for the platforms and their partners and working capital requirements;

17.1.2 R2 000 000 000 to finance the growth strategies of Sagarmatha Technologies' existing platforms as set out in paragraph 2 of the Pre-listing Statement. Funds are anticipated to be utilised over a 3 to 5 year period in accordance with approved business plans and based on the achievement of key milestones;

17.1.3 R1 500 000 000 to finance the expansion of Sagarmatha's Technologies platforms still to be established as set out in paragraph 2 of the Pre-listing Statement. Funds are anticipated to be spent over a 3 to 5 year period;

17.1.4 R2 500 000 000 to finance the acquisition of businesses and platforms that are complementary to the fourteen Verticals that form part of the Sagarmatha ecosystem. The pipeline of potential acquisitions is set out in paragraph 3.5 of the Pre-listing Statement; and

17.1.5 R1 000 000 000 to settle outstanding Group debt.

17.2 Should the full amount of R7 500 000 000 not be raised, the application of proceeds will be adjusted as follows (the minimum amount to be raised is R3 000 000 000):

17.2.1 R500 000 000 in working capital, in particular for the roll-out of three additional regional offices in East Africa, West Africa and North Africa over a 12 to 18 month period to serve as collaborative work spaces for the platforms and their partners and working capital requirements;

17.2.2 the balance will be used to finance the growth of Sagarmatha Technologies' existing platforms with a primary focus on Syndicated Content Distribution, the e-commerce portfolio, Classifieds Marketplace and Digital Media Online. In addition, funds will be allocated to the expansion of the Technology Platform Ventures Vertical, by investing in data, artificial intelligence, augmented reality, virtual reality and fintech. Funds will also be allocated to finance the acquisition of businesses and platforms that are complementary to the fourteen Verticals that form part of the Sagarmatha ecosystem; and

17.2.3 the expansion of additional Sagarmatha Technologies' platforms that are still to be established will be delayed until further capital has been raised.

18. MINIMUM SUBSCRIPTION

The Listing is subject to the Company having satisfied the Listings Requirements regarding the spread of public Shareholders, being a minimum of 20% of the issued share capital of the Company being held by public Shareholders and on raising a minimum amount of R3 billion in terms of the Private Placement.

SECTION FIVE – ADDITIONAL MATERIAL INFORMATION

19. STATEMENT AS TO LISTING ON THE JSE

The JSE has granted Sagarmatha Technologies approval for a listing of up to 1 214 178 441 Shares with no par value in the "Media" sector (sub-sector: Broadcasting and Entertainment) on the Main Board of the JSE with effect from the commencement of trade on Friday, 6 April 2018, under the abbreviated name: "Sagarmath", JSE share code: "SGT" and ISIN: "ZAE000252334". subject to the company having satisfied the Listings Requirements regarding the spread of public shareholders and a minimum subscription of R3 billion in terms of the Private Placement.

20. WORKING CAPITAL

The Directors are of the opinion that, subject to the implementation of the Private Placement, the working capital available to the Group is sufficient for the Group's present requirements (that is, for at least 12 months from the date of issue of this Pre-listing Statement).

The Directors are of the opinion that, should only the minimum subscription of R3 billion be raised, the working capital available to the Group is sufficient for the Company's present requirements (that is, for at least 12 months from the date of issue of this Pre-listing Statement).

21. MATERIAL CONTRACTS

Save for the material contracts set out in **Annexure 6**, the Group has not entered into any material contracts, being:

21.1 restrictive funding arrangements and/or contracts entered into otherwise than in the ordinary course of business carried on by the Company or any of its subsidiaries, entered into at any time and containing any obligation or settlement that is material to the Company or its subsidiaries as at the Last Practicable Date; or

21.2 contracts that are otherwise considered material by the Company.

22. MATERIAL CHANGES

22.1 Save for the Listing and acquisition of certain assets forming part of Sagarmatha Technologies' portfolio, as indicated in **Annexure 19** and in the historical financial information of the Company, there have been no material changes in the financial or trading position of the Group during the five years preceding the publication of this Pre-listing Statement nor since the publication of the Company's interim financial information for the six months ended 30 June 2017.

22.2 There have been no material changes in the business of the Company during the five years preceding the publication of this Pre-listing Statement nor since the publication of the Company's interim financial information for the six months ended 30 June 2017.

23. DIRECTORS AND RELATED PARTIES' INTEREST IN SHARES

23.1 The interests of the Directors and associates of the Directors in Sagarmatha Technologies Shares as at the Last Practicable Date are detailed in **Annexure 1**.

23.2 As at the Last Practicable Date, none of the advisors of the Company have or have had an interest in any Shares or options in respect of Shares.

24. COMMISSIONS PAID AND PAYABLE

24.1 No amount has been paid, or accrued as payable, since incorporation of the Company, as commission to any person, including commission so paid or payable to any sub-underwriter that is the holding company or a director or officer of the Company, for subscribing or agreeing to subscribe, or procuring, or agreeing to procure, subscriptions for any securities of the Company.

24.2 Since incorporation of the Company, there have been no commissions paid or payable by the Company in respect of underwriting.

24.3 The promoter of the Company is 3 Laws Capital, of which company Dr Iqbal Survé, Takudzwa Hove and Arthur Johnson are directors and of whom the shareholders are Sekunjalo Investment Holdings Proprietary Limited (85%), Arthur Johnson (7.5%) and M Drewell (7.5%), but no agreements have been signed in this regard. Takudzwa Hove and Arthur Johnson are also directors of Sagarmatha Technologies. 3 Laws Capital will be entitled to a success based fee of up to R52.5 million should the full amount to be raised through the Private Placement be achieved. Details as to the method of calculation of the capital raising fee are disclosed in paragraph 32 of the Pre-listing Statement. Since incorporation, the Company has not entered into any promoter's agreements and as a result no amount has been paid or is payable to any promoter, aside from as disclosed above and in paragraph 32 of the Pre-listing Statement.

24.4 There are no royalties payable or items of a similar nature in respect of Sagarmatha Technologies.

24.5 There were no commissions, discounts, brokerages or other special terms granted during the three years preceding the date of the Pre-listing Statement in connection with the issue or sale of any securities, stock or debentures in the capital of Sagarmatha Technologies, where this has not been disclosed in any audited annual financial statements.

25. EXCHANGE CONTROL REGULATIONS

25.1 General

25.1.1 Currency and shares are not freely transferable from South Africa to any jurisdiction outside the geographical borders of South Africa or jurisdictions outside of the Common Monetary Area of the Common Monetary Area. These transfers must comply with the Exchange Control Regulations as described below. The Exchange Control Regulations also regulate the acquisition by former residents and non-residents of Private Placement Shares.

25.1.2 Applicants who are resident outside the Common Monetary Area should seek advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to enable an application to be made in response to the Private Placement.

25.1.3 This Pre-listing Statement is accordingly not a Private Placement in any area or jurisdiction in which it is illegal to make such an offer. In such circumstances this Pre-listing Statement is provided for information purposes only.

25.1.4 The following summary is intended as a guide and is therefore not comprehensive. If investors are in any doubt regarding Exchange Control Regulations, they should consult their professional adviser.

25.2 Emigrants from the Common Monetary Area

25.2.1 A former resident of the Common Monetary Area who has emigrated from South Africa may use funds from their emigrant's capital account to acquire Private Placement Shares in terms of this Pre-listing Statement.

25.2.2 All payments in respect of subscriptions for or purchases of Private Placement Shares by an emigrant using funds from their emigrant's capital account must be made through the authorised dealer in foreign exchange controlling their remaining assets.

25.2.3 Shares issued in respect of Private Placement Shares acquired with funds from their emigrant's capital account in terms of this Pre-listing Statement will be credited to their emigrant share accounts at the CSDP controlling their remaining portfolios.

25.2.4 Shares issued in certificated form in respect of Private Placement Shares acquired with funds from their emigrant's capital account in terms of this Pre-listing Statement will be endorsed "Non-Resident" in accordance with the South African Exchange Control Regulations and will be placed under the control of an authorised dealer in foreign exchange through which the payment was made.

25.2.5 If applicable, refund monies payable in respect of unsuccessful applications or partly successful applications for Private Placement Shares, as the case may be, in terms of this Pre-listing Statement, emanating from emigrants' capital accounts, will be returned, in terms of the South African Exchange Control Regulations, to the authorised dealer administering such emigrant's capital account, for credit to such applicants' emigrant capital account.

25.2.6 The CSDP or broker through which the Company's Shareholders have dematerialised their Shares is responsible for ensuring adherence to the South African Exchange Control Regulations.

25.3 Applicants resident outside the Common Monetary Area

25.3.1 A person who is not a resident of the Common Monetary Area, including an emigrant not using funds from their emigrant's capital account, should obtain advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to enable an application to be made in terms of the Private Placement.

25.3.2 Any share certificates issued to non-residents of South Africa will be endorsed "Non-Resident" in accordance with the South African Exchange Control Regulations.

25.3.3 All dematerialised Shares issued will be credited directly to the Shareholder's non-resident share account held by his duly appointed CSDP. The CSDP or Broker through whom the Company's Shareholders have dematerialised their Shares will ensure that they adhere to the Exchange Control Regulations.

25.3.4 If applicable, refund monies payable in respect of unsuccessful applications or partly successful applications for Private Placement Shares, as the case may be, in terms of this Pre-listing Statement, emanating from a person who is not a resident of the Common Monetary Area will be returned (subject to compliance with Exchange Control Regulations).

25.4 Private Placement Shares acquired by non-residents

Persons resident outside the Common Monetary Area applying for Private Placement Shares pursuant to this Pre-listing Statement should note that, while there are no restrictions similar to those placed on emigrants using funds from their emigrant capital account, in regard to Private Placement Shares acquired by non-residents pursuant to this Pre-listing Statement, in the case of certificated Shares, the share certificates will be endorsed with the words "Non-Resident" and, in the case of dematerialised Shares, an appropriate electronic entry will be made in the relevant register reflecting a "Non-Resident" endorsement.

26. CORPORATE GOVERNANCE

The Company's corporate governance statement, together with a report as to compliance with King IV, is set out in **Annexure 20**.

27. LITIGATION

The Group is not involved in any governmental, legal or arbitration proceedings and, in so far as the Directors are aware, there are no governmental, legal or arbitration proceedings pending or threatened against them, or which have been brought by the Group, which may have, or have had in the recent past, a material effect on the financial position or profitability of the Group.

28. GOVERNMENT PROTECTION AND INVESTMENT ENCOURAGEMENT LAW

There is no government protection or any investment encouragement law pertaining to any of the businesses operated by the Group.

29. MATERIAL COMMITMENTS, LEASE PAYMENTS AND CONTINGENT LIABILITIES

As at the Last Practicable Date and other than in the ordinary course of business, the Company has no capital commitments, financial lease payments and/or contingent liabilities.

30. MATERIAL COMMITMENTS IN RESPECT OF ACQUISITION AND ERECTION OF BUILDINGS, PLANT AND MACHINERY

As at the Last Practicable Date, the Company does not have any material commitments for the purchase and erection of buildings, plant or machinery.

31. PRINCIPAL IMMOVABLE PROPERTY LEASED OR OWNED

The situation, area and tenure, including, in the case of leasehold property, the rental and unexpired term of the leases, of the principal immoveable properties occupied by Sagarmatha Technologies, are detailed in **Annexure 18**.

32. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are given in **Annexure 1**:

32.1 have considered all statements of fact and opinion in this Pre-listing Statement;

32.2 collectively and individually, accept full responsibility for the accuracy of the information given;

32.3 certify that, to the best of their knowledge and belief, there are no facts the omission of which would make any statement false or misleading;

32.4 have made all reasonable enquiries in this regard; and

32.5 certify that, to the best of their knowledge and belief, the Pre-listing Statement contains all information required by the Listings Requirements.

33. EXPENSES RELATED TO THE LISTING

33.1 The estimated expenses, exclusive of VAT, relating to the Private Placement and the Listing, and including any preliminary expenses incurred within the three years preceding the Listing, are set out below.

Expense	Recipient	Rand
Sponsor and Transaction Advisor Advisory Fee	Vunani	29 060 000
Capital raising fee	3 Laws Capital South Africa	52 500 000
Independent Expert Fee	Redwood Valuation Partners LLC	1 190 000
Independent reporting accountants' fee	BDO	700 000
Legal advisory fee	TGR Attorneys	1 500 000
Legal advisory fee	Webber Wentzel	3 000 000
JSE documentation fee	JSE	92 701
JSE listing fee	JSE	2 453 395
Printing, publication, distribution and advertising costs	Greymatter and Finch	250 000
Sponsor Services – Listings Requirements	Java Capital	3 500 000
Sponsor Services – Listings Requirements	PSG Capital	20 250 000
Transfer secretarial fee	Link Market Services	70 000
Sundry	–	613 904
Total		**115 180 000**

Notes

1. The capital raising fee will be calculated on the basis of a flat fee of R30 000 000 based on securing the minimum subscription of R3 billion, with an additional fee amounting to 0.5% of the additional amount raised up to and including R7.5 billion. The capital raising fee has been calculated on the assumption that the Private Placement is fully subscribed.
2. The expenses paid to Java Capital, Webber Wentzel and PSG Capital were in respect of professional services rendered to the Company in the approximately seven months prior to and leading up to the issue of this Pre-listing Statement.

33.2 The Company will pay the above expenses out of available cash reserves.

34. CONFIRMATION OF INDEPENDENCE AS SPONSOR

Vunani is acting in the capacity of sponsor and transaction advisor. As required in terms of the Listings Requirements, it is confirmed that there is no matter that would impact Vunani's ability to exercise reasonable care and judgement to achieve and maintain independence and objectivity in professional dealings in relation to Sagarmatha Technologies. Vunani will continue to act as on-going sponsor for Sagarmatha Technologies.

Vunani is acting in the capacity as sponsor and transaction advisor. It is Vunani's opinion that the performance of these functions does not represent a conflict of interest for Vunani, impair Vunani's independence from Sagarmatha Technologies or impair Vunani's objectivity in its professional dealings with Sagarmatha Technologies or in relation to the Private Placement or the Listing.

35. CONSENTS

35.1 Each of the sponsor, independent reporting accountants and auditors, legal advisor, Independent Expert, company secretary, capital raiser, transfer secretaries and bankers whose names are included in this Pre-listing Statement, have consented in writing to the inclusion of their names in the capacity stated, and have not withdrawn such consent prior to publication of this Pre-listing Statement.

35.2 The independent reporting accountants have consented to the inclusion of their reports in the form and context in which they are included in the Pre-listing Statement, which consent has not been withdrawn prior to the publication of this Pre-listing Statement.

36. DOCUMENTATION AVAILABLE FOR INSPECTION

36.1 Copies of the following documents will be available for inspection at the Company's registered office during business hours from Wednesday, 28 March 2018 up to and including Friday, 6 April 2018:

36.1.1 the signed Pre-listing Statement;

36.1.2 the Memoranda of Incorporation of Sagarmatha Technologies and its major subsidiaries;

36.1.3 copies of directors' employment contracts the letters of consent referred to in paragraph 34 of the Pre-listing Statement;

36.1.4 the material contracts referred to in **Annexure 6**, being the the SACTWU SIM agreement, the SIM Consortia agreement and the agreements with Afrozaar, Saratoga, Sappi and CTP;

36.1.5 the audited annual financial statements of the Company for the three years ended 31 December 2016, 2015 and 2014;

36.1.6 the reviewed interim financial results of the Company for the six months ended 30 June 2017;

36.1.7 the audited annual financial statements of SIM for the three years ended 31 December 2016, 2015 and 2014;

36.1.8 the reviewed interim financial results of SIM for the six months ended 30 June 2017; and

36.1.9 the signed reports of the Independent Reporting Accountants, as set out in **Annexure 8, Annexure 10, Annexure 12, Annexure 14** and **Annexure 16**.

SIGNED BY PAUL LAMONTAGNE ON 28 MARCH 2018 ON BEHALF OF ALL OF THE DIRECTORS, IN TERMS OF POWERS OF ATTORNEY SIGNED BY SUCH DIRECTORS.

DIRECTORS, EXECUTIVE MANAGEMENT AND FOUNDERS – EXPERIENCE, REMUNERATION AND BORROWING POWERS

1. FULL NAMES AND EXPERIENCE OF EACH DIRECTOR OF THE COMPANY

The full names (including former names, if applicable), and experience of each of the Directors of the Company are set out below:

Director name	Experience
Paul Lamontagne (appointed as CEO on 16 October 2017 and chairman on 20 December 2017)	Prior to joining Sagarmatha Technologies, Paul held the position of Executive Investment Partner at Capafrica, a Canadian private equity fund that invests in renewable energy, infrastructure, agriculture and telecommunications in Africa. Paul has also held the position of Head – Africa and Middle East, for the Canadian Imperial Bank of Commerce, as well as chief executive officer and chief operating officer of various private and public companies, including Look TV and Teleglobe Media. He serves as Chair of the Enablis Financial Corporation SA Proprietary Limited, as director of the Young Presidents' Organisation and is a member of the Institute of Directors of Southern Africa.
Takudzwa Hove (appointed 1 August 2017)	Prior to joining Sagarmatha Technologies, Takudzwa was Chief Financial Officer of Independent Media. Before that, he held the positions of group financial manager and corporate finance executive at African Equity Empowerment Investments Limited (AEEI) from April 2009 until September 2013. He currently serves as a non-executive director of AEEI.
Grant Fredericks (appointed as a director on 1 October 2017 and joint CEO on 20 December 2017)	Grant is responsible for all day-to-day management decisions and implementing ANA's (and all its subsidiary companies) long and short-term plans. His prior experience was gained in the automotive industry, the outdoor media industry in West Africa and the global media and content syndication industry.
Gary Hadfield (appointed as a director on 16 September 2017 and joint CEO on 20 December 2017)	An Alumnus of Nelson Mandela Metropolitan University, Gary joined the team at Loot.co.za as CEO in January 2011. He was CEO of e-commerce retailer Kalahari.com from 2005 to 2010, as well as Marketing/Commercial Head from 2000 to 2005. He serves on the deregulation committee of the South African Chapter of the BRICS business council.
Valentine Dzvova (appointed 1 August 2017)	Valentine joined the Independent Media group from Grant Thornton where she had been an audit manager. She sits on a number of subsidiary boards, including Sagarmatha Enterprise Solutions Proprietary Limited, Sagarmatha Group Holdings Proprietary Limited, Sagarmatha Services Proprietary Limited, Sagarmatha Ventures Proprietary Limited and Sagarmatha Investment Holdings Proprietary Limited.
Harold E. Doley III (appointed 10 October 2017)	Harold E. Doley, III holds a BA from Columbia University and a Masters of Professional Studies (MPS) in Industrial and Labour Relations (ILR) from Cornell University. He co-chairs the MPS council of Cornell's ILR Alumni Association. Mr Doley is Managing Principal at emerging and frontier markets advisory The Lugano Group Incorporated, which he co-founded in 1995. He has advised national governments, central banks, stock exchanges, securities regulators, and corporations. Mr. Doley holds various professional licenses in the USA including General Securities Principal. He was an advisor to the Governor of New York State and Mayor of New York City. President George W. Bush appointed Mr Doley to the board of directors at the Federal Home Loan Bank of New York.
Dr Sibongiseni Tunzelana Tshotsejane (appointed 27 October 2017)	Sibongiseni has spent time at Google in Silicon Valley and at Ryerson University in Canada conducting research with regard to innovation and internet analytics. In addition, Sibongiseni has implemented digital analytics tactical plans for large organisations including PruHealth (UK), Santam Limited, Old Mutual Limited, Woolworths Limited, Rand & Bullion Proprietary Limited, Cape Town Activa Proprietary Limited, Engen Limited, Acceleration and Speisen Limited, and was the first female CIO of the V & A Waterfront. She currently lectures applied infomatics and mathematical sciences at the Walter Sisulu University.
Dr Aisha Pandor (appointed 3 October 2017)	Aisha is co-founder and CEO of SweepSouth Proprietary Limited ("**SweepSouth**"), Africa's first online end-to-end platform for booking, managing and paying for home cleaning. Prior to founding SweepSouth, Aisha worked as a management consultant at Accenture South Africa. SweepSouth won the SiMODiSA Startup SA pitching prize and later became the first South African startup to be accepted into the 500 Startups accelerator based in Silicon Valley. Other awards include being listed among the Mail and Guardian Top 200 young South Africans in 2012, and being recognised by the World Economic Forum as a breakthrough female innovator in 2017.

Director name	Experience
Alan Ipp (appointed 27 September 2017)	Alan qualified as a chartered accountant in 1969. He spent several years in business before returning to the auditing profession in 1975. In 1982, Alan was appointed managing partner of what later became the Cape Town office of PKF, a position which he retained until stepping down in 2009 to become a consultant to the firm. Alan is a past president of the South African Institute of Chartered Accountants, and served on SAICA's board for a number of years.
Arthur Johnson (appointed 20 September 2017)	Mr Johnson has obtained his law degree from the University of Cape Town in 1991 and also has a CFA qualification. He has been a director at 3 Laws Capital since 2011. He was previously the head of research at Trilinear Investment Manager from 2008 to 2010. He was a hedge fund manager at Breakwater Capital from 2007 to 2008. He was a portfolio manager at Metropolitan Asset Managers from 1999 to 2006. He is involved in a number of charitable organisations and he has been a director at the Lifeline Energy charity since 2011.
Rosemary Mosia (appointed 27 September 2017)	Rosemary has worked in numerous roles within a large state-owned entity and is currently the CEO of the Black Business Chamber, an NGO. She serves on the board of Premier Fishing and Brands Limited. In 2012, Rosemary founded The Bridge of Hope Wines in partnership with Linton Park Wine Estate in Wellington, South Africa, with the aim of "bridging the gap" between South Africa and the global wine market. Approximately 60% of The Bridge of Hope Wines are exported annually, with the balance retailing in South Africa.
Aziza Amod (appointed 16 September 2017)	Aziza is a business woman with over 30 years' experience in import, export and manufacturing. She currently serves as a director of, amongst others, Sekunjalo Power and Renewable Energy Proprietary Limited, Sekunjalo Oil Trading Proprietary Limited, Sekunjalo Technology Solutions Proprietary Limited, Independent Media Proprietary Limited and Premier Food and Fishing Limited.

The table below lists the companies and partnerships of which each Director of the Company is currently or was a director or partner over the five years preceding the Pre-listing Statement.

Director	Directorships and partnerships currently held	Directorships and partnerships held in past 5 years
Paul Lamontagne	Enablis Financial Corporation SA Proprietary Limited Enablis Entrepreneurial Network South Africa NPC	Khula Enablis Loan Fund Trust Khula Enablis SME Acceleration Fund Trust Exotic Brands (Pty) Ltd
Takudzwa Hove	Independent Media Africity Media Group Independent Media Solutions Property Independent Media Solutions Sport Independent Media Solutions Business Independent Media Solutions Politics and Development Independent Media Solutions Communities African News Agency Pictures Independent Media Solutions Lifestyle TAT Holdings TAT Logistics and Haulage International Wikideals Sagarmatha Ecommerce Sagarmatha Enterprise Solutions Sagarmatha Media Sagarmatha Group Holdings Sagarmatha Services Sagarmatha Ventures Loot Industrial Loot Regional Sagarmatha Investment Holdings Banner News Agency The Highway Mail Independent Newspapers Allied Media Distributors APF Parkade Conde Nast Independent Magazines Premier Fishing and Brands Imagination Advisory and Distribution Services Independent Online Property Joint Venture 3 Laws Capital South Africa African Equity Empowerment Limited Allied Publishing	Insights Publishing Sekunjalo Independent Media

Director	Directorships and partnerships currently held	Directorships and partnerships held in past 5 years
Grant Fredericks	The Digital Society Digitech Society	2Wire Consultants
Gary Hadfield	Codehold Loot Online	Vottle Online Worldtravel24
Valentine Dzvova	Africa Community Media Insights Publishing Sagarmatha Enterprise Solutions Sagarmatha Media Sagarmatha Group Holdings Sagarmatha Services Sagarmatha Ventures Loot Industrial Loot Regional Sagarmatha Investment Holdings	
Harold E. Doley III	No other directorships at present	
Arthur Johnson	Anela Capital Premier Fishing and Brands Lifeline Energy 3 Laws Capital South Africa	
Alan Ipp	Alaval SD Key International	Springpoint Finance
Dr Aisha Pandor	Shift South Ribicube Sweep South	
Dr Sibongiseni Tunzelana Tshotsejane	Flavalite Innovations Events York Universal Enterprises Innovative Women's Ark Neo Tech Experts	
Rosemary Mosia	The Bridge of Hope Wines The South African Nuclear Energy Corporation City Square Trading 536	Incatype Lermaj Investments Ekuseni Distribution TAT Logistics and Haulage International

Director	Directorships and partnerships currently held	Directorships and partnerships held in past 5 years
Aziza Amod	Western Cape Black Media Consortium Sekunjalo Independent Media Coriant Sekunjalo Independent Media Consortium One Viturway Cape Sunset Villas African News Agency Orleans Cosmetics John Ovenstone John Quality Chapman's Peak Fisheries Premier Fishing SA Fish Drying Corporation Kuttlefish (South Africa) Seagro Fertilisers Southern Ocean Fishing Health System Technologies Atlantic Fishing Enterprises Marine Growers Independent Media AEEI Ayo Technology Solutions Sekunjalo Properties Afrinat Sekunjalo Food and Fishing Sekunjalo Asset Management Premier Fishing and Brands Sekunjalo Capital Sekunjalo Oil Trading Sekunjalo Africa Equity Fund 1 Linacre Investments Sekpharma Haifams Investments Imagination Advisory and Distribution Pro Direct Investments 112 African Biotechnological and Medical Innovation Investments Bloudam Fishing Sekunjalo Enterprise Development Sekunjalo Power and Renewable Energies Sekunjalo Aquaculture AEEI Events and Tourism Sekunjalo Investment Group Sekunjalo Empowerment Fund Premier Select Friedshelp 860 3 Laws Capital South Africa	Sekunjalo Investment Holdings Sekunjalo Technology Solutions Group Sekunjalo Health and Medical Commodities Umkhankaso Ikapa Investments Modjadji African Empowerment Consortium

2. REMUNERATION OF THE DIRECTORS

2.1 As at the Last Practicable Date, the remuneration and benefits to be paid by the Company to the executive Directors of Sagarmatha Technologies in their capacity as directors (or in any other capacity) for the 12 month periods ending 31 December 2017 and 2018 will be as set out below.

2017 Director	Basic salary	Director fees	Per-formance bonus, other fees and other material benefits	Expense allowance	Pension scheme contri-butions	Shares or share options or similar rights	Total
Paul Lamontagne *	625 000	–	–	48 167	–	–	673 167
Takudzwa Hove **	270 520	–	–	41 840	24 350	–	336 710
Grant Fredericks	1 001 801	–	–	–	78 199	–	1 080 000
Gary Hadfield	2 116 944	–	–	–	–	–	2 116 944
Valentine Dzvova **	129 540	–	–	30 547	17 562	–	177 649
Total	4 143 805	–	–	120 554	120 111	–	4 384 469

2018 Director	Basic salary	Director fees	Performance bonus, other fees and other material benefits	Expense allowance	Pension scheme contri-butions	Shares or share options or similar rights	Total
Takudzwa Hove **	1 352 600	–	–	209 200	121 750	–	1 683 550
Grant Fredericks	1 061 909	–	–	–	82 891	–	1 144 800
Gary Hadfield	2 265 130	–	–	–	–	–	2 265 130
Valentine Dzvova **	863 600	–	–	122 188	70 246	–	1 056 035
Total	8 441 739	–	–	475 888	274 887	–	9 192 514

Notes:
During December 2017, Sagarmatha changed its financial year end from 31 December to 31 March. The above information is included to provide a comparison between the two 12 month periods ending 31 December 2017 and 31 December 2018.

* Appointed 16 October 2017 and became non-executive Chairman on 6 December 2017
** Appointed 1 November 2017

2.2 Annual non-executive director fees for the year ended 31 March 2018 will be as follows:

Chairperson	R400 000
Non-executive director	R300 000
Board committee chair	R50 000
Board committee member	R25 000

The non-executive directors' fees will be paid quarterly in arrears. No additional fees will be paid to Directors for attending meetings.

2.3 Save as set out above, none of the current Directors of Sagarmatha Technologies have received any remuneration or benefits paid by the Company in their capacity as directors (or in any other capacity).

2.4 There shall be no variation to the fees receivable by any of the Directors as a consequence of the Listing.

3. EXECUTIVE FINANCIAL DIRECTOR

The audit and risk committee has considered and satisfied itself that Takudzwa Hove, being the chief financial officer of Sagarmatha Technologies, has the appropriate experience and expertise to fulfil this role.

4. DIRECTORS' INTERESTS IN SECURITIES

No Director of the Company held Shares prior to the Private Placement and Listing, and no Director of the Company will hold Shares subsequent to the Private Placement and Listing. No options shall be awarded to any Director.

5. DIRECTORS' INTERESTS IN TRANSACTIONS

5.1 The Directors of the Company had no beneficial interest in transactions entered into by the Company:

5.1.1 during the current financial year; or

5.1.2 during an earlier financial year which remain in any respect outstanding or unperformed.

5.2 No amount has been paid to any Director (or to any company in which he is interested, whether directly or indirectly, or of which he is a director or to any partnership, syndicate or other association of which he is a member) since incorporation of the Company (whether in cash or securities or otherwise) by any person either to induce him to become or to qualify him as a director or otherwise for services rendered by him (or by the associated entity) in connection with the promotion or formation of the Company.

5.3 Takudzwa Hove and Arthur Johnson, directors of Sagarmatha Technologies, are in addition directors of 3 Laws Capital, which company will earn a success based fee with regard to the Private Placement, of up to a maximum of R9,5 million.

6. DIRECTORS' INTERESTS IN PROPERTY ACQUIRED OR TO BE ACQUIRED

No Director has had any material beneficial interest, direct or indirect, in the promotion of the Company or in any property acquired or proposed to be acquired by the company or otherwise in the three years preceding the Last Practicable Date and no amount has been paid during this period, or is proposed to be paid, to any director.

7. TERMS OF OFFICE

Contracts of employment have been signed with executive Directors at various Subsidiary levels. The remuneration committee intends finalising the employment contracts post Listing as most of the key performance indicators will be dependent of the Listing. The existing agreements contain the following terms and conditions:

- a notice period of one month;
- a restraint of trade of one year; and
- 20 days' leave allowance per leave cycle.

In addition, any bonuses will be paid at the discretion of the Company, and upon recommendation from the Remuneration Committee. All contracts have been concluded with executive Directors and relevant subsidiary companies of the Company.

8. DIRECTORS' DECLARATIONS

None of the Directors of Sagarmatha Technologies or of its major subsidiaries have been involved in:

8.1 any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person;

8.2 any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of Section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s);

8.3 any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s);

8.4 receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event;

8.5 any public criticisms of such person by statutory or regulatory authorities, including recognised professional bodies, and whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;

8.6 any offence involving dishonesty committed by such person;

8.7 a removal from an office of trust, on the grounds of misconduct and involving dishonesty; and

8.8 any court order declaring such person delinquent or placing him under probation in terms of Section 162 of the Companies Act and/or Section 47 of the Close Corporations Act 69 of 1984 or disqualifying him to act as a director in terms of Section 219 of the Companies Act 61 of 1973.

9. EXECUTIVE MANAGEMENT TEAM

Name	Group company and title	Experience
Grant Fredericks (appointed 1 February 2016)	CEO – ANA/joint CEO of Sagarmatha Technologies	Grant is responsible for all day-to-day management decisions and implementing ANA's (and all its subsidiary companies) long and short-term plans.
Gary Hadfield (appointed 1 January 2011)	CEO – Loot Online/ joint CEO of Sagarmatha Technologies	Gary is the CEO of Loot, leading all aspects of Loot from acquisitions and partnerships to business development and vendor agreements.
Walter Madzonga (appointed 1 April 2016)	Divisional Head – IOL and Chief Digitization Officer	Walter graduated from the University of Cape Town in 2007, with a degree in Electrical Engineering, specialising in Telecommunications. After completing his MBA at the University of Cape Town in 2015, Walter attended the Kellogg School of Management, where he focused on media and content strategy. In 2016, he was appointed to head up digital operations at Independent Media, and is responsible for building and executing the company's digital strategy and transformation projects.
Howard Plaatjes (appointed 1 April 2014)	Divisional Head – Independent Media	Howard completed articles at KPMG, whereafter he worked in senior operational and strategic risk roles within the digital and print media sector. His previous experience includes as Chief Executive Officer of Media24's three daily and 75 community newspapers, and Chief Executive Officer Computanet, a division of Primedia. Howard joined Independent Media in August 2013**,** where he heads up the Digital Media division.
Wesley Diphoko (appointed 1 April 2017)	Divisional Head – E-platform ventures – IOL and Chief Innovation Officer	Wesley is the former executive director of the Black Information Technology Forum in the Western Cape region, and a former board member of the Cape Innovation and Technology Initiative (CITi–). He currently serves as a board member of the Career Planet – an organisation dedicated to providing career information online. In 2011, he founded Kaya Labs with the aim of enabling black technology graduates to gain work experience by working on technology projects. He was also part of the team that created CAPACITI, – a technology graduate training programme for Cape Town.
Amit Makan (appointed 1 February 2016)	CEO – ANA Pics	Amit is currently the Chief Executive Officer of African News Agency Pictures (ANA Pictures), and Independent Media Solutions-Politics, Opinion & Development (IMS-POD) specialised content business unit. His past experience includes stints with Ogilvy, TNS Research Surveys, Citizen Survey, the Western Cape Provincial Government and the University of Cape Town. In addition, Amit ran his own consultancy, African Marketing Services, for 20 years.
Vasantha Angamuthu (appointed 1 January 2014)	CEO – Studio Independent – Independent Media	Vasantha has completed two years of a National Diploma in Journalist at Natal Technikon (now Durban University of Technology) and several industry training programmes. She started her professional life as a political journalist. Vasantha left journalism in 2004 after being approached by then City Manager Dr Michael Sutcliffe to head up the communications unit of the City of Durban, elevating the unit from a PR and media buying unit to a strategic communications unit with a developmental marketing strategy. In 2007 Vasantha joined Hindustan Times Media in New Delhi, India as Vice President: Content and Product Development. She launched and is CEO of Studio Independent, a branded content agency within Independent Media.
Sandy Naude (appointed 1 January 2017)	CEO – Africa Community Media	Sandy joined Media 24 as Advertising Director for The Peninsula Times in 1994. She was then appointed Advertising Manager of Independent Newspapers Cape in 1998, and in 2003 became Advertising and Marketing Director. Sandy held this position until 2012, when she was appointed General Manager of the Independent Newspapers Cape. After the company was purchased by Sekunjalo in 2013 and she was appointed Group Executive Direct Advertising, Community Newspapers and Property, and became a member of the Management Board. Prior her current appointment Sandy was elected to the Global Board of INMA (International News & Media Association) in 2014 and was re-elected for a second term in 2017. She has been a speaker at INMA World Congress in Poland, USA and Hungary.

10. OTHER DIRECTORSHIPS HELD BE EXECUTIVE MANAGEMENT

The table below lists the companies and partnerships of which each member of executive management of the Company (with the exception of Grant Fredericks and Gary Hadfield, whose disclosure is included at paragraph 2 of the Pre-listing Statement) is currently or was a director or partner over the five years preceding the Pre-listing Statement.

Executive Manager	Directorships and partnerships c urrently held	Directorships and partnerships held in past 5 years
Walter Madzonga	Ayo Technology Solutions Limited	
Howard Plaatjes	Zugzwang cc Sofresh Laundry cc Stratplanet Strategic Planning Network cc Insights Publishing Proprietary Limited Africity Media Group Proprietary Limited Eikestadnuus Proprietary Limited Audit Bureau of Circulations of South Africa The Highway Mail Proprietary Limited Allied Publishing Proprietary Limited Capital Media Proprietary Limited Allied Media Distributors Proprietary Limited I Cue Proprietary Limited Corporate Communications Broadcast Network South Africa Proprietary Limited Babynet Proprietary Limited Outmedia Support Services Proprietary Limited	Daily News Milk and Welfare Fund Mooivaal Media Proprietary Limited Boland Newspapers Proprietary Limited The Natal Witness Printing and Publishing Proprietary Limited Buongiorno South Africa Proprietary Limited Commercial Vehicle Delivery Services Proprietary Limited CT Media Publications Proprietary Limited Paarl Coldset Proprietary Limited Independent Digital Proprietary Limited Independent Online Mywealth Proprietary Limited Netchoice Proprietary Limited SA Property Web Proprietary Limited Cyber Listing Services Proprietary Limited
Wesley Diphoko	Hasta Training cc Bright Ideas cc Next Billionaire Club cc Kaya Technologies Proprietary Limited Career Planet Career Discovery Centre	Cape Innovation Technology Initiative Bandwidth Barn Proprietary Limited
Amit Makan	Long Island Trading 314 cc Netali 1735 cc Tshwaranang Media Proprietary Limited	
Vasantha Angamuthu	Vas Media Proprietary Limited	Pravin Amar Development Planners cc
Sandy Naude	Africa Community Media Metropolitan Print Distributors IOL Property JV	Allied Media Distributors

11. INTERNATIONAL ADVISORY BOARD

11.1 An IAB consisting of globally connected individuals and technology investors has been established to provide strategic advice, on request, to the Board and executive management with regard to the Company's expansion plans. It is anticipated that the IAB will play an important role during the initial period following the Listing and will assist with the promotion of the Company outside of Africa.

11.2 The IAB does not have any statutory responsibilities, nor do members receive any remuneration.

11.3 Non-disclosure agreements have been signed by members as they may at times be exposed to market sensitive information. Members are also required to make themselves *au fait* with the Company's Insider Trading and Price Sensitive Information policy.

11.4 Meetings of the IAB are not board meetings and no decisions pertaining to the Company can be made by the IAB. It is anticipated that at least one formal meeting will be held each year. Additional consultations will be held via teleconference or videoconference as appropriate.

11.5 All responsibility for strategy execution lies with the Board of Directors and executive management.

The IAB will be expected to:

- remain up to date with Sagarmatha's activities;
- attend and participate in advisory board meetings;
- assist in advancing the goals and mission of Sagarmatha, as appropriate, through public speaking and outreach to contact networks; and,
- engage in a reflective, self-evaluative process to improve the IAB's effectiveness.

11.6 The International Advisory Board consists of the following people:

Member	Experience
Harold E. Doley, JR.	Ambassador Harold E. Doley JR was 26 when he bought a seat on the New York Stock Exchange in 1973, becoming the only African American to do so. He founded investment bank Doley Securities, LLC in 1975. Over the decades, the company serviced banks, insurance companies, public and corporate pension plans, and university endowments totaling tens of billions of US Dollars. Ambassador Doley has advised African stock exchanges and the bodies that regulate them. Ambassador Doley was an underwriting member at Lloyd's of London. He was a founding member of the US – Africa Chamber of Commerce and chairman of the investment committee of the Southern Africa Enterprise Development Fund. The President of the United States of America accorded ambassadorial rank to Mr Doley, JR when appointing him Representative to the African Development Bank and Fund (AfDB) between 1983 (when the country became a stockholder) and 1985. A former university trustee, he has been awarded three honorary doctorate degrees.
Yoshito Hori	President, GLOBIS University Managing Partner, GLOBIS Capital Partners Yoshito Hori established GLOBIS Management School in 1992 and GLOBIS Capital Partners in 1996. In 2003, GLOBIS started its original MBA programme which, in 2006, gained "university" status. GLOBIS started a part-time MBA programme in English in 2009 and a full-time MBA programme in English in 2012. A Harvard MBA graduate and former Sumitomo Corporation employee, Mr. Hori founded the Entrepreneurship Organisation Japan Chapter in 1995 and became the first board member from Asia in charge of the Asia Pacific region in 1996. He also served on the World Economic Forum (WEF)'s New Asian Leaders Executive Committee and Global Agenda Council on New Models of Leadership, as well as the Harvard Business School Alumni Board from 2005 to 2008. Currently, Mr. Hori is a trustee of the Keizai Doyukai (Japan Association of Corporate Executives), and serves as co-chair of WEF's Global Growth Companies.
James Beeland Rogers Jr.	Investment Expert and Author Jim Rogers, a native of Demopolis, Alabama, is an author, financial commentator, adventurer, and successful international investor. After attending Yale and Oxford University, Rogers co-founded the Quantum Fund, a global-investment partnership, Rogers serves as a full professor of finance at the Columbia University Graduate School of Business, and, in 1989 and 1990, he was the moderator of WCBS's 'The Dreyfus Roundtable' and FNN's 'The Profit Motive with Jim Rogers'.
Julius O. Akinyemi	Founder and CEO, UWINCorp Inc. Julius is the Founder and CEO of UWINCorp Inc. (The Mobile Commodity Marketplace) – an initiative for Unleashing the Wealth of the Nations, a project he initiated at the Massachusetts Institute of Technology's Media Lab. Julius is also the Entrepreneur-In-Residence at the Media Lab. Prior to his residency at MIT he was the Global Director of Emerging Technologies for PepsiCo Inc., where he guided technology research and innovation activities.
Dr. Chung Hon Dak	Chairman of China Energy Dr. Chung Hon Dak holds a bachelor degree in Economics. Dr. Chung was awarded an honorary degree of Doctor of Laws by the University of Nottingham, United Kingdom and an honorary degree of Doctor of Economics by the Beijing Normal University, China. Currently, Dr. Chung serves as chairman of the Chung Hon Dak Foundation and Zhou Guang Zhao Foundation, is a standing member of the Chinese People's Political Consultative Conference ("CPPCC") Hunan Provincial Committee, the vice chairman of the Hong Kong CPPCC (Provincial) Members Association Limited, the vice chairman of the Guizhou Federation of Industry and Commerce, a member of the China International Culture Exchange Centre, a director of the board of and an honorary fellow of the University of Nottingham, United Kingdom, an honorary patron and fellow of the HKU Foundation, the chairman of the Hong Kong Hunan Chamber of Commerce, and the vice chairman of the Hong Kong Volunteers Federation.
Marcel Boekhoorn	Marcel is a Dutch investor with a wide array of business interests. A CPA by training, Marcel founded his investment vehicle Ramphastos Investments in 1994.

Member	Experience
Vikramjit Singh Sahney	Founder and Chairman, Sun Group Vikramjit is the Founder and Chairman of Sun Group – a business conglomerate specialising in fertilizers, minerals, agri and offsets. Vikramjit has held/currently holds various prestigious positions such as equity shareholder and advisor to Foskor, the Industrial Development Corporation (IDC), South Africa; is an advisor to the Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat); the Chair -- SAARC Chamber of Commerce and Industry (SCCI); the Honorary Consul General – Republic of South Africa; Chairman – BRICS Agri Business Forum; Member – Board of Trade, Government. of India; Member – India-UAE joint task force and member of India-Egypt, India-Africa CEO's Forum. He is also board member of the National Skills Development Corporation (NSDC), Ministry of Skill Development and Entrepreneurship, Government. of India. Vikramjit has been a regular member of the Indian Prime Ministerial delegation to South Africa, BRICS and SAARC nations and he is also the Chairman of Sun Foundation (a renowned NGO working towards the welfare of mankind).
Dirk Hoke	Dirk is the CEO of Airbus Defence and Space and a member of the Airbus Group Executive Committee. He joined Airbus in 2016 after serving as CEO of the Large Drives business unit at Siemens. Dirk began his professional career in 1994 as an R&D Engineer for process and software analysis at Renault. He joined Siemens in 1996, where he held various management positions with the Transportation Systems Division before relocating to Sacramento, USA in 2001 as head of the Transportation Systems restructuring team. Following a promotion to President of Siemens Transportation Systems China, Dirk moved to Morocco in 2008 as head of Siemens' Africa activities. He returned to Germany in 2011 as Division CEO of Industrial Solutions at Siemens, and later headed up the Large Drives Business Unit. Dirk holds a degree in mechanical engineering from the Technical University of Brunswick, Germany.
Dr Makaziwe Mandela	Dr Makaziwe Mandela holds a BA Social Work from the University of Fort Hare, and an Honours in Sociology from the University of Natal. In 1984, she was awarded a Fulbright Foreign Scholarship and a Fulbright Distinguished Fellowship Award, allowing her to attain a Masters in Sociology and a Doctorate in Anthropology from the University of Massachussets. Dr Mandela has sat on the boards of Rand Water Services, Enviroserv Limited and the Nelson Mandela Foundation. She is a consultant in training development and life skills at Self Empowerment International, and sits on the board of Nestle SA. In addition, she is the Chairman of House of Mandela, a business that she started with her daughter in 2010.
Jaidev Shroff	Jaidev is the global CEO of United Phosphorus Limited ("**UPL**"), with over 28 years of experience in the global agri-inputs industry. In addition, Jaidev is involved in the World Economic Forum's Grow Africa and Grow Asia initiatives, the World Business Council for Sustainable Development, the Chicago Council, Initiative for Global Development and Indian Council of Agricultural Research.

12. MEMORANDUM OF INCORPORATION

The relevant extracts of the Memorandum of Incorporation of the Company providing for the appointment, qualification, retirement, remuneration and borrowing powers of the Directors and the powers of a director to vote on proposals, arrangements or contracts in which he is materially interested, are set out in **Annexure 5**.

13. BORROWING POWERS

The borrowing powers of the Company and its subsidiaries exercisable by the Directors are unlimited and, accordingly, have not been exceeded since incorporation of the Company.

14. SUMMARY OF EXISTING OR PROPOSED CONTRACTS (WHETHER WRITTEN OR ORAL) RELATING TO DIRECTORS' AND MANAGERIAL REMUNERATION, RESTRAINT PAYMENTS, ROYALTIES AND SECRETARIAL AND TECHNICAL FEES

14.1 There are no existing or proposed contracts (whether written or oral) relating to directors or managerial remuneration, restraint payments, royalties or secretarial and technical fees currently.

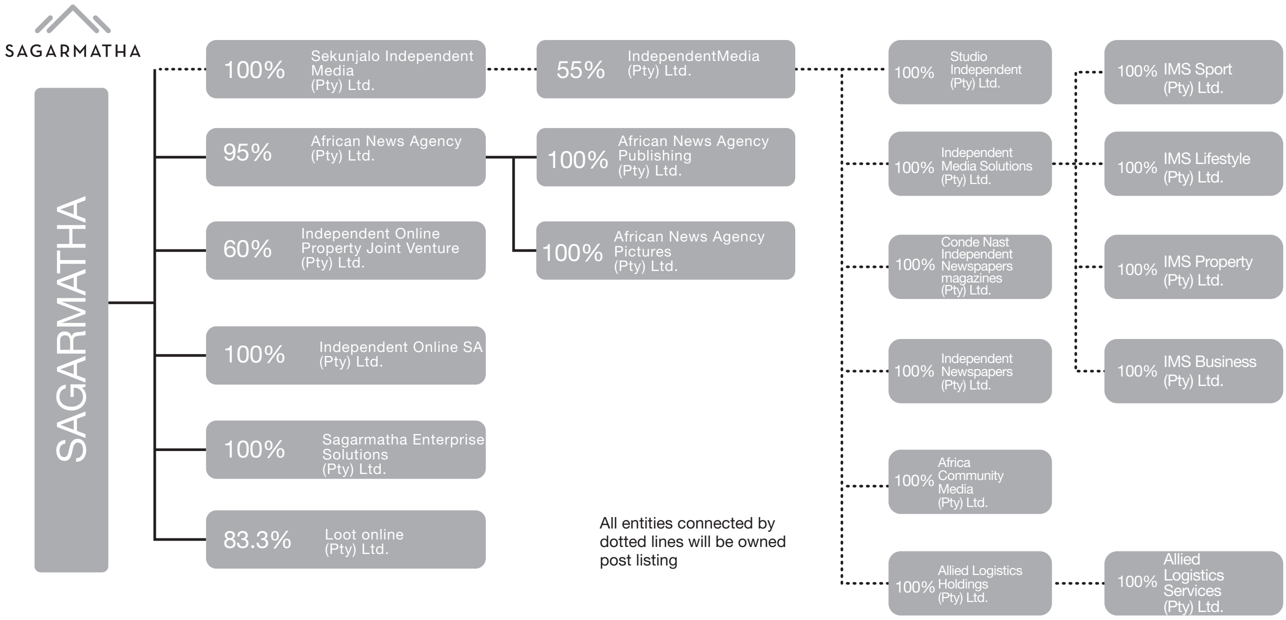
14.2 As at the date of the Pre-listing Statement, there were no other contracts or arrangements in which the Directors were materially interested and which were significant in relation to the business of the Company.

15. LOANS TO DIRECTORS

As at the Last Practicable Date, there were no loans to Directors.

GROUP STRUCTURE

The group structure of Sagarmatha Technologies, Independent Media and their major operating subsidiaries (i) before the Listing and the Acquisitions and (ii) post listing and assuming the Acquisitions are implemented, is set out below:



The minority shareholders of:

- Loot Online is Loot Founders Proprietary Limited (the shareholders of which are disclosed in paragraph 2.1.2 of the Pre-listing Statement) – 16.7%;
- Independent Media is Interacom Investment Holdings Proprietary Limited (20%) and the PIC (through the Government Employees Pension Fund) (25%). The shareholders of Interacom Investment Holdings Proprietary Limited are the China Africa Development Fund (25%) and China International Television Corporation (75%);
- IOL Property JV is Estate Agents Portal Company (40%). The shareholders of Estate Agents Portal Company is the Real Estate Agents board of South Africa; and
- ANA is China Africa Fund, a division of China Development Bank (5%).

DETAILS OF SUBSIDIARIES

1. MAJOR SUBSIDIARIES

The following table contains details of the major subsidiaries of the Company, on the Listing Date and following the implementation of the Acquisitions. None of the subsidiaries of Sagarmatha Technologies are listed on the JSE:

Name of Company	Registration	Date of incorporation	Place of incorporation	Issued share capital	% held by Sagarmatha Technologies or one of its subsidiaries	Nature of business	Date of becoming a subsidiary
Africa Community Media	2014/187226/07	22/09/2014	Gauteng	120	100%	Media	22/09/2014
ANA	2014/254680/07	09/12/2014	Western Cape	140	95%	Media	31/03/2015
African News Agency Pictures	2016/261354/07	01/07/2016	Western Cape	100	100%	Media	01/07/2016
Allied Logistics Holdings	2017/139357/07	30/03/2017	Western Cape	100	100%	Logistics	30/03/2017
Ana Studio	2015/291377/07	18/08/2015	Gauteng	120	100%	Media	18/08/2015
Conde Nast Independent Magazines	1997/004605/07	04/01/1997	Western Cape	1 000	100%	Media	04/01/2017
Independent Media	1991/005270/07	20/09/1991	Western Cape	3 201	55% [1]	Media	20/09/1991
Independent Newspapers	1989/004672/07	08/11/1989	Western Cape	100	100%	Media	08/11/1989
IOL Property JV	2008/020335/07	25/08/2015	Western Cape	100	60%	Classifieds	01/05/2015
Independent Online	2011/137399/07	28/11/2011	Western Cape	120	100%	Digital	28/11/2011
Loot Online	2002/012642/07	29/05/2002	Western Cape	622 000	83.3%	E-Commerce	31/12/2014
Sagarmatha Digital	2017/419823/07	28/09/2017	Western Cape	100	100%	Holding Company	28/09/2017
Sekunjalo Independent Media	2012/115196/07	04/07/2012	Gauteng	100	100%	Holding Company	04/07/2012

2. DIRECTORS OF MAJOR SUBSIDIARIES

2.1 Directors of major subsidiaries

Subsidiary	Directors	Role	Date of appointment
ANA	Cherie Hendricks Iqbal Survé Aziza Amod	Non-executive Non-executive Non-executive	10 December 2014 10 December 2014 8 June 2015
Loot	Michael van Rooyen Gary Hadfield Salim Young Takudzwa Hove	IT director CEO Non-executive Non-executive	29 May 2002 14 August 2014 6 May 2015 6 May 2015
Independent Media	Iqbal Survé Cherie Hendricks Ismet Amod Fatima Survé Aziza Amod Saarah Survé Lesley Dong Yuexing Wang Takudzwa Hove Salim Young Koketso Mabe Trueman Goba	Executive Chairman Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive CFO Non-executive Non-executive Non-executive	16 August 2013 16 August 2013 24 February 2014 24 February 2014 24 February 2014 24 February 2014 10 April 2014 10 April 2014 28 April 2015 28 April 2015 28 April 2015 28 April 2015
Independent Online	Iqbal Survé	Non-executive	28 November 2011

Subsidiary	Directors	Role	Date of appointment
Sekunjalo Independent Media	Iqbal Survé Cherie Hendricks Aziza Amod	Executive Chairman Non-executive Non-executive	21 September 2012 7 June 2016 7 June 2016
ANA Pics	Takudzwa Hove	Non-executive	1 July 2016
IOL Property JV	Sandra Naude Warren Brewis Jan le Roux Takudzwa Hove	Non-executive Non-executive Non-executive Non-executive	1 February 2012 1 February 2012 7 November 2013 7 November 2013
Africa Community Media	Sandra Naude Valentine Dzvova Fredelaine Brand Cherie Fredericks	CEO Non-executive Non-executive Non-executive	1 February 2017 1 March 2017 1 March 2017 22 August 2014
Conde Nast Independent Magazines	Elizabeth Rees-Jones Iqbal Survé Michelle Fenwick Cherie Hendricks Takudzwa Hove Valentine Dzvova	Non-executive Non-executive Managing Director Non-executive Non-executive Non-executive	26 June 1997 22 April 2014 1 January 2007 22 April 2014 22 April 2014 1 February 2017
Independent Newspapers	Iqbal Survé Cherie Hendricks Takudzwa Hove	Executive Chairman Non-executive CFO	16 August 2013 16 August 2013 28 April 2015
Allied Logistics	Iqbal Survé	Non-executive	30 March 2017
ANA Studio	Iqbal Survé	Non-executive	18 August 2015
Sagarmatha Media	Valentine Dzvova Takudzwa Hove	Non-executive Non-executive	28 September 2017 28 September 2017
Sagarmatha Digital	Takudzwa Hove	Non-executive	28 September 2017

2.2 **Directors of major subsidiaries**

Director	Nationality	Business address	Experience
Cherie Hendricks (54)	South African	Quay 7, East Piet, V&A Waterfront. Cape Town	Cherie is the corporate affairs and sustainability director for African Equity and Empowerment Investments Limited (AEEI), responsible for corporate affairs, which include sustainability, regulatory compliance, corporate social investment and group communication. She has more than 17 years' experience in the AEEI Group and currently sits on the boards of the Group's major investments and links the Group's subsidiaries with the Group's corporate office.
Iqbal Survé (54)	South African	4th Floor, 8 Vineyard Road, Claremont Central, Cape Town.	Iqbal is the founder and Executive Chairman of the Sekunjalo Group. He holds an MBA and an MBChB from the University of Cape Town. He holds various leadership positions which include serving as the Chairman of the South African BRICS Business Council, a founding member of the Siemens Global Sustainability Advisory Board and a founding member of the Clinton Global Initiative, having been appointed by President Clinton in 2005.
Michael van Rooyen (55)	South African	Unit 3 Khutaza Park, Bell crescent, Westlake Business Park, Cape Town.	Founder of Loot Online. Michael has a background in IT, engineering, and operations. He was responsible for the design and coding of Loot's systems which cater for all aspects of the business including CRM, ERP, warehousing, accounting, and the internet. He was the Managing Director of Loot from its founding in 2002 until 2015.

Director	Nationality	Business address	Experience
Salim Young (60)	South African	N/A	Salim is an experienced business executive and corporate lawyer and is a former director of Webber Wentzel (formerly Mallinicks Inc.). Mr Young recently retired after 12 years as an executive director on the board of British American Tobacco SA, situated in Stellenbosch. During this time Salim also served as the appointed South African representative of the London-based BAT plc whose secondary listing on the JSE ranks as the largest company by market capitalisation. Salim maintains board positions in a number of other companies and significant trusts. He holds a postgraduate master's degree (LLM) in International Commercial Law from Tulane University in the United States as well as Certificates in Law from Georgetown University and Harvard University, respectively.
Ismet Amod (61)	South African	Quay 7, East Pier, V&A Waterfront, Cape Town.	Ismet holds a diploma in Civil Engineering together with various business certificates. In 2006 he was instrumental in the establishment of a Biotech company, where he fulfilled the role of marketing director, whilst also being involved in operations. In 2008, he was instrumental in the project management, design, construction and commissioning of a biopharmaceutical facility in Cape Town. Since 2012, Ismet has been the CEO of a biotech company that has a specific focus on research and collaboration with regard to breast cancer. Ismet currently serves as an alternate director on the board of Siemens SA – a position that he has held since 2007.
Fatima Survé (52)	South African	4th Floor, 8 Vineyard Road, Claremont Central, Cape Town.	Fatima is a healthcare practitioner, specialising as a General Practitioner. She currently serves as a non-executive director on the board of Independent Media.
Saarah Survé (24)	South African	220 Loop Street, Cape Town	Saarah holds a Bachelor of Social Sciences, Politics and International Relations degree from UCT and Bachelor of Arts, Honours, Journalism. She is currently Deputy Editor at Fast Company SA and Deputy Editor at African Independent Magazine.
Lesley Dong	Chinese	Apple Wood, Kilimani, Nairobi, Kenya	Lesley is the General Manager of GM Bright Vision Media Limited, which is a division of China International TV Corporation in Kenya. Prior to assuming this position, Lesley was a project manager at China International TV Corporation. Lesley is a non-executive director of Independent Media.
Yuexing Wang	Chinese	95 Grayston Dr, Sandton, South Africa, 2057	Yuexing is the Managing Director of China-Africa Investment and Development Corporation. He began his career at the Beijing Municipal Engineering Consulting Corporation after graduating from the Shanghai University of Finance and Economics. Yuexing is a non-executive director of Independent Media.

Director	Nationality	Business address	Experience
Trueman Goba (65)	South African	38 Bernadino Barbet Road, Khyberpark, Sandton, Johannesburg	Trueman (PrEng, BScEng, MEng, FSAICE), is the Chairman of Hatch. He is a registered Professional Engineer with the Engineering Council of South Africa (ECSA), and has worked in the engineering industry for more than 30 years, including for Keeve Steyn and Partners and the Rural Advice Centre in South Africa, as well as for Whitman Requardt and Associates of Baltimore, MD, in the USA. His work has entailed various aspects of Transportation, Fluid Mechanics, Geotechnical and Structural Engineering.
Sandra Naude (63)	South African	122 St George's Mall, Cape Town	Before being appointed Advertising Manager of Independent Newspapers Cape in 1998, Sandy worked at The Peninsula Times. In 2003 she became Advertising and Marketing Director, and in 2012, was made General Manager. After the company was purchased by the Sekunjalo Group in 2013, she was appointed Group Executive for Direct Advertising, Community Newspapers and Property, and became a member of the Management Board. Sandy was elected to the Global Board of International News & Media Association (INMA) in 2014 and re-elected in 2017.
Warren Brewis (61)	South African	10th Floor Convention Towers, Heerengracht Street, Cape Town	Warren is the CEO of the property business unit. Prior to being appointed to this position, Warren was the regional finance manager for the Western Cape region of Independent Newspapers. In 2013 he was appointed as the Deputy General Manager of the Western Cape Region of Independent Newspapers.
Jan le Roux (63)	South African	N/A	Jan has over 30 years; experience in the residential property field. He 1983, he launched the Property Association, a publishing company advertising property in South Africa. The Property Association later became the PA Group, of which Jan was the chair. In 2007, Jan founded the Leapfrog Group. In addition, Jan is Chief Executive of the Real Estate Business Owners of South Africa.
Fredelaine Brand (28)	South African	10th Floor Convention Towers, Heerengracht Street, Cape Town	Fredelaine completed her law degree in 2013. Between 2009 and 2013 she was employed by Fairdeal Auctioneers, whilst simultaneously mentoring students at Help2Read. Between 2014 and 2016, Fredelaine assisted the Stellenbosch Justice Centre. Fredelaine currently serves as internal legal counsel and company secretary for the group.
Elizabeth Rees-Jones (74)	British	220 Loop Street, Cape Town	Elizabeth is a founding director of Conde Nast Independent Magazines. Subsequent to her retirement, Elizabeth, in a non-executive director capacity, serves as an editorial consultant.
Michelle Fenwick (42)	South African	220 Loop Street, Cape Town	Michelle has more than twenty years' experience in the media industry, with specific experience in luxury and international brands. She has extensive experience in management, strategy, advertising and publishing.

2.3 **Other directorships of directors of major subsidiaries**

The table below lists the companies and partnerships of which each Director of the major subsidiaries is currently or was a director or partner over the five years preceding the Pre-listing Statement.

Director	Directorships and partnerships currently held	Directorships and partnerships held in past 5 years
Cherie Hendricks	Southern Ambition Emimart Triple Advanced Investments No 110 Business Venture Investments No 1584 Western Cape Black Media Consortium Eribex Aquarius Interactive Media Obasat Sekunjalo Independent Media Obagyn Sekunjalo Independent Media Consortium Three Rose Bridge 28 Encolite Cape Sunset Villas Sekunjalo Independent Media Technologies Africa Community Media Independent Media Digital Technologies African News Agency Repassen 56 Bowwood and Main No 180 (RF) Surve Philanthropies AEEI Strategic Investments AEEI Financial Services AEEI Marine and Fishing AEEI Health and Biotherapeutics AEEI Asset Management AEEI Corporate Finance AEEI Investments AEEI Technology Solutions AEEI Properties AEEI Enterprise Development Sekunjalo Industrial Holdings MCI South Africa Orleans Cosmetics John Ovenstone John Quality Chapman's Peak Fisheries Premier Fishing SA Fish Drying Corporation Kuttlefish (South Africa) Seagro Fertilisers Synbi Southern Ocean Fishing Tripos Travel Sunstone Business Solutions Independent Newspapers Atlantic Fishing Enterprises Independent Media Marine Growers Kalula Communications Ribotech African Equity Empowerment Investments Ayo Technology Solutions Sekunjalo Properties Conde Nast Independent Magazines Sekunjalo Medical Trading Independent Digital (SA) Afrinat Sekunjalo Medical Services Sekunjalo Food and Fishing Sekfish Investments Sekunjalo Asset Management Premier Fishing and Brands	Sagarmatha Technologies Workers Life Assurance Company Sekunjalo Capital Sharenet Imagination Advisory and Distribution Services Fios Modjadji Empowerment Consortium Sharenet Views Zenith Administration Services Spinta My ABCM Costing Software

Director	Directorships and partnerships currently held	Directorships and partnerships held in past 5 years
Cherie Hendricks (continued)	Sekunjalo Technology Solutions Group Capstone 186 Espafrika Sekunjalo Arcus Facilities Management Independent Online Sekunjalo Medical Logistics Rapimed Sekunjalo Enterprise Management Technologies Hostprops 136 Jenridge Investments Cynthesis Business Consulting Sekunjalo Information Technology Systems Sekunjalo Private Equity Sekunjalo Oil Trading Sekunjalo Financial Services Sekunjalo Health and Medical Commodities Linacre Investments Sekpharma Imagination Administrative Services Sekunjalo Medical Solutions Sekunjalo Medical Distributors Sekunjalo Fund Administrators Sekunjalo Corporate Services Chapman's Peak Fish Processors Promex Health and Medical and Surgical Corporation Puleng Technologies Bamboo Accelerator Premfish Seafoods Quickvest 153 Moonstone Investments 37 Imagination Capital Management Services Sharenet Financial Solutions Umkhankaso Ikapa Investments Sekunjalo Asset Finance Solas Technology Solutions Modjadji African Empowerment Consortium African Biotechnical and Medical Innovation Investments Bloudam Fishing Sekunjalo Enterprise Development Sekunjalo Power and Renewable Energies Sekunjalo Aquaculture AEEI Events and Tourism Sekunjalo Investment Group Sekunjalo Empowerment Fund Sekunjalo Motor Holdings Premier Select Schmitzdrift Mining Sekunjalo Resources and Minerals Friedshelf 860 Wisdom Global Technology Solutions Kilomix Investments Kilomax Investments Battswood Professional Football Club Ke Nako African Concerts Advance Surgical Medical and Manufacturing Commodities Trading Nkiruka Investments Magic 828 African Hospital Holdings	

Director	Directorships and partnerships currently held	Directorships and partnerships held in past 5 years
Salim Young	International Tobacco Company Lambert and Butler Premier Fishing SA Independent Media African Equity Empowerment Investments Ayo Technology Solutions Premier Fishing and Brands Unipalm Investment Holdings Dysselsdorp Liquorice Loot Online NM Phosa Foundation	Moneyline 1867 Insights Publishing John Chapman Mallinicks Millionair Charter British American Tobacco Holdings South Africa Jeftha Twala Sure Holdings Agrega Eemea
Ismet Amod	Pormex Health and Medical and Surgical Corporation Advance Surgical Medical and Manufacturing Commodities Trading	Sekunjalo Medical Solutions
Fatima Survé	Yourtrade 173 cc Western Cape Black Media Consortium Proprietary Limited Cape Sunset Villas Proprietary Limited Independent Media Proprietary Limited Linacre Investments Proprietary Limited Pro Direct Investments Proprietary Limited Sekunjalo Power and Renewable Energies Proprietary Limited Business Venture Investments Bo 1126 (RF) Proprietary Limited Sekunjalo Telecoms Holdings Proprietary Limited	Sekunjalo Investment Holdings Proprietary Limited Umkhankaso Ikapa Investments Limited Modjadji African Empowerment Consortium Limited
Saarah Survé	Survé Philanthropies Independent Media	
Trueman Goba	TT Goba and Associates Lanseria Holdings Gobifa Goba Moahloli and Associates Lanseria International Airport Independent Media Lanseria Airport 1993 Hatch Africa Goba Lanseria Airport Investments Public Investment Corporation Johannesburg International Airport Goba Marston New Order Investments 172	The Cement and Concrete Institute Jones and Wagener Civilab Ridge 63 Saice Professional Development and Projects Dreamfair Properties 14
Sandra Naude	Africa Community Media Metropolitan Print Distributors Proprietary Limited IOL Property JV	Allied Media Distributors Proprietary Limited
Warren Brewis	Metropolitan Print Distributors IOL Property JV	Allied Media Distributors
Jan le Roux	Estate Agents Publishing Company Real Estate Business Owners of South Africa Fusion Agency Solutions Estate Agent Portal Company Estate Agency Property Portal Company Fusion Agency Holding Company Verneman The Home Trader (Johannesburg) The Home Trader (Pretoria) The Estate Agents Holding Company Gauteng Gravity Communications Khokhela Property Group Associated Property Practitioners	Relabelit Casa da Futura Brooklyn Casa da Futura Waterkloof Legal Mortgage Online

Director	Directorships and partnerships currently held	Directorships and partnerships held in past 5 years
Fredelaine Brand	Africa Community Media Premier Fishing and Brands	
Elizabeth Rees-Jones	Conde Nast Independent Magazines	
Michelle Fenwick		
Michael van Rooyen	Babel Technologies Loot Founders Dantolor Babel Holdings Loot Online	
Iqbal Survé	Triple Advanced Investments No 110 (RF) Business Venture Investments No 1584 (RF) Independent Online Eribex Obasat Sekunjalo Independent Media Obagyn Coriant Sekunjalo Independent Media Consortium Two Encolite Cape Sunset Villas Sekunjalo Independent Media Technologies Independent Media Digital Technology African News Agency K2015259686 (South Africa) South African Press Association K2015259711 (South Africa) Independent Media Solutions Independent Media Magazines The Press Club ANA Studio Survé Philanthropies Africity Media Group Allied Fleet Solutions Sekunjalo Civil Security and Defense African Global Initiative K2017033199 (South Africa) ANA Publishing Independent Digital Lab K2017034661 (South Africa) BRICS E-commerce Sekunjalo Energy One The Young Independents Allied Logistic Holdings K2017297535 (South Africa) Talent360 Drive360 K2017297801 (South Africa) AT4IRF ANA PR Wire ANA Newswire ANA Social Media African News Agency Gaming and Technologies Siemens President Collection Bureau Allied Publishing Independent Newspapers Allied Media Distributors Independent Media Nokia Solutions and Networks South Africa APF Parkade Sekunjalo Properties Sekunjalo Medical Trading Conde Nast Independent Magazines	Maxpo Marketing Viturway Sagarmatha Technologies Africa Community Media Insights Publishing Wikideals Tshwaranang Media John Ovenstone John Quality Chapman's Peak Fisheries Premier Fishing SA Fish Drying Corporation Kuttlefish (South Africa) Seagro Fertilisers Southern Ocean Fishing Tripos Travel Bioclones Atlantic Fishing Enterprises Marine Growers Workers Life Assurance Company Workers Life Medical Aid Administrators Ribotech African Equity Empowerment Investments AYO Technology Solutions Pioneer Food Group Infront One Thirty Investments Sekfish Investments Sekunjalo Asset Management Premier Fishing and Brands Sekunjalo Technology Solutions Group SAAB Grintek Defence ESPAfrika Sekunjalo Capital West Coast Capital Hostprops 136 Exridge Investments South Atlantic Jazz Festival Sekunjalo Health and Medical Commodities Sekpharma Imagination Advisory and Distribution Services Sekunjalo Corporate Services Middle East South Africa Energy SAAB South Africa Bamboo Accelerator Premfresh Foods Umkhankaso Ikapa Investments Modjadji Empowerment Consortium Modjadji African Empowerment Consortium Sekunjalo Enterprise Development Sekunjalo Aquaculture Cross Atlantic Properties 69 Sekunjalo Empowerment Fund Premier Select Friedshelf 860

Director	Directorships and partnerships currently held	Directorships and partnerships held in past 5 years
Iqbal Survé (continued)	Independent Digital (SA) Crystal Shore Property Investments Mungal and Associates Sekunjalo Investment Holdings Sekunjalo Asset Management Independent Online Jenridge Investments Cynthesis Business Consulting Drs Karas Isaacson and Associates Sekunjalo Private Equity Sekunjalo Financial Services Chomulunga African Resources Sekunjalo Africa Equity Fund 2 Rowmoor Investments No 273 WSS Sports Linacre Investments Imagination Administrative Services Haifams Investments Sekunjalo Medical Distributors Sekunjalo Fund Administrators Pro Direct Investments 112 Chapman's Peak Fish Processors Sekunjalo Investment Holding Projects Mzimvubu Energy and African Resources Siyolo Energy and African Resources Sekunjalo Asset Finance Global Pact Trading 210 African Biotechnical and Medical Innovation Investments Sekunjalo Power and Renewable Energies AEEI Events and Tourism Sekunjalo Investment Group Sekunjalo Motor Holdings Schmitzdrift Mining Business Venture Investments No 1126 (RF) Sekunjalo Telecoms Holdings Sekunjalo Resources and Minerals Nokia Solutions and Networks Holdings 3 Laws Capital South Africa BT Communications Services South Africa Kilomix Investments Kilomax Investments Battswood Professional Football Club Ke Nako African Concerts	
Lesley Dong	Independent Media Bright Vision Media Limited	
Yuexing Wang	Independent Media	

3. INTRA-GROUP LOANS

Details of intra-group loans are provided in **Annexure 17**.

SHARE CAPITAL AND SHAREHOLDING

1. MAJOR AND CONTROLLING SHAREHOLDERS

Set out below are the names of Shareholders that will, immediately prior to the Private Placement and Listing, and assuming that the Acquisitions will become effective, directly or indirectly, be beneficially interested in 5% or more of the issued Shares:

Shareholder	Direct holding	Indirect holding	Total Shares held	% of issued Shares (net of treasury Shares)
Sagarmatha Group Holdings Proprietary Limited*	733 444 737	–	733 444 737	73.3
Miramare Investments Proprietary Limited **	90 000 000	–	90 000 000	9.0
Selwyn Lewis	38 219 986	36 904 277	75 124 263	7.5
Total	**861 664 723**	**36 904 277**	**898 569 000**	**89.8**

* Sagarmatha Group Holdings Proprietary Limited is a wholly-owned subsidiary of African Technology and Media Investment Proprietary Limited, which is a wholly-owned subsidiary of African Technology 4th Industrial Revolution, which is a wholly-owned subsidiary of Sekunjalo Investment Holdings Proprietary Limited, which in turn is held by the Haraas Trust, the trustee of which is Dr Iqbal Survé, and the beneficiaries of which are Rayhaan Survé and Saraah Survé.

** The shareholders of Miramare Investments Proprietary Limited are:

Name of shareholder (beneficiary)	Percentage held
The LNA Trust (Leonardo Nicola Altini)	14.3
The Claudia Altini Trust (Claudia Maria Freeman)	14.3
The Gianna Altini Trust (Giovanna Maria Von Bormann)	14.3
The Lucia Altini Trust (Lucia Maria Moriera)	14.3
The Luca Altini Trust (Luca Andrea Altini)	14.3
The Gaetano Altini Trust (Gaetano Riccardo Altini)	14.3
John Anthony Slauck	14.3

The directors of Miramare Investments Proprietary Limited are Leonardo Nicola Altini, John Anthony Slauck and Claudia Maria Freeman. There is no link between Miramare Investments Proprietary Limited, 3 Laws Capital, the Company, any promotors of the issuer or any founders of the Company, save for being shareholder in the Company.

Set out below are the names of Shareholders that will, after the Listing and the Acquisitions, and assuming that the Private Placement is fully subscribed, be beneficially interested, directly or indirectly, in 5% or more of the issued Shares:

Shareholder	Direct holding	Indirect holding	Total Shares held	% of issued Shares (net of treasury Shares)
Sagarmatha Group Holdings Proprietary Limited-	733 444 737	–	733 444 737	60.4
Miramare Investments Proprietary Limited	90 000 000	–	90 000 000	7.4
Selwyn Lewis	38 219 986	36 904 277	75 124 263	6.2
Total	**861 664 723**	**36 904 277**	**898 569 000**	**74.0**

Set out below are the names of Shareholders that will, after the Listing and the Acquisitions, and assuming that only the minimum amount is raised in the Private Placement, be beneficially interested, directly or indirectly, in 5% or more of the issued Shares:

Shareholder	Direct holding	Indirect holding	Total Shares held	% of issued Shares (net of treasury Shares)
Sagarmatha Group Holdings Proprietary Limited-	733 444 737	–	733 444 737	65.9
Miramare Investments Proprietary Limited	90 000 000	–	90 000 000	8.4
Selwyn Lewis	38 219 986	36 904 277	75 124 263	6.8
Total	**861 664 723**	**36 904 277**	**898 569 000**	**81.1**

There has been no change in controlling shareholder in the past five years. The Listing is not expected to result in a change in controlling shareholder.

2. SHARES ISSUED OTHER THAN FOR CASH

Save as satisfaction for the Acquisitions, no Shares have been issued or agreed to be issued otherwise than for cash by the Company.

3. COMPANY'S SHARE CAPITAL

3.1 Immediately prior to the Private Placement and Listing, and assuming that the Acquisitions are implemented, the authorised and issued Shares of the Company will be as follows:

	R'000
Authorised	
10 000 000 000 Ordinary Shares of no par value	–
Issued	
1 025 420 107 Ordinary Shares of no par value, inclusive of 40 000 000 treasury Shares	3 044 258
Stated Capital	

After Listing and assuming that Acquisitions are implemented and the Private Placement is fully subscribed, the authorised and issued Shares of the Company will be as follows:

	R'000
Authorised	
10 000 000 000 Ordinary Shares of no par value	–
Issued	
1 214 718 441 Ordinary Shares of no par value, inclusive of 40 000 000 treasury Shares	7 536 758
Stated Capital	

All of the Company's classes of shares are of no par value and, accordingly, the Company does not have a share premium account.

The tables above are based on the consolidated *pro forma* statement of financial position of the Company as set out in **Annexure 15** of the Pre-listing Statement. On the Listing Date, the Company will not have founder or deferred shares.

3.2 The Board may only issue unissued shares where shares of that particular class are listed and/or grant options if such shares and/or options have first been offered to existing Shareholders in proportion to their shareholding on such terms and in accordance with such procedures as the Board may determine, unless such shares and/or options are issued for the acquisition of assets by the Company. Notwithstanding the foregoing, Shareholders may authorise the Directors to issue unissued shares and/or grant options to subscribe for unissued shares as the Directors in their discretion see fit, provided that the corporate action(s) to which any such share issue or grant of options relates shall be valid for a period of 12 months from the date of Listing on the JSE, or until the Company's first annual general meeting of Shareholders.

3.3 The unissued Shares are under the control of the Directors. Any issue post the Listing will be subject to the Listings Requirements.

4. RIGHTS ATTACHING TO SHARES

4.1 Extracts of the Company's Memorandum of Incorporation relating to rights attaching to Shares are set out in **Annexure 5**.

4.2 In accordance with the Company's Memorandum of Incorporation, during any vote at any general meeting every person present and entitled to exercise voting rights shall be entitled to one vote by means of a poll.

4.3 Shareholders are entitled to participate proportionally in any distribution made by the Company in respect of the Shares.

4.4 Any variation in rights attaching to shares will require the consent of 75% of Shareholders in a general meeting in accordance with the Company's Memorandum of Incorporation.

4.5 Only such members that are registered in the Company's register on the day when a distribution is declared or on such other day as may be determined by the Board as the last date for registration for the distribution, will be entitled to receive the distribution so declared.

5. ALTERATIONS TO SHARE CAPITAL OF THE COMPANY

5.1 The Company was incorporated on 2 October 2013 with 1 000 authorised Shares, of which 120 Shares were issued at incorporation. The following table summarises shares in issue as at the Last Practicable Date:

Date	Counterparty	No of Shares	Cumulative No of Shares	Price per Share (R)	Reason
Incorporation	Sagarmatha Group Holdings	120	120	1	Incorporation
31 December 2014	Independent Media	31	151	333 333	Capital raising
31 December 2016	Independent Media	10	161	13 691 260	Issue for cash
31 December 2016	Sagarmatha Group Holdings	839	1 000	659 222	Acquisition of 20% of ANA
29 September 2017			1 000 000 000		Share split 1:1 000 000
Listing	Sagarmatha Investment Holdings	16 985 866	1 016 985 866	39.62	Sekunjalo SIM Acquisition
Listing	SACTWU	8 434 241	1 025 420 107	39.62	SACTWU SIM Acquisition

Note:
The share issues to Independent Media and Sagarmatha Group Holdings on 31 December 2016 were part of an internal group restructuring in order to obtain the optimal Listing structure. All entities were under common control at the time of issue and therefore the issue price of the shares was not the determining factor.

5.2 Summary of resolutions, authorisations and approvals in place with regard to:

Date	Summary of resolution
15 January 2015	The shareholder and the Board approved the issue of 31 shares to Independent Media
31 December 2016	The shareholder and the Board approved the increase in authorised share capital of the company to 1 000 shares of no par value
31 December 2016	The shareholder and the Board approved the issue of 849 ordinary shares of no par value, 10 of which were issued to Independent Media, and 839 of which were issued to Sagarmatha Group Holdings Proprietary Limited
25 September 2017	The shareholder and the Board approved the increase in issued share capital to 1 000 000 000 and that issued shares be split on the basis of 1:1 000 000
29 November 2017	The shareholder placed the authorised but unissued share capital under the control of the directors to issue in their discreation. Any issue of shares post listing will be subject to the restrictions imposed by the JSE Listings Requirements.

5.3 Since incorporation of the Company, and save as set out above:

5.3.1 no other changes have been made to the authorised shares of the Company;

5.3.2 there has been no other issue or offer of securities of the Company;

5.3.3 there has been no other sub-division or consolidation of the share capital of the Company;

5.3.4 no offer for Shares has been made to the public;

5.3.5 no share repurchase has been undertaken by the Company; and

5.3.6 there has been no amount payable by way of premium on any Share issued by the Company.

5.4 The Shares of the Company are not listed on any other stock exchange.

6. FOUNDERS AND MANAGEMENT SHARES

6.1 There are no deferred Shares.

6.2 No Shares will be held by founders or the Directors of the Company pursuant to the Listing, save for the shares held by Sagarmatha Group Holdings Proprietary Limited as set out in paragraph 1 of **Annexure 4**.

6.3 Save as set out in paragraph 4 of the Pre-listing Statement and **Annexure 18** of the Pre-listing Statement, Sagarmatha Technologies does not own any physical property nor has it entered into any agreement to acquire any assets as at the Last Practicable Date. The Directors do not have any material interest in any acquisition or disposal of any assets.

7. OPTIONS AND PREFERENTIAL RIGHTS

7.1 There are no option, preferential conversion, redemption and/or exchange rights in respect of any of the Company's Shares or other securities.

7.2 There are no contracts, arrangements or proposed contracts or arrangements whereby any option or preferential right of any kind was or is proposed to be given to any person to subscribe for or acquire any Shares in the Company.

8. FRACTIONS

No fractions of Shares have been issued.

EXTRACTS FROM THE MEMORANDUM OF INCORPORATION OF THE COMPANY

6. POWERS OF THE COMPANY

6.1 The Company has all of the legal powers and capacity contemplated in the Act, and no provision contained in this Memorandum of Incorporation should be interpreted or construed as negating, limiting, or restricting those powers in any way whatsoever.

6.2 To the extent that the Act or the Listings Requirements require a company to be expressly authorised by its Memorandum of Incorporation to do anything, the Company is, by this provision, conferred with the requisite authority to do so, subject to any express limitations set out in this Memorandum of Incorporation.

8. SECURITIES

8.1 As at the date upon which this Memorandum of Incorporation is filed, the Company is authorised to issue 10 000 000 000 (ten billion) Ordinary Shares of no par value, each of which rank *pari passu* in all respects.

8.2 Each of the Ordinary Shares of the Company entitles an Ordinary Shareholder to the right to be entered into the Securities Register as the registered holder of that Ordinary Share and:

8.2.1 the right to vote on any matter to be decided by the holders of Ordinary Shares in the Company and to 1 (one) vote in the case of a vote by means of a poll;

8.2.2 the right, in person or by proxy, to attend, participate in, and speak at any meeting of the holders of Ordinary Shares in the Company;

8.2.3 the right to participate proportionally in any distribution made by the Company in respect of the Ordinary Shares;

8.2.4 subject to such preferences as may be accorded to the classes of Shares in existence from time to time, the right to receive proportionally the total net assets of the Company remaining upon its liquidation; and

8.2.5 any other rights attaching to the Ordinary Shares in terms of the Act or any other law,

in each case in accordance with and subject to the further provisions of the MOI applicable to the Ordinary Shares.

8.3 The Board may, subject to the Listings Requirements and the further provisions of this clause 8.3, resolve to issue Securities at any time, but only within the classes and to the extent that those Securities have been authorised by or in terms of this Memorandum of Incorporation.

8.4 As regards the issue of Securities, including options in respect thereof:

8.4.1 that require the approval of a special resolution as contemplated in sections 41(1) and (3) or as contemplated in the Listings Requirements, the Directors shall not have the power to allot or issue same without the prior approval of a special resolution of the Ordinary Shareholders;

8.4.2 that require the approval of an ordinary resolution in terms of the Act or the Listings Requirements, the Directors shall not have the power to allot or issue same, without the prior approval of an ordinary resolution of the Ordinary Shareholders;

8.4.3 other than as contemplated in clauses 8.4.1 and 8.4.2, the Directors shall have the power to allot or issue same, without any Securities Holders' approval, provided that the JSE has granted the requisite consent to the listing of such Securities and/or such issue is made subject to the Listings Requirements, as applicable.

8.5 The Board shall have the authority, as contemplated in section 47, to:

8.5.1 approve the issuing of any authorised Shares as capitalisation Shares on a *pro rata* basis to the Holders of one or more classes of Shares;

8.5.2 issue Shares of one class as capitalisation Shares in respect of Shares of another class; or

8.5.3 resolve to permit Shareholders to elect to receive a cash payment *in lieu* of a capitalisation Share, provided that the Board may not resolve to do so unless it:

8.5.3.1 has considered the solvency and liquidity test, as required by section 46, on the assumption that every such Shareholder would elect to receive cash; and

8.5.3.2 is satisfied that the Company would satisfy the solvency and liquidity test immediately upon the completion of the distribution.

8.6 Notwithstanding section 38, or anything contained in this Memorandum of Incorporation to the contrary, Ordinary Shareholders in general meeting may by ordinary resolution authorise the Directors to issue unissued Securities and to grant options to subscribe for unissued Securities as the Directors in their discretion may deem fit, provided that such corporate actions have been approved by the JSE (if necessary) and comply with the Listings Requirements and the Act, however, the approval of the Ordinary Shareholders will not be required in terms of this clause 8.6 for such issue unless it is required in terms of the Listings Requirements or the Act.

8.7 If the Company proposes to issue any Shares (or options over Shares) other than (it being understood that each of the issues set out in paragraphs 8.7.1 to 8.7.9 shall not require Shareholders' approval, or further Shareholders' approval, as applicable):

8.7.1 Shares issued in terms of options or conversion rights, provided that such options or conversion rights have been previously approved, to the extent necessary;

8.7.2 Shares issued in terms of a rights offer to be undertaken by the Company;

8.7.3 Shares to be held under an employee share scheme in terms of section 97, a share incentive scheme which complies with the provisions of Schedule 14 of the Listings Requirements or any other employee share option or incentive scheme, provided that such issue of Shares was previously approved, to the extent required;

8.7.4 capitalisation Shares contemplated in section 47;

8.7.5 Shares issued pursuant to a scrip dividend, as contemplated by the Listings Requirements;

8.7.6 Shares issued or to be issued as consideration for any assets, corporeal or incorporeal, or for services rendered;

8.7.7 Shares issued for cash pursuant to a general or specific approval given by the Shareholders in general meeting;

8.7.8 the Share issue otherwise falls within a category in respect of which it is not, in terms of the Listings Requirements, a requirement for the relevant Shares to be so offered to existing Shareholders; or

8.7.9 Shares (or other Securities as applicable) issued in accordance with an authority approved by Shareholders (or other relevant Securities Holders, if applicable) in general meeting, each Shareholder already holding issued Shares in the class of Shares (or options for such Shares where an offer for options shall be *pro rata* in the same way as an offer for Shares) proposed to be issued has the right, before any other person who is not a Holder of that class of Shares (or options for Shares), to be offered, on such terms and in compliance with such procedures as the Board may determine, to subscribe for, that number of the Shares (or options for Shares) proposed to be issued which in relation to the total number of Shares (or options for Shares) proposed to be issued or granted, as the case may be, bears the (as close as possible) same ratio (as determined by the Board) as the number of Shares in that class already registered in the Shareholder's name at the time of such offer bears to the then total number of issued Shares (or options for Shares) in that class, calculated at the time the offer was made, provided that if any entitlement to a fraction of a Share pursuant to such an offer arises, such entitlement should be calculated in accordance with the prevailing Listings Requirements. After the expiration of the time within which an offer may be accepted, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Share offered, the Directors may, subject to the aforegoing provisions, issue such Share in such manner as they consider most beneficial to the Company. The Directors may exclude any Shareholders or category of Shareholders from an offer contemplated in this clause 8.7 if and to the extent that they consider it necessary or expedient to do so because of legal impediments or compliance with the laws or the requirements of any regulatory body of any territory, outside of South Africa, that may be applicable to the offer.

8.8 The provisions of clause 8.7 will apply *mutatis mutandis* to an issue of a class of authorised Shares which have not been issued, based on the percentage voting rights which that Shareholder has in relation to the aggregate general voting rights, calculated at the time the offer was made.

8.9 At all times whilst the Company's Ordinary Shares are listed on the JSE, the Company shall not issue any Ordinary Shares in terms of sections 40(5) to 40(7).

8.10 The Company may pay to any person:

8.10.1 a commission for subscribing or agreeing to subscribe (whether absolutely or conditionally); or

8.10.2 a brokerage for procuring or agreeing to procure subscriptions (whether absolutely or conditionally),

for any Securities issued or to be issued by the Company, provided that, for so long as any Securities of the Company are listed on the JSE, any such commission or brokerage shall not exceed 10% (ten percent) of the consideration payable for such subscription.

8.11 Commission may be paid out of capital or profits, whether current or accumulated, or partly out of the one and partly out of the other.

8.12 Such commission may be paid in cash or, if authorised by the Company in general meeting, by the allotment of fully or partly paid-up Securities, or partly in one way and partly in the other.

8.13 The Board shall not have the power to:

8.13.1 determine the preferences, rights, limitations or other terms of any Securities;

8.13.2 increase or decrease the number of authorised Securities;

8.13.3 consolidate and reduce the number of the Company's issued and authorised Securities of any class;

8.13.4 subdivide the Company's Securities of any class by increasing the number of its issued or authorised Securities of that class; or

8.13.5 convert any par value Securities into Securities not having a par value.

8.14 The Ordinary Shareholders shall have the sole authority to undertake the following actions by a special resolution amending this Memorandum of Incorporation, namely to:

8.14.1 increase or decrease the number of authorised Securities of any class;

8.14.2 create any new class or classes of authorised Securities;

8.14.3 consolidate or subdivide (or both) any:

8.14.3.1 authorised but unissued Securities of any class; and

8.14.3.2 issued Securities of any class,

provided that no such action shall be proposed or passed unless approved by a special resolution of the Securities Holders of the Securities in that class and provided further that no par value Securities may be subdivided;

8.14.4 reclassify any Securities that have been authorised but not issued;

8.14.5 classify any unclassified Securities that have been authorised but are not issued;

8.14.6 determine the preferences, rights, limitations and other terms of any Securities that have been authorised but not issued;

8.14.7 vary the preferences, rights, limitations and other terms of any issued or unissued Securities;

8.14.8 change the name of the Company;

8.14.9 convert any class of authorised Securities into Securities of another class; and

8.14.10 convert any par value Securities to no par value Securities.

8.15 If the Ordinary Shareholders act pursuant to the authority contemplated in clause 8.14, the Company must file a notice of amendment of this Memorandum of Incorporation in accordance with section 16(7).

19. FINANCIAL ASSISTANCE

The Board may authorise the Company to provide financial assistance in accordance with the provisions of sections 44 and 45, and the authority of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

20. THE COMPANY OR A SUBSIDIARY ACQUIRING THE COMPANY'S SHARES

20.1 The Board may determine that:

20.1.1 the Company will acquire a number of its own Shares; or

20.1.2 a Subsidiary of the Company will acquire a number of Shares in the Company,

subject to the provisions of section 48 and the Listings Requirements; provided that a *pro rata* repurchase by the Company of its Shares from all Shareholders will not require Shareholders' approval other than in circumstances contemplated in clause 20.2.

20.2 A decision by the Board contemplated in clause 20.1:

20.2.1 must be approved by a special resolution of the Shareholders of the class of Shares concerned if any Shares are to be acquired by the Company from a Director or Prescribed Officer of the Company; and

20.2.2 is subject to the requirements of sections 114 and 115 if, considered alone or together with other transactions in an integrated series of transactions, it involves the acquisition by the Company of more than 5% (five percent) of the issued Shares of any particular class of the Company's Shares.

29. COMPOSITION AND POWERS OF THE BOARD OF DIRECTORS

29.1 The Board shall comprise not less than such minimum number of Directors as is required by the Act, the Listings Requirements.

29.2 Subject to clause 29.4, the Company's Ordinary Shareholders shall be entitled at a general meeting of the Company to elect all of the Directors of the Company (and their alternates) for the time being and from time to time, by a separate ordinary resolution with respect to each such Director and each alternate; provided that (i) if the Ordinary Shareholders do not elect an alternate with respect to any Director, the Board shall, subject to section 66(4)(b), be entitled to appoint such alternate(s) and (ii) such alternate is not a person previously proposed to the Ordinary Shareholders as an alternate or as a Director but who was not elected by the Ordinary Shareholders when put to the vote.

29.3 Subject to section 66(4)(b), the Board has the power to appoint Directors (i) to fill a casual vacancy (being a vacancy on the Board which does not amount to the number of Directors being less than the minimum number of Directors prescribed in terms of this Memorandum of Incorporation) or (ii) as an addition to the Board (as contemplated in section 66(4)(a)(i)) and to remove any such Directors appointed; provided that any such appointment must be confirmed by the Ordinary Shareholders at the next annual general meeting of the Company.

29.4 Apart from satisfying the qualification and eligibility requirements set out in section 69, a person need not satisfy any further eligibility requirements or qualifications to become or remain a Director or a prescribed officer of the Company.

29.5 The elected Directors shall rotate in accordance with the provisions of this clause 29.5:

29.5.1 at the first annual general meeting of the Company, all the elected Directors shall retire from office, and at each subsequent annual general meeting (or other general meeting held on an annual basis), one third of the non-executive Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to one third, but not less than one third, shall retire from office. If an elected Director is appointed as chief executive officer, financial Director or as an employee of the Company in any other capacity, the contract under which he is appointed may provide that he shall not, while he continues to hold that position or office, be subject to retirement by rotation and he shall not, in such case, be taken into account in determining the rotation or retirement of Directors;

29.5.2 the elected Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot. Life directorships and directorships for an indefinite period shall not be permitted;

29.5.3 a retiring Director shall act as a Director throughout the meeting at which he or she retires and may be re-elected, provided that such Director is eligible;

29.5.4 the Ordinary Shareholders, at the general meeting at which a Director retires in the above manner, or at any other general meeting, may fill the vacancy by electing a person thereto;

29.5.5 if at any meeting at which an election of Directors ought to take place the offices of the retiring Directors are not filled, unless it is expressly resolved not to fill such vacancies, the meeting shall stand adjourned and the further provisions of this Memorandum of Incorporation, including clause 22.5, will apply *mutatis mutandis* to such adjournment, and if at such adjourned meeting the vacancies are not filled, the retiring Directors, or such of them as have not had their offices filled, shall be deemed to have been re-elected at such adjourned meeting.

29.6 The Directors may at any time and from time to time appoint any person or persons to act on behalf of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors in terms of this Memorandum of Incorporation) and for such period and subject to such conditions as the Directors may from time to time think fit and may from time to time vary or revoke any such appointment. Any such appointment may, if the Directors think fit, be made in favour of any company, the members, directors, nominees or managers of any company or firm, or otherwise in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Directors. Any such agents as aforesaid may be authorised by the Directors to subdelegate all or any of the powers, authorities and discretions for the time being vested in them.

29.7 All acts performed by the Directors or by a committee of Directors or by any person acting as a Director or a member of a committee shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the Directors or persons acting as aforesaid, or that any of them were disqualified from or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

29.8 The remaining Directors in office may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number fixed in accordance with this Memorandum of Incorporation, they must as soon as possible and within 3 (three) months from the date that the number of Directors fell below the minimum, fill the vacancies or call a general meeting for that purpose. The failure by the Company to have the minimum number of Directors during the 3 (three) month period does not limit or negate the authority of the Board or invalidate anything done by the Board or the Company. After the expiry of the 3 (three) month period the remaining Directors shall only be permitted to act for the purpose of filling vacancies or calling general meetings of Ordinary Shareholders.

29.9 A Director may also hold any other office in the Company other than that of auditor, and may also hold office as director or manager of, or in any other capacity, in any other company in which the Company is a shareholder or is otherwise interested, and shall not be liable to account to the Company for any remuneration or other benefits receivable by him from such other company. The appointment of a Director in any other capacity in the Company and his remuneration must be determined by a disinterested quorum of Directors.

31. DIRECTORS' COMPENSATION

31.1 Any Director who:

31.1.1 serves on any executive or other committee; or

31.1.2 devotes special attention to the business of the Company; or

31.1.3 goes or resides outside the Republic for the purpose of the Company; or

31.1.4 otherwise performs or binds himself to perform services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director,

may, to the extent that any such payment does not constitute remuneration for his or services as a Director as contemplated in section 66(8) or (9), be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Directors may from time to time determine.

31.2 The Directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with:

31.2.1 the business of the Company; and

31.2.2 attending meetings of the Directors or of committees of the Directors of the Company.

34. BORROWING POWERS

The Directors may from time to time exercise all of the powers of the Company to:

34.1 borrow for the purposes of the Company such sums as they think fit; and

34.2 secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of any Securities, mortgage or charge upon all or any of the property or assets of the Company.

38. DISTRIBUTIONS

38.1 **General**

Subject to the provisions of the Act, and particularly section 46, the Board, or on the recommendation of the Board, the Ordinary Shareholders by ordinary resolution, may at any time make Distributions.

38.2 **Distributions to Shareholders**

38.2.1 This clause 38.2 shall apply to Distributions made to Shareholders on a class of Shares as envisaged in paragraph (a) of the definition of 'distributions' in the Act, and references in this clause 38.2 to "Distributions" shall be read accordingly.

38.2.2 Distributions shall be declared payable to the relevant Shareholders registered as such on the record date with respect to such Distribution, determined in terms of clause 38.2, provided that such record date in the case of the payment of any Distribution shall be a date subsequent to the date of sanctioning of the Distribution or declaring the Distribution by the Board, whichever is the later.

38.2.3 Distributions payable in cash shall be declared in the currency of the Republic of South Africa. The Board may, in its discretion and on such terms and conditions as it may determine, authorise the payment of any Distribution to a non-resident Shareholder in any foreign currency requested by the non-resident Shareholder, at the cost, expense and risk of the non-resident Shareholder in question.

38.2.4 In the case where several persons are registered as the joint holders of any Shares, any one of such persons may give to the Company effective receipts for all or any Distributions and payments on account of Distributions in respect of such Shares.

38.2.5 Subject to clause 38.2.8, all cash Distributions, interest or other sums payable in cash to Shareholders shall be paid by electronic funds transfer or other electronic means, or as otherwise specified by the Board for time to time. Payment by any means into the bank account recorded in the Company's bank account register nominated by the Shareholder, or in the case of joint Shareholders into the bank account nominated by the Shareholder whose name stands first in the Securities Register in respect of the Share, shall discharge the Company of any further liability in respect of the amount concerned.

38.2.6 Every payment of a Distribution, interest or other sums made by electronic funds transfer shall be made at the risk of the Shareholder or joint Shareholders. The Company shall not be responsible for the loss or misdirection of any electronic funds transfer.

38.2.7 In respect of Distributions to Shareholders holding Shares listed on the JSE, payments to such Shareholders must be provided for in accordance with the Listings Requirements to the extent applicable and must not provide that capital shall be repaid on the basis that it may be called up again.

38.2.8 A Distribution may also be made and/or paid in any other way determined by the Directors, and if the directives of the Directors in that regard are complied with, the Company shall not be liable for any loss or damage which a Shareholder may suffer as a result thereof.

38.2.9 No Distribution shall bear interest against the Company, except as otherwise provided under the conditions of the issue of the Shares in respect of which such Distribution is payable.

38.2.10 Distributions unclaimed for a period of not less than 3 (three) years from the date on which such distributions became payable by the Company may, at the discretion of the Board be declared forfeit by the Board for the benefit of the Company.

38.2.11 For the avoidance of doubt, all monies due to Shareholders (including any Distributions in the form of monies) shall be held by the Company in trust in a suitable interest bearing account, as determined by the Board in its discretion, in terms of which interest will accrue for the benefit of the Shareholders, until lawfully claimed by the relevant Shareholders, but subject to the provisions of clause 38.2.10 and the laws of prescription from time to time, or until the Company is wound up.

38.2.12 Subject only to the provisions of any law to the contrary, Distributions may be declared either free of or subject to the deduction of income tax and any other tax or duty in respect of which the Company may be chargeable.

38.2.13 The Directors may from time to time declare and pay to the Shareholders such interim Distributions as the Directors consider appropriate.

38.2.14 Without detracting from the ability of the Company to issue capitalisation Shares, any Distribution may be effected and/or paid wholly or in part:

38.2.14.1 by the distribution of specific assets; or

38.2.14.2 by the issue of Shares, debentures or Securities of the Company or of any other company; or

38.2.14.3 in cash; or

38.2.14.4 in any other way which the Directors or Company in general meeting may at the time of declaring the Distribution determine, including granting to Ordinary Shareholders a right of election between receiving any Distribution in cash or in the form of the distribution of specific assets.

38.2.15 Where any difficulty arises in regard to any Distribution, the Directors may settle that difficulty as they think expedient, and in particular may fix the value which shall be placed on such specific assets on Distribution.

38.2.16 The Directors may:

38.2.16.1 determine that cash payments shall be made to any Shareholder on the basis of the value so fixed in order to secure equality of Distribution; and

38.2.16.2 vest any such assets in trustees upon such trusts for the benefit of the persons entitled to the Distribution as the Directors deem expedient.

38.3 **Other Distributions**

Distributions made by the Company as envisaged in paragraphs (b) and/or (c) of the definition of 'distributions' in the Act shall be effected in such manner and subject to such terms as the Directors or the Company in general meeting may at the time of declaring the Distribution determine.

40. AMENDMENT OF MEMORANDUM OF INCORPORATION

40.1 This Memorandum of Incorporation may only be altered or amended in the manner set out in the Act, read together with the Listings Requirements and, to the extent applicable, any licencing conditions imposed on the Company.

40.2 While the Ordinary Shares of the Company remain listed on the JSE, the Board must, prior to proposing any amendments for approval by Ordinary Shareholders, submit any such proposed amendments to the Memorandum of Incorporation to the JSE for approval in accordance with the Listings Requirements.

40.3 If any proposed amendment to the Memorandum of Incorporation relates to the variation of any preferences, rights, limitations and other terms attaching to any other class of Securities already in issue, that amendment may not be implemented without a special resolution of the Securities Holders in respect of Securities in that class at a separate meeting. In such instances, the Securities Holders in respect of such Securities may also be allowed to vote at the meeting of the Ordinary Shareholders, subject to the limitation on the voting rights recorded in paragraph 10.5(c) of Schedule 10 of the Listings Requirements. No resolution of Ordinary Shareholders of the Company to amend the Memorandum of Incorporation which relates to the variation of any preferences, rights, limitations and other terms attaching to a class of Securities shall be proposed or passed, unless the amendment has been approved by a special resolution of the Securities Holders of the Securities in that class.

40.4 Preferences, rights, limitations or other terms of any class of Securities must not be varied and no resolution may be proposed to the Company's Securities Holders for such variation in response to any objectively ascertainable external fact or facts, as provided for in sections 37(6) and (7).

MATERIAL CONTRACTS

Set out below are the salient terms of all material contracts concluded by the Company or its subsidiaries, being:

- restrictive funding arrangements and/or contracts entered into otherwise than in the ordinary course of business carried on by the Company or any of its subsidiaries, entered into at any time and containing any obligation or settlement that is material to the Company or its subsidiaries as at the Last Practicable Date; or
- contracts that are otherwise considered material by the Company.

The Company is a party to the following material contracts–

Afrozaar Proprietary Limited ("Afrozaar")

Sagarmatha Technologies has a contract with Afrozaar for the provision by Afrozaar of basic to intermediate development, support, maintenance and enhancements regarding the effective functioning of the Group's various websites and platforms. The contract was signed on 1 January 2017 and runs for a period of 3 years.

Saratoga Software Proprietary Limited ("Saratoga")

Sagarmatha Technologies has a contract with Saratoga for the provision by Saratoga of assistance with developmental software as well as backend support for the Group's various websites and platforms. The contract commenced on 1 July 2017, and expires on 31 December 2018, unless extended by both parties in writing.

Sappi Southern Africa Limited ("Sappi")

On 17 October 2017, Insights Publishing Proprietary Limited, a wholly-owned subsidiary of Independent Media, entered into a contract with Sappi for the supply of reels of printing paper for the period 1 August 2017 to 31 March 2020. In terms of the contract, Sappi shall supply between 21 000 and 28 000 tons of printing paper per annum to Independent Media, and 14 000 tons for the period 1 August 2017 to 31 March 2018.

CTP Limited ("CTP")

On 29 August 2012, Independent Newspapers Proprietary Limited ("**Independent Newspapers**"), a wholly-owned subsidiary of Independent Media entered into a contract with CTP with regard to the outsourcing of printing of certain of Independent Newspapers' publications for an initial period of five years. At the end of the initial period, the agreement continues in force indefinitely unless terminated by either party in writing and with twelve months' notice.

ANA

On 31 December 2016, Sagarmatha Technologies acquired a further 20% shareholding in ANA from Sekunjalo Investments Proprietary Limited (a wholly-owned subsidiary of Sagarmatha Group Holdings Proprietary Limited) for a purchase consideration of R553 087 258, which consideration was satisfied through the issue of 839 Sagarmatha Technologies shares at an issue price of R659 222 per share.

Acquisitions

In addition, the Company is party to the following Acquisition Agreements as set out in paragraph 3 of the Pre-listing Statement:

- the Sim Consortia Acquisition: an asset-for-share agreement entered into on or about 22 November 2017 in terms of which Sagarmatha Technologies will acquire 92% of the issued ordinary shares of Sekunjalo Independent Media Proprietary Limited; and
- the SACTWU SIM Acquisition: an asset-for-share agreement entered into on or about 22 November 2017, in terms of which Sagarmatha Technologies will acquire 8% of the used ordinary shares of Sekunjalo Independent Media Proprietary Limited, together with all the claims of SACTWU against Sekunjalo Independent Media Proprietary Limited.

Further information with regard to these agreements is contained in paragraph 3 of the Pre-listing Statement.

HISTORICAL FINANCIAL INFORMATION OF SAGARMATHA TECHNOLOGIES LIMITED FOR THE THREE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF THE GROUP FOR THE YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

Introduction

The historical financial information of Sagarmatha Technologies Limited (previously known as African Technology and Media Holdings Proprietary Limited) ("Sagarmatha Technologies" or "The Group" or "ST") set out below has been extracted from the consolidated audited annual financial statements of Sagarmatha Technologies for the years ended 31 December 2014, 31 December 2015 and 31 December 2016. The consolidated annual financial statements were audited by Grant Thornton Cape Inc. and reported on without qualification.

The historical financial information of the Group is the responsibility of the Directors of Sagarmatha Technologies.

The historical financial information of the Group for the years ended 31 December 2014, 31 December 2015 and 31 December 2016 were authorised for issue on 14 December 2017 by the Board of Directors.

Director's commentary

1. Nature of business

Sagarmatha Technologies is a holding company incorporated in South Africa with interests in technology platforms and other ancillary support services. The Company does not trade, and all of its activities are undertaken through its principal subsidiaries. The Group operates from South Africa with a key focus on Africa's emerging economy. The Group's principal operations are Syndicated Content Distribution, e-commerce, digital media and other related technologies.

2. Financial results

The operating results and the state of affairs of the Group are fully set out in the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes thereto.

Group revenues increased by 52%, from R124.1 million in FY15 to R188.4 million in FY16 (FY14: R19.0 million). Revenue growth was mainly due to increases in sales volumes in the e-commerce platform and the start of the Syndicated Content Distribution.

Group loss before taxation dropped to R35.8 million in FY16 from Group loss before taxation of R78.1 million in FY15, (FY14: (R1.1 million)). The loss before taxation shows improved efficiencies in FY16 as the Group improved the gross profit margin from negative to positive.

The working capital investment to drive up market share resulted in cash balances reducing from R373.6 million in FY15 to R296.8 million in FY16 (FY14 R1.58 million).

3. Dividends

No dividends were declared or paid to the shareholders during the year (FY15: Nil; FY14: Nil).

4. Authorised and issued share capital

During the year ended 31 December 2016, the Group issued 849 shares (FY15: Nil, FY14: 31 shares) for an amount of R690 million. (FY15: Nil, FY14: R10 million). 839 shares of the 849 shares issued during the year were issued at a discount at an issue price of R553 million.

5. Events after the reporting period

The Board of Sagarmatha Holdings Proprietary Limited approved the listing of Sagarmatha Technologies Limited in the medium term (medium term: 12 months). The Directors are not aware of any other material facts or circumstances occurring between the statement of financial position date and the date of this report that would require adjustments to the financial statements for the financial years ending 31 December 2016, 31 December 2015 and 31 December 2014.

6. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Nationality	Appointment/ resignation date
MI Surve	South African	Resigned 9 October 2017
CF Hendricks	South African	Resigned 9 October 2017
P Lamontagne	Canadian	Appointed 16 October 2017
TT Hove	Zimbabwean	Appointed 1 August 2017
VC Dzvova	Zimbabwean	Appointed 1 August 2017
A Amod	South African	Appointed 16 September 2017
H Doley	American	Appointed 10 October 2017
G Fredericks	South African	Appointed 1 October 2017
G Hadfield	South African	Appointed 1 October 2017
A Johnson	South African	Appointed 20 September 2017
A Ipp	South African	Appointed 27 September 2017
R Mosia	South African	Appointed 27 September 2017
Z Mamba	South African	Appointed 16 October 2017
A Pandor	South African	Appointed 3 October 2017
S Tunzelana	South African	Appointed 27 September 2017

7. GOING CONCERN

The consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

8. COMPANY SECRETARY

The company secretary is FE Brand of:

Postal address	PO Box 56 Cape Town 8000
Business address	10th Floor, Convention Tower Heerengracht Street Foreshore Cape Town 8000

9. HOLDING COMPANY

The Group's holding company is Sagarmatha Holdings Proprietary Limited which holds 96% (2015: 80.1%) of the Group's equity.

10. ULTIMATE HOLDING COMPANY

The Group's ultimate holding company is Sekunjalo Investment Holdings Proprietary Limited.

11. AUDITORS

Grant Thornton Cape Inc. were appointed in office as auditors for the Company and its subsidiaries for the 2016 financial year. Effective 22 February 2018, Grant Thornton Inc. entered into a merger agreement with BDO South Africa Incorporated and as a result changes its name to BDO Cape Inc. At the AGM, the shareholders will be requested to reappoint Grant Thornton Cape Inc. as the independent external auditors of the Company and to confirm Mr B van der Walt as the designated lead audit partner for the 2017 financial year.

12. LIQUIDITY AND SOLVENCY

The directors have performed the liquidity and solvency tests required by the Companies Act, as amended, for the Group. The Board is satisfied that the Group is solvent and has no reason to believe that the business will not be a going concern in the year ahead.

HISTORICAL FINANCIAL INFORMATION

No material change in the nature of the business of Sagarmatha Technologies occurred, and no material fact or circumstance has occurred between the end of the latest financial year of Sagarmatha Technologies and the date of this Pre-listing Statement, in so far as not already dealt with in the historical financial information outlined in this **Annexure 7**. The historical financial information was audited by Grant Thornton Cape Inc. (now BDO Cape Inc) and should be read in conjunction with their Independent Reporting Accountant's Report set out in **Annexure 8**.

Consolidated Statement of Financial Position as at 31 December 2016

	Notes	2016 R'000	2015 R'000	2014 R'000
Assets				
Non-Current Assets				
Property, plant and equipment	3	8 221	7 385	6 275
Goodwill	4	7 233	7 233	–
Intangible assets	5	36 216	30 274	–
Deferred tax	6	15 135	8 959	2 921
		66 805	**53 851**	**9 196**
Current Assets				
Inventories	8	12 554	8 220	1 938
Other financial assets	7	98 171	15 272	–
Current tax receivable		96	365	–
Trade and other receivables	9	16 537	9 688	11 089
Cash and cash equivalents	10	296 823	373 607	1 582
		424 181	**407 152**	**14 609**
Total Assets		**490 986**	**461 003**	**23 805**
Equity and Liabilities				
Equity				
Share capital	11	700 000	10 000	10 000
Accumulated loss		(217 275)	288 293	(1 094)
		482 725	**298 293**	**8 906**
Non-controlling interest		(83 909)	(6 650)	(2 430)
		398 816	**291 643**	**6 476**
Liabilities				
Non-Current Liabilities				
Other financial liabilities	12	52 815	89 059	7 294
		52 815	**89 059**	**7 294**
Current Liabilities				
Trade and other payables	13	39 355	80 301	10 035
		39 355	**80 301**	**10 035**
Total Liabilities		**92 170**	**169 360**	**17 329**
Total Equity and Liabilities		**490 986**	**461 003**	**23 805**
Net asset value per share – Cents		**49.099**	**29.164**	**0.648**
Net tangible asset value per share -Cents		**44.754**	**25.414**	**0.648**

Consolidated Statement of Comprehensive Income for the year ended 31 December 2016

	Notes	2016 R'000	2015 R'000	2014 R'000
Revenue	14	188 481	124 192	19 049
Cost of sales		(166 975)	(125 727)	(13 959)
Gross profit (loss)		**21 506**	**(1 535)**	**5 090**
Other income	15	23 630	1 162	903
Operating expenses		(99 011)	(88 378)	(7 300)
Operating (loss) profit	16	**(53 875)**	**(88 751)**	**(1 307)**
Investment revenue	17	29 253	16 037	213
Finance costs	18	(11 233)	(5 405)	–
(Loss) Profit before taxation		**(35 855)**	**(78 119)**	**(1094)**
Taxation	19	6 115	5 973	–
(Loss) Profit for the year		**(29 740)**	**(72 146)**	**(1 094)**
Other comprehensive income		–	–	–
Total comprehensive loss for the year		**(29 740)**	**(72 146)**	**(1 094)**
Owners of the parent		(21 463)	(67 614)	(1 094)
Non-controlling interest		(8 277)	(4 532)	–
Total comprehensive loss attributable to:		**(29 740)**	**(72 146)**	**(1 094)**
Owners of the parent		(21 463)	(67 614)	(1 094)
Non-controlling interest		(8 277)	(4 532)	–
Earnings per share information:				
Basic earnings per share (Cents)	24	(2.146)	(6.761)	(0.715)
Diluted earnings per share (Cents)	24	(2.146)	(6.761)	(0.715)

Consolidated Statement of Changes in Equity for the year ended 31 December 2016

	Share Capital R'000	Accumulated loss R'000	Total attributable to equity holders of the group R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 January 2014	**–**	**–**	**–**	**–**	**–**
Changes in equity					
Share issue	10 000	–	10 000	–	10 000
Total comprehensive loss for the year	–	(1 094)	(1 094)	–	(1 094)
Business combinations (see note 22)				(2 430)	(2 430)
Total changes	10 000	(1 094)	8 906	(2 430)	6 476
Balance at 1 January 2015	**10 000**	**(1 094)**	**8 906**	**(2 430)**	**6 476**
Changes in equity					
Total comprehensive loss for the year	–	(67 614)	(67 614)	(4 532)	(72 146)
Profit on sale of shares to non-controlling interest	–	357 001	357 001	–	357 001
Business combinations (see note 22)	–	–		312	312
Total changes		289 387	289 387	(4 220)	285 167
Balance at 1 January 2016	**10 000**	**288 293**	**298 293**	**(6 650)**	**291 643**
Total comprehensive loss for the year	–	(21 463)	(21 463)	(8 277)	(29 740)
Share issue	690 000	–	690 000	–	690 000
Purchase of additional shares in subsidiary	–	(484 105)	(484 105)	(68 982)	(553 087)
Total changes	690 000	(505 568)	184 432	(77 259)	107 173
Balance at 31 December 2016	**700 000**	**(217 275)**	**482 725**	**(83 909)**	**398 816**

Consolidated Statement of Cash Flows for the year ended 31 December 2016

	Notes	2016 R'000	2015 R'000	2014 R'000
Cash flows from operating activities				
Cash receipts from customers		183 551	121 787	17 983
Cash paid to suppliers and employees		(254 032)	(144 028)	(22 281)
Cash utilised in operations	21	**(70 481)**	**(22 241)**	**(4 298)**
Interest income		29 253	16 037	213
Finance costs		(11 233)	(5 405)	–
Tax received (paid)	22	197	(365)	–
Net cash utilised in operating activities		**(52 264)**	**(11 974)**	**(4 085)**
Cash flows from investing activities				
Purchase of property, plant and equipment	3	(1 728)	(1 535)	(6 275)
Purchase of intangible assets	5	(11 687)	(30 728)	–
Sale of intangible assets	5	447	–	–
Business combinations	22	–	(7 203)	1 582
Advances to other financial assets	7	(82 899)	(15 272)	–
Net cash to investing activities		**(95 867)**	**(54 738)**	**(4 693)**
Cash flows from financing activities				
Proceeds on share issue	11	–	–	10 000
Proceeds on sale of shares to non-controlling interests	24	–	357 001	–
Repayment of other financial liabilities	12	(5 726)	(4 987)	(1 947)
Proceeds from other financial liabilities	12	77 073	86 723	2 307
Net cash to financing activities		**71 347**	**438 737**	**10 360**
Total cash movement for the year		**(76 784)**	**372 025**	**1 582**
Cash at the beginning of the year		373 607	1 582	–
Total cash at the end of the year	10	**296 823**	**373 607**	**1 582**

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'), the Financial Reporting Guides issued by the South African Institute of Chartered Accountants ('SAICA') Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act 71 of 2008, as amended. The annual financial statements have been prepared on the historical cost basis, except for certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rand.

These accounting policies are consistent with the previous period.

1.1 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all entities, including special purpose entities, which are controlled by the company.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognised directly in the statement of changes in equity.

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognised directly in the statement of changes in equity.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred forth acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interest issued byte group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measure initially by their fair value at the acquisition date. On an acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investments.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair values of any previous equity interest in the acquiree, over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated.

Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Transactions and non-controlling interest

The group treats transactions with non-controlling interest as transactions with equity owners of the group. For purchase of controlling interest, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interest are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit of loss where appropriate.

Commonly controlled entities

The Group does not apply the application of IFRS3 Business Combinations to common controlled entities as this has specifically been scoped out of IFRS3.

As part of the accounting for a step acquisition where the acquiree is a common controlled entity, the previous equity interest held by the acquirer is not remeasured prior to the change in control. Thus, a change in control will result in the investment been transferred at the original carrying value and not at fair value at the date of transaction.

Interest in joint ventures

A joint venture is a contractual agreement whereby the Group and other parties undertake an economic activity that is subject to joint control; that is when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

Jointly controlled operations

In respect of its interests in jointly controlled operations, the Group recognises in its annual financial statements:

- the assets that it controls and the liabilities that it incurs; and
- the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint operation.

1.2 Investments in subsidiaries

Separate Financial Statements

In the company's separate annual financial statements, investments in subsidiaries are carried at amortised cost.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.3 Significant judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables and loans and receivables

The Group assesses its trade receivables and loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

Property, plant and equipment

The Group assesses the useful lives, depreciation rates and residual values of these assets at each statement of financial position date. These estimates take cognisance of current market and trading conditions for the Group's specific assets. In addition, the useful life estimates take into account the risk of obsolescence due to advances in technology.

Intangible assets

The Group assesses the useful lives, amortisation rates and residual values at each reporting date. This judgement is used on the market and trading conditions for the Group, management's expectations and strategy for the use of the intangible, as well as by performance indicators, sales growth rate and operating margins of cash generating units which use the intangible.

Impairment testing

Assets are subject to regular impairment reviews as required. Impairments are measured at the difference between the carrying value of a particular asset and the recoverable amount which is the greater of the fair value less cost to sell or value in use of the asset. Impairments are recorded in the statement of comprehensive income in the period in which they occur. The Group's policy in relation to impairment testing in respect of goodwill is detailed below.

The recoverable amount of the cash-generating units has been determined based on a value in use calculation. Key assumptions applied to determine the recoverable amount of the cash generating units, using the value in use calculation relating to sales growth rates, working capital requirements and capital expenditure. Cash flow projections were based on historical information and financial budgets approved by senior management covering a five-year period.

Assumptions applied for impairment testing of goodwill:

Risk free rate	R 207 Government Bonds
Beta	1.01 – 1.10
Discount rate	18.66% – 24.60%

Provisions

At each statement of financial position date management estimates the leave pay provision based on the outstanding number of leave days due to employees applied to the cost of employment. Management also estimates the bonus provision based on the number of employees that would have achieved their key performance indicators. Other provisions are estimated based on the information available and past experience.

Normal taxation and deferred taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income were based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the statement of financial position date could be impacted.

1.4 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite
Buildings	20 – 50 years
Leasehold improvements	5 – 40 years
Furniture and fixtures	2 – 12 years
Motor vehicles	4 – 5 years
Office equipment	3 – 20 years
IT equipment	2 – 3 years
Plant, machinery and equipment	5 – 25 years
Computer Software	2 – 5 years
Capital work in progress	Not depreciated

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate**.**

1.5 Intangible assets

Intangible assets which are separately acquired are initially recognised at cost.

Intangible assets with a finite useful life are stated at cost less any accumulated amortisation and any impairment losses.

Intangible assets with an indefinite useful life are stated at cost less any accumulated amortisation and any impairment losses and are tested for impairment at every period-end.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful life
Brand names	Indefinite
Computer software	3 – 10 years
News archives	Indefinite

1.6 Financial instruments

Initial recognition and measurement

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

The Group's financial assets are investments, loans receivables, trade and other receivables and bank and cash balances. The Group's principal financial liabilities are interest-bearing and non-interest-bearing loans payable, trade and other payables and mortgage bonds.

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Trade and other payables

Trade payables are initially measured at fair value plus transactions costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Other financial liabilities and other financial assets

These include loans to and from holding companies, fellow subsidiaries, subsidiaries and joint ventures are recognised initially at fair value plus direct transaction costs.

Subsequently these loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the loan at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Loans from Group companies are measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other receivables are classified as loans and receivables.

1.7 Tax

Current tax assets and liabilities

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Any contingent rents are expensed in the period they are incurred.

1.9 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Obsolete, redundant and slow-moving items are identified on a regular basis and are written down to their estimated net realisable values.

1.10 Impairment of assets

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or Groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.11 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.12 Provisions

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

1.13 Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

1.14 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Advertising revenue

Advertising revenue (net of agency commission) from publishing is recognised when a newspaper or magazine is published. Online advertising revenue is recognised over the period that the advertisement is displayed.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.15 Segmental analysis

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management. Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment, whether from external transactions with other Group segments. Segment results are determined before any adjustments for minority interests. Segment assets and liabilities comprise the operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets are determined after deducting related allowances that are reported as direct offsets in the Group's statement of financial position. Capital expenditure represents the total costs incurred during the period to acquire segment assets that are expected to be used during more than one period, namely, property, plant and equipment, and intangible assets other than goodwill.

Business segments comprise the following which is aggregated upon consolidation:

- Syndicated content;
- B2B2C E-commerce;
- Digital Media Online;
- Classifieds; and
- Corporate

1.16 Earnings per share

Earnings per share is calculated on the weighted average number of shares in issue, net of treasury shares, in respect of the year and is based on profit attributable to ordinary shareholders. Headline earnings per share are calculated in terms of the requirements set out in Circular 02/2015 issued by SAICA.

Notes to the consolidated annual financial statements

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard Interpretation	Details of Amendments	Effective date: Years beginning on or after
IFRS 5 - Non-current assets Held for Sale Sale and Discontinued Operations	Annual Improvements 2012-2014 Cycle: Amendments clarifying that a change in the manner of disposal of a non-current asset or disposal group held for sale is considered to be a continuation of the original plan of disposal, and accordingly, the date of classification as held for sale does not change.	1 January 2016
IFRS 7 - Financial Instruments Disclosure	Annual Improvements 2012-2014 Cycle: Amendment clarifying under what circumstances an entity will have continuing involvement in a transferred financial asset as a result of servicing contracts. - Annual Improvements 2012-2014 Cycle: Amendment clarifying the applicability of previous amendments to IFRS 7.	1 January 2016
IFRS 10 - Consolidated Financial Statements	Investment Entities: Applying the Consolidation Exception. - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).	1 January 2016
IFRS 11 - Interests in Joint Operations	Amendments adding new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business which specify the appropriate	1 January 2016
IFRS 12 - Disclosure of Interests in Other Entities	Accounting treatment for such acquisitions. Investment Entities: Applying the Consolidation Exception- Annual Improvements 2014-2016 Cycle: Clarification of the scope of IFRS 12 with respect to interests in entities classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.	1 January 2016
IAS 1 - Presentation of Financial	Statements Disclosure Initiative: Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements.	1 January 2016
IAS 16 and IAS 38 - Property Plant and Equipment and Intangibles	Amendment to establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	1 January 2016
IAS 27 - Consolidated and Separate Financial Statements	Amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 January 2016
IAS 28 - Investments in Associates and Joint Ventures	Investment Entities: Applying the Consolidation Exception- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) Annual Improvements 2014- 2016 Cycle: Clarification that a venture capital organisation, or a mutual fund, unit trust and similar entities may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately	1 January 2016

2.2 **Standards and interpretations not yet effective**

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 September 2016 or later periods:

Standard/Interpretation	Effective date: Years beginning on or after	Expected date f adoption	Expected impact
IFRS 2 Share based payments	1 January 2018	1 January 2018	Unlikely there will be a material impact
IFRS 9 Financial Instruments	1 January 2018	1 January 2018	Unlikely there will be a material impact
IFRS 12 Disclosure of interests in other entities	1 January 2017	1 January 2017	Unlikely there will be a material impact
IFRS 15 Revenue from Contracts from Customers	1 January 2018	1 January 2018	Unlikely there will be a material impact
IFRS 16 Leases	1 January 2019	1 January 2019	Material impact on disclosure
IAS 12 Income taxes	1 January 2017	1 January 2017	Unlikely there will be a material impact
IAS 17 Statement of cashflows	1 January 2017	1 January 2017	Unlikely there will be a material impact
IAS 28 Investments in Associates and Joint ventures	1 January 2018	1 January 2018	Unlikely there will be a material impact
IFRIC 22 Foreign currency transactions and advance consideration	1 January 2018	1 January 2018	Unlikely there will be a material impact

3. PROPERTY PLANT AND EQUIPMENT

	2016			2015			2014		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	5 748	–	5 748	5 748	–	5 748	5 748	–	5 748
Furniture and fixtures	523	(274)	249	364	(160)	204	259	(93)	166
IT Equipment	2 084	(1 290)	794	1 509	(840)	669	652	(601)	51
Motor vehicles	457	(211)	246	331	(151)	180	277	(111)	166
Office equipment	324	(197)	127	232	(134)	98	126	(101)	25
Plant and machinery	1 516	(459)	1 057	739	(253)	486	326	(207)	119
Total	**10 652**	**(2 431)**	**8 221**	**8 923**	**(1 538)**	**7 385**	**7 388**	**(1 113)**	**6 275**

Reconciliation of property, plant and equipment – 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Land and buildings	5 748	–	–	–	5 748
Furniture and fixtures	204	158	–	(113)	249
IT Equipment	670	575	–	(451)	794
Motor vehicles	180	126	–	(60)	246
Office equipment	97	92	–	(62)	127
Plant and machinery	486	777	–	(206)	1 057
Total	**7 385**	**1 728**	**–**	**(892)**	**8 221**

Reconciliation of property, plant and equipment – 2015

	Opening balance	Additions	Additions through business combinations	Depreciation	Total
Land and buildings	5 748	–	–	–	5 748
Furniture and fixtures	166	105	–	(67)	204
IT Equipment	51	822	36	(239)	670
Motor vehicles	166	50	3	(39)	180
Office equipment	25	93	12	(33)	97
Plant and machinery	119	414	–	(47)	486
Total	**6 275**	**1 484**	**51**	**(425)**	**7 385**

Reconciliation of property, plant and equipment – 2014

	Opening balance	Additions	Additions through business combinations	Depreciation	Total
Land and buildings	–	–	5 748	–	5 748
Furniture and fixtures	–	–	166	–	166
IT Equipment	–	–	51	–	51
Motor vehicles	–	–	166	–	166
Office equipment	–	–	25	–	25
Plant and machinery	–	–	119	–	119
Total	**–**	**–**	**6 275**	**–**	**6 275**

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

Details of property

Unit 3, Khutaza Park, Bell Crescent, Westlake Business Park, Westlake	5 748	5 748	5 748

This building is held as security for the mortgage bond disclosed in note 12.

4. GOODWILL

	2016	2015	2014
Opening balance	7 233	7 233	–
Accumulated impairment	–	–	–
Balance at end of year	**7 233**	**7 233**	**–**

Reconciliation of Goodwill – 2016

	Opening balance	Additions through business combination	Impairment	Total
Goodwill	7 233	–	–	7 233
Total	**7 233**	**–**	**–**	**7 233**

Reconciliation of Goodwill – 2015

	Opening balance	Additions through business combination	Impairment	Total
Goodwill	–	7 233	–	7 233
Total	**–**	**7 233**	**–**	**7 233**

The Group performs an annual impairment test on goodwill based on cash-generating units ("CGU").

Goodwill acquired through business combinations has been allocated to the Independent Online Property Joint Venture Proprietary Limited cash-generating units for impairment testing.

The recoverable amount of each of the CGUs to which goodwill is allocated has been determined based on a value-in-use calculation which uses cash flow projections on financial forecasts approved by the board of directors covering a five-year term.

The cash flow projections over the five-year budget term are based on the assumption of the same expected gross margin and price inflation over the budget term.

The following are the principle assumptions that were used to calculate the recoverable amounts of the CGUs:

	2016	2015	2014
Discount rate	18.6%	17.1%	–
Number of years	5	5	–
Growth rate	6.50%	5.00%	–

5. INTANGIBLE ASSETS

	2016	2015	2014
Cost	41 969	30 728	–
Brand names	19 000	19 000	–
Computer software	22 969	11 281	–
News Archives	–	447	–
Accumulated amortisation	(5 753)	(454)	–
Brand names	–	–	–
Computer software	(5 753)	(454)	–
News Archives	–	–	–
Balance at end of year	**36 216**	**30 274**	**–**

Reconciliation of intangible assets – 2016

	Opening balance	Additions	Disposals	Amortisation	Total
Brand names	19 000	–	–	–	19 000
Computer software	10 827	11 687	–	(5 298)	17 216
News Archives	447	–	(447)	–	–
Total	**30 274**	**11 687**	**(447)**	**(5 298)**	**36 216**

Reconciliation of intangible assets – 2015

	Opening balance	Additions	Additions through business combinations	Amortisation	Total
Brand names	–	–	19 000	–	19 000
Computer software	–	11 281	–	(454)	10 827
News Archives	–	447	–	–	447
Total	**–**	**11 728**	**19 000**	**(454)**	**30 274**

Individually material intangible assets

The brand names of R19 million are attributable to the IOL brand which is managed under Independent Online SA Proprietary Limited, a 60% subsidiary in the Group. This brand has an indefinite useful life as the company expects to use this brand for an indefinite period. The brand name is a well-established brand that resonates with and is identifiable by the audiences that are attracted and eventually monetised by the Group.

Further brand extensions are also expected to be derived from the IOL platform and integrated with the other products that the Group has on offer. Economic benefits will be derived from the IOL brand and its extensions for as long as the Group remains a going concern.

Computer Software relates to the Content Management Systems and other platform development costs which are managed under African News Agency Proprietary Limited and Independent Online SA Proprietary Limited respectively. These are amortised over 3 -10 years.

Impairment testing of cash generating unit ('CGU") containing intangible assets with an indefinite useful life

The Group tests indefinite life intangible assets for impairment on an annual basis or whenever there is an indication that the intangible assets may be impaired. The indefinite life intangible assets have been allocated to Independent Online SA Proprietary Limited.

The CGU is the lowest level of asset for which there are separately identifiable cash flows having the carrying amount of the intangible asset with an indefinite useful life, that is considered significant in comparison with the Company's total indefinite useful life intangible assets. The CGU represents the lowest level at which the related intangible asset is monitored for internal management purposes.

A discounted cash flow valuation technique was used to assess for impairment on the IOL CGU.

	2016	2015	2014
General overheads growth rate	4	6	6
Marketing expense growth rate	3	5	5
Editorial expense growth rate	4	4	4
Advertising revenue growth rate	8	8	8
Discount rate	16	16	16

6. DEFERRED TAX

	2016	2015	2014
Deferred tax asset			
Leave pay provision	270	168	–
Bonus provision	302	–	–
Inventory obsolescence provision	40	–	–
Income received in advance	264	19	–
Prepayments	(51)	(28)	–
Provision for doubtful debts	39	42	–
Temporary differences on property, plant and equipment	(3)	–	–
Tax losses available for set off against future taxable income	14 274	8 758	2 921
	15 135	8 959	2 921
Assets netted off against the deferred tax liability	–	–	–
Total net deferred tax asset	**15 135**	**8 959**	**2 921**
Reconciliation of deferred tax asset			
Balance at beginning of the year	8 959	2 921	–
Leave pay provision	102	168	2 921
Bonus provision	302	–	
Inventory obsolescence provision	40	–	
Income received in advance	245	19	
Prepayments	(23)	(28)	
Provision for doubtful debts	(3)	42	
Temporary differences on property, plant and equipment	(3)	–	
Tax loss available for set off against future taxable income	5 516	5 837	–
Balance at the end of the year	**15 135**	**8 959**	**2 921**

Recognition of deferred tax asset

The Group has recognised a deferred tax asset to the extent that management believes that the Group will generate sufficient future taxable income to utilise the assessed losses.

Unrecognised deferred tax assets

Deductible temporary differences not recognised as deferred tax assets	11 390	12 287	2 191

7. OTHER FINANCIAL ASSETS

At fair value through profit or loss			
Investment account	3 024	15 272	–
Short term investment account (Ned Group Core Income Fund) used to invest excess cash in the Group's ecommerce business. The asset can be liquidated with a 24-hour notice.			
Total	**3 024**	**15 272**	**–**
Loans and receivables			
Sekunjalo Investment Holdings (Proprietary) Limited	95 147	–	–
The loan is unsecured and bears interest at the prime overdraft rate. There are no repayment terms.			
Total	**95 147**	–	–
Total Other financial assets	**98 171**	**15 272**	**–**
Current assets			
At fair value through profit or loss	3 024	15 272	–
Loans and receivables	95 147	–	–
Total	**98 171**	**15 272**	**–**

Fair value of loans and receivables

The carrying value of the loans approximates fair value as market-related interest rates are charged on outstanding amounts.

Credit quality of loans and receivables

The credit quality of loans receivable that are neither past due, nor impaired can be assessed by reference to historical information about counterparty default rates. No defaults have occurred in the past. Credit quality is considered to be high for all loans and receivables.

8. INVENTORIES

	2016	2015	2014
Finished goods	12 554	8 220	1 938
Total	**12 554**	**8 220**	**1 938**

No inventory was written down to net realisable value in the current and prior years.

9. TRADE AND OTHER RECEIVABLES

Trade receivables	5 170	825	–
Staff loans	167	66	49
Other receivables	1 682	246	731
Deposits	70	100	–
Value added taxation	4 690	1 336	309
Pre-payments	4 758	7 115	10 000
Total	**16 537**	**9 688**	**11 089**

Other receivables

These consist largely of trade receivables from other group companies.

Prepayments

These consist of amounts paid in advance for certain advertising rights and other IT service fees.

Credit quality of trade and other receivables

The Group performs ongoing credit evaluations of the financial condition of all customers. Before any new customer is approved for credit, a thorough credit check is performed by an in-house credit department. Where there are red flags raised the services of an external credit rating agency are sought. The credit check assessment provides credit scores and credit ratings on each customer. In addition to that a recommended credit limit is provided by the in-house credit department. Additional internal ratings and credit limit checklist procedures are performed by management for material transactions before a final credit limit is approved to the Group's customers. The credit quality of trade and other receivables that are neither past nor due nor impaired is assessed by management based on historical information about counterparty default ratings if available. The customer base is predominantly local. Credit quality is considered to be high.

Fair value of trade and other receivables

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

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The group does not hold any collateral as security.

Trade receivables past due but not impaired

Trade and other receivables which are less than 60 days past due are not considered to be impaired. At 31 December 2016, trade receivables of R nil (2015: R nil, 2014: Rnil) were past due but not impaired. There were no trade receivables impaired during the current and prior period.

Age analysis of trade receivables:

Current	5 170	825	–
Total	**5 170**	**825**	**–**

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of:

	2016	2015	2014
Bank balances	296 823	373 607	1 582
Total	**296 823**	**373 607**	**1 582**

Credit quality of cash at bank and short-term deposits, excluding cash on hand

Cash and cash equivalents are held with Standard Bank and Nedbank. These are reputable banking institutions and their credit quality is considered to be high. Credit rating of these banks is BBB-.

The effective interest rates on short term bank deposits was 6.50% (2015: 5.75%) and have maturity dates of less than three months from period investment was made. Cash and cash equivalents are denominated in South African Rand.

11. SHARE CAPITAL

	2016	2015	2014
Authorised			
4 000 Ordinary shares of no par value	4 000	4 000	4 000
Issued			
Number of ordinary shares of no par value	1 000	151	151
Reconciliation of number of shares issued			
Issued shares at the beginning of the period	151	151	–
Issue of shares during the period	849	–	151
Total	**1 000**	**151**	**151**
Issued share capital			
1 000 Ordinary shares of no par value	700 000	10 000	10 000

3 000 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Each ordinary no par value share entitles the holder to one vote.

12. OTHER FINANCIAL LIABILITIES

Held at amortised cost

	2016	2015	2014
ABSA Bank Limited	3 343	–	4 987

The Khuthaza bond is held with ABSA Bank Limited and bears interest at 10.5%. The building owned by Loot Online Proprietary Limited is held as security. Refer to note 3.

Independent Newspapers Proprietary Limited	14 114	8 368	2 307

The loan is interest free and unsecured. Independent Newspapers Proprietary Limited has granted an unconditional right to Independent Online SA Proprietary Limited and Sagarmatha Technologies Limited to defer repayment of the outstanding amounts for a period of at least 12 months from the statement of financial position date. The loan has been discounted by 12 months at the prime overdraft rate to reflect the fair value.

Africa Community Media Proprietary Limited	34 242	15 057	–

The loan is unsecured and interest free. Africa Community Media Proprietary Limited has granted an unconditional right to African News Agency Proprietary Limited to defer repayment of the outstanding amounts for a period of at least 12 months from the statement of financial position date. The loan has been discounted by 12 months at the prime overdraft rate to reflect the fair value.

Insight Publishing Proprietary Limited	1 116	300	–

The loan is unsecured and interest free. Insights Publishing Proprietary Limited has granted an unconditional right to African News Agency Proprietary Limited to defer repayment of the outstanding amounts for a period of at least 12 months from the statement of financial position date. The loan has been discounted by 12 months at the prime overdraft rate to reflect the fair value.

Independent Newspapers Proprietary Limited	**–**	**65 061**	**–**

The loan bears interest at the prime rate and is unsecured. Independent Newspapers Proprietary Limited has granted an unconditional right to Loot Online SA Proprietary Limited, African News Agency Proprietary Limited and Sagarmatha Technologies Limited to defer repayment of the outstanding amount for a period of at least 12 months from the statement of financial position date.

Sekunjalo Investment Holdings Proprietary Limited	–	273	–

The loan is unsecured and interest free. Sekunjalo Investment Holdings Proprietary Limited has granted an unconditional right to African News Agency Proprietary Limited to defer repayment of the outstanding amounts for a period of at least 12 months from the statement of financial position date. The loan has been discounted by 12 months at the prime overdraft rate to reflect the fair value.

Total	**52 815**	**89 059**	**7 294**
Non-current liabilities			
At amortised cost	52 815	89 059	7 294
Total	**52 815**	**89 059**	**7 294**

13. TRADE AND OTHER PAYABLES

	2016	2015	2014
Trade payables	28 389	76 155	9 828
Amounts received in advance	194	66	–
Value added taxation	6 094	202	–
Accrued expenses	4 678	3 878	207
Total	**39 355**	**80 301**	**10 035**

Trade and other payables are interest free and have payment terms of between 30 to 60 days.

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

14. REVENUE

Sale of goods	149 970	93 291	17 983
Rendering of services	37 143	29 318	–
Royalty income	1 368	1 583	1 066
Total	**188 481**	**124 192**	**19 049**

15. OTHER INCOME

Recoveries	23 288	963	–
Sundry income	342	199	–
Bargain purchase	–	–	903
Total	**23 630**	**1 162**	**903**

Recoveries relate to group service costs that are incurred by the holding company from external service providers and internally on charged to group companies.

16. OPERATING PROFIT

Operating profit (loss) for the year is stated after accounting for the following:

	2016	2015	2014
Operating lease charges – smoothed amounts	1 143	747	22
Loss (profit) on exchange differences	(576)	65 868	
Amortisation of intangible assets	5 299	454	–
Depreciation on property, plant and equipment	893	424	–
Employee costs	35 459	27 228	8 859
Surplus on bargain purchase of investment in subsidiary	–	–	903

17. INVESTMENT REVENUE

Interest income			
Bank	24 058	13 697	–
Deferred interest from discounting of other financial liabilities	5 195	2 340	213
Total	**29 253**	**16 037**	**213**

18. FINANCE COSTS

Other financial liabilities	8 893	5 192	–
Deemed interest on other financial liabilities	2 340	213	
Total	**11 233**	**5 405**	**–**

19. TAXATION

	2016	2015	2014
Major components of the tax expense			
Current			
South African normal taxation	72	–	–
Total current tax expense	**72**	**–**	**–**
Deferred			
Originating and reversing temporary differences	(6 187)	(5 973)	–
Total deferred tax expense	**(6 187)**	**(5 973)**	**–**
Total tax expense	**(6 115)**	**(5 973)**	**–**
Reconciliation of the tax expense			
Reconciliation between accounting profit and tax expense:			
Accounting loss	(35 855)	(78 119)	(1 094)
Applicable tax rate - 28%	(10 039)	(21 874)	(306)
Tax effect of adjustments on taxable income			
Unrecognised deferred tax asset	2 317	4 189	559
Profit on bargain purchase	–	–	(253)
Disallowable acquisition and legal fees	1 607	11 712	–
Effective tax expense	(6 115)	(5 973)	–

20. CASH GENERATED FROM OPERATIONS

	Notes	2016	2015	2014
Profit before tax		(35 855)	**(78 119)**	(1 094)
Adjustments for:				
Depreciation	3	892	425	–
Amortisation	5	5298	454	–
Interest income	17	(29 253)	(16 036)	(213)
Finance costs	18	11 233	5 405	–
Changes in working capital:				
Inventories	8	(4 334)	(6 282)	(1 938)
Trade and other receivables	9	(6 847)	1 401	(11 088)
Trade and other payables	13	(40 935)	70 511	10 035
Total		**(99 801)**	**(22 241)**	**(4 298)**

21. TAX REFUNDED (PAID)

	2016	2015	2014
Tax (receivable) payable balance at the beginning of the year	365	–	–
Current tax for the year recognised in profit or loss	(72)	–	–
Tax payable balance at the end of the year	(96)	(365)	–
Tax paid	**197**	**(365)**	**–**

22. BUSINESS COMBINATIONS

	2016	2015	2014
Property plant and equipment	–	51	6275
Deferred tax	–	61	2921
Current tax receivable	–	145	–
Inventory	–	–	1938
Trade and other receivables	–	739	880
Cash and cash equivalents	–	497	1582
Other financial liabilities	–	(387)	(4 987)
Trade and other payables	–	(327)	(10 136)
Total identifiable net assets	**–**	**779**	**(1 527)**
Non-controlling interest	–	(312)	2 430
Goodwill	–	7 233	–
Bargain purchase	–	–	(903)
	–	**7 700**	**–**
Consideration paid			
Cash	**–**	**7 700**	**–**
Net cash outflow on acquisition			
Cash consideration paid	–	(7 700)	–
Cash acquired	–	497	1582
	–	(7 203)	1582

On 01 January 2015 the group acquired 60% of the voting equity interest of Independent Property Joint Venture Proprietary Limited which resulted in the group obtaining control over Independent Property Joint Venture Proprietary Limited. Independent Property Joint Venture Proprietary Limited is principally involved in the online classifieds for real estate industry. As a result of the acquisition, the group is expecting to be one of the leading providers of real estate classified advertising services in conjunction with the other classified platforms in the group. Goodwill arising from the acquisition consists largely of the synergies and economies of scale expected from integrating the operation this entity with the other technology platform businesses in the group, as well as from intangible assets which did not qualify for separate recognition. Goodwill is not deductible for income tax purposes.

On 31 December 2014 the group acquired 75% of the voting equity interest of Loot Online Proprietary Limited which resulted in the group obtaining control over Loot Online Proprietary Limited. Loot Online Proprietary Limited is principally involved in the ecommerce industry. As a result of the acquisition, the group is expecting to be one of the leading providers of ecommerce services.

Goodwill arising from the acquisition consists largely of the synergies and economies of scale expected from integrating the operation this entity with the other technology and media platform businesses in the group. Goodwill is not deductible for income tax purposes.

23. GAIN ON PROCEEDS FROM SALES OF SHARES

5% of the equity in African News Agency was sold to a minority shareholder during 2015 for R 357 million. The purchase price was based on taking into account the future value of the business as is the trend with companies in the technology industry. This took into account unrecognisable assets such as the value of the platform, its audience and potential monetisation thereof. As a result of this, there was a gain recognised on disposal of the 5% equity stake.

24. (LOSS)/EARNINGS PER SHARE

(Loss) / Earnings per share (“EPS”) are derived by dividing the earnings attributable to equity holders of the parent by the weighted average number of ordinary shares.

	2016	2015	2014
Basic (loss) / earnings per share (Rand)	(140 281)	(441 921)	(7 150)
Diluted (loss) / earnings per share (Rand)	(140 281)	(441 921)	(7 150)

Basic and diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Loss attributable to owners of Sagarmatha Technologies Limited	(21 463)	(67 614)	(1 094)
Weighted average number of shares	1 000 000 000	1 000 000 000	1 000 000 000
Basic and diluted earnings per share (Cents)	(2.146)	(6.761)	(0.109)

Headline earnings per share

Headline earnings are determined as follows:

Loss attributable to owners of Sagarmatha Technologies Limited	(21 463)	(67 614)	(1 094)
Adjusted items:			
Bargain purchase	-	-	(903)
Taxation effect	-	-	-
Headline earnings	(21 463)	(67 614)	(1 997)
Headline loss attributable to owners of Sagarmatha Technologies Limited	(21 463)	(67 614)	(1 997)
Weighted average number of shares	1 000 000 000	1 000 000 000	1 000 000 000
Weighted average number of shares (Cents)	2.146	6.761	0.200

25. SUBSEQUENT EVENTS

The Board of Sagarmatha Holdings Proprietary Limited approved the listing of Sagarmatha Technologies Limited in the short term to medium term (short term: 6-month, medium term: 12 months).

26. RELATED PARTIES

Ultimate holding company	Sekunjalo Investment Holdings Proprietary Limited
Holding company	Sagarmatha Holdings Proprietary Limited
Subsidiaries	Loot Online Proprietary Limited Independent Online Property Joint Venture Proprietary Limited African News Agency Proprietary Limited Independent Online Proprietary Limited
Commonly controlled entities	Independent Newspapers Proprietary Limited Africa Community Media Proprietary Limited Insights Publishing Proprietary Limited Afrozaar Consulting Proprietary Limited Saratoga Software Proprietary Limited World Wide Creative Proprietary Limited Premier Fishing Proprietary Limited
Members of key management	Gary Hadfield Grant Fredericks Takudzwa Tanyaradzwa Hove Mohammed Iqbal Surve Valentine Colleta Dzvova

Related party balances

Loans receivable from related parties	Notes	2016	2015	2014
Sekunjalo Investment Holdings Proprietary Limited	7	95 147	–	–
		95 147	**–**	**–**

Loans payable to related parties				
Independent Newspapers Proprietary Limited	12	14 114	73 429	2 307
Africa Community Media Proprietary Limited	12	34 242	15 057	–
Insights Publishing Proprietary Limited	12	1 116	300	–
Sekunjalo Investment Holdings Proprietary Limited	12	–	273	–
		49 472	**89 059**	**2 307**

Amounts payable to related parties	Notes	2016	2015	2014
Afrozaar Consulting Proprietary Limited		1 232	49	–
Saratoga Software Proprietary Limited		200	–	–
World Wide Creative Proprietary Limited		122	–	–
		1 554	**49**	**–**
Amounts receivable from related parties				
Independent Newspapers Proprietary Limited		1 549	–	–
Related party transactions				
Interest paid to related parties				
Independent Newspapers Proprietary Limited		10 717	5 083	–
Deemed interest income on loans from related parties				
Independent Newspapers Proprietary Limited	17	1 482	816	213
Africa Media Development Proprietary Limited	17	3 596	1 468	–
Insight Publishing Proprietary Limited	17	118	29	–
Sekunjalo Investment Holdings Proprietary Limited	17		27	
		5 196	**2 430**	**213**
Deemed interest expense on loan from related parties				
Independent Newspapers Proprietary Limited	18	816	213	–
Africa Community Media Proprietary Limited	18	1 468	–	–
Insight Publishing Proprietary Limited	18	29	–	–
Sekunjalo Investment Holdings Proprietary Limited	18	27	–	–
		2 430	**213**	
Purchases of IT services from related parties				
Afrozaar Consulting Proprietary Limited		10 851	8 504	–
Saratoga Software Proprietary Limited		1 371	1 306	–
World Wide Creative Proprietary Limited		2 890	2 753	–
		15 112	**12 563**	**–**
Human resources expenses paid to related parties				
Premier Fishing Proprietary Limited		136	69	–
Compensation paid to Directors and key management				
Salaries		4 853	4 621	4 402
Allowances		297	385	367
Bonus		768	283	269
Medical aid contributions		47	45	43
Pension and provident fund contributions		125	119	113
		6 090	**5 453**	**5 194**

27. RISK MANAGEMENT

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 12, cash and cash equivalents disclosed in note 10, and equity as disclosed in the statement of financial position.

Financial risk management

The Group is exposed to a number of financial instrument related risks. The Group has trade receivables, cash and cash equivalents and loans receivable which give rise to credit risk and interest rate risk. The Group has trade payables, loans payable and other financial liabilities which give rise to liquidity risk and interest rate risk.

Credit risk

Credit risk is the risk that one counter party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk consists mainly of trade receivables, cash and cash equivalents and loans and other receivables.

Trade receivables are comprised of a widespread customer base. Before any new customer is approved for credit, management requests a thorough credit check to be performed by an external credit agency. The agency provides credit scores and credit ratings on each customer. In addition to that a recommended credit limit is provided by the credit agency. Additional internal ratings and credit limit checklist procedures are performed by management before a final credit limit is approved to our customers. Management also performs ongoing credit evaluations of the financial condition of all customers. On a continuous basis, management monitors the performance of each customer against their credit limit to ensure that no credit limits are exceeded. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

The Group only deposits cash with major banks that have a good reputation and a high-quality credit standing and limits exposure to any one counter-party.

Loans and other receivables are comprised of advances to Group companies. The Group assesses the trading performance of other Group companies before making advances. Advances are made on the strength of the counter party's trading performance and forecast cash flows. Loans and other receivables are carefully monitored for impairment.

Financial assets exposed to credit risk at period end were as follows:

	2016	2015	2014
Other financial assets	98 171	15 272	–
Trade and other receivables	7 088	1 237	780
Cash and cash equivalents	296 823	373 607	1 582
Total	402 082	390 116	2 362

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

The Group manages liquidity risk by effectively managing its cash flows and working capital. The Group meets its financing requirements through the use of cash generated from operations as well as short term and long-term borrowings. The Group has sufficient undrawn borrowing facilities which could be utilised to settle obligations.

Maturity profiles

The table below summarises the maturity profile of the financial liabilities of the Group and company based on remaining undiscounted contractual obligations.

At 31 December 2016

	Less than 6 months	Between 6 months and 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years
Other financial liabilities	–	–	52 815	–	–
Trade payables	39 355	–	–	–	–
Total	39 355	–	52 815	–	–

At 31 December 2015

	Less than 6 months	Between 6 months and 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years
Other financial liabilities	–	–	89 059	–	–
Trade payables	80 301	–	–	–	–
Total	80 301	–	89 059	–	–

At 31 December 2014

	Less than 6 months	Between 6 months and 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years
Other financial liabilities	–	–	7 294	–	–
Trade payables	10 035	–	–	–	–
Total	10 035	–	7 294	–	–

The Group has no significant concentration of liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

(a) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is not exposed to significant currency risk.

(b) Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

The Group has a significant concentration of interest rate risk on its financial assets and liabilities that bear interest at the prime interest rate. The Group does not hedge against interest rate risk.

At 31 December 2016, if interest rates had been 0.5% higher or lower with all other variables held constant, post-tax profit for the year would have been R 56 165 higher or lower (2015: R27 025 higher or lower, 2014: R- higher or lower) based on average interest rate for the year.

(c) Price risk

Price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether the changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The investment profiles are monitored and reviewed from time to time to ensure that they remain in line with the Company risk appetite and long-term capital management framework. The Group has no significant exposure to price risk.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due in four to five years
Other financial liabilities						
Independent Newspapers Proprietary Limited	10.5%	–	14 113	–	–	–
Africa Community Media Proprietary Limited	10.5%	–	34 242	–	–	–
ABSA Bank	10.5%	3 345	–	–	–	–
Insights Publishing Proprietary Limited	10.5%	1 234	–	–	–	–

Fair value information

Fair value hierarchy

Financial assets, financial liabilities and non-financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The following table shows the carrying amounts and fair values of financial assets and non-financial assets measured at fair value, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Levels of fair value measurements

Level 1 - Recurring fair value measurements

	2016	2015	2014
Other financial assets	3 024	15 272	–

There were no transfers of assets and liabilities between Levels 1, 2 or 3 of the fair value hierarchy.

Reconciliation of assets and liabilities measured at level 1

	Opening balance	Disposals	Fair value adjustment	Closing balance
2016	15 272	(12 248)	–	3 024

	Opening balance	Additions	Fair value adjustment	Closing balance
2015	–	15 241	31	15 272

	Opening balance	Additions	Fair value adjustment	Closing balance
2014	–	–	–	–

Financial instruments measured at cost for which a fair value is disclosed

Financial assets that are not measured at fair value, namely trade and other receivables, cash and cash equivalents, loans receivables and other financial assets are categorised as loans and receivables. It has been concluded that the carrying amount of these assets approximate their fair value.

Financial liabilities that are not measured at fair value, namely loans, trade and other payables and other financial liabilities are categorised as other financial liabilities. It has been concluded that the carrying amount of these liabilities approximate fair value. Refer to notes 12 and 13.

Categories of financial instruments

Categories of financial instruments – 2016 **Assets**	Notes	**Loans and receivables**	**Fair value through profit or loss**	**Available for sale**	**Financial liabilities at amortised cost**	**Equity and non-financial assets and liabilities**	**Total**
Non-Current Assets		–	–	–	–	66 805	66 805
Property, plant and equipment	3	–	–	–	–	8 221	8 221
Goodwill	4	–	–	–	–	7 233	7 233
Intangible assets	5	–	–	–	–	36 216	36 216
Deferred tax	6	–	–	–	–	15 135	15 135
Other financial assets	7	–	–	–	–	–	–
Current Assets		411 531	–	–	–	12 650	424 181
Inventories	8	–	–	–	–	12 554	12 554
Other financial assets companies	7	98 171	–	–	–	–	98 171
Current tax receivable		–	–	–	–	96	96
Trade and other receivables	9	16 537	–	–	–	–	16 537
Cash and cash equivalents	10	296 823	–	–	–		296 823
Total Assets		411 531	–	–	–	79 455	490 986
Equity and Liabilities							
Equity		–	–	–	–	398 816	398 816
Share capital	11	–	–	–	–	700 000	700 000
Retained income		–	–	–	–	(217 275)	(217 275)
Minority interest		–	–	–	–	(83 909	(83 909)
Non-Current Liabilities		–	–	–	52 815	–	52 815
Other financial liabilities	12	–	–	–	52 815	–	52 815
Current Liabilities					39 355	–	39 355
Current tax payable		–	–	–	–	–	–
Trade and other payables	13	–	–	–	39 355	–	39 355
Total Liabilities		–	–	–	92 170	–	92 170
Total Equity and Liabilities		–	–	–	92 170	398 816	490 986

Categories of financial instruments – 2015 Assets	Notes	Loans and receivables	Fair value through profit or loss	Available for sale	Financial liabilities at amortised cost	Equity and non-financial assets and liabilities	Total
Non-Current Assets		–	–	–	–	53 851	53 851
Property, plant and equipment	3	–	–	–	–	7 385	7 385
Goodwill	4	–	–	–	–	7 233	7 233
Intangible assets	5	–	–	–	–	30 274	30 274
Deferred tax	6	–	–	–	–	8 959	8 959
Current Assets		398 567	–	–	–	8 585	407 152
Inventories	8	–	–	–	–	8 220	8 220
Other financial assets companies	7	15 272	–	–	–	–	15 272
Current tax receivable		–	–	–	–	365	365
Trade and other receivables	9	9 688	–	–	–	–	9 688
Cash and cash equivalents	10	373 607	–	–	–		373 607
Total Assets		398 567	–	–	–	62 436	461 003
Equity and Liabilities							
Equity		–	–	–	–	291 643	291 643
Share capital	11	–	–	–	–	10 000	10 000
Retained income		–	–	–	–	288 293	288 293
Minority interest		–	–	–	–	(6 650)	(6 650)
Non-Current Liabilities		–	–	–	89 059	–	89 059
Other financial liabilities	12	–	–	–	89 059	–	89 059
Current Liabilities					80 301	–	80 301
Trade and other payables	13	–	–	–	80 301	–	80 301
Total Liabilities		–	–	–	169 360	–	169 360
Total Equity and Liabilities					169 360	291 643	461 003

Categories of financial instruments – 2014 Assets	Notes	Loans and receivables	Fair value through profit or loss	Available for sale	Financial liabilities at amortised cost	Equity and non-financial assets and liabilities	Total
Non-Current Assets		–	–	–	–	9 196	9 196
Property, plant and equipment	3	–	–	–	–	6 275	6 275
Deferred tax	6	–	–	–	–	2 921	2 921
Current Assets		12 671	–	–	–	1 938	14 609
Inventories	8	–	–	–	–	1 938	1 938
Trade and other receivables	9	11 089	–	–	–	–	11 089
Cash and cash equivalents	10	1 582	–	–	–	–	1 582
Total Assets		12 671	–	–	–	11 134	23 805
Equity and Liabilities							
Equity		–	–	–	–	6 476	6 476
Share capital	11	–	–	–	–	10 000	10 000
Retained income		–	–	–	–	(1 094)	(1 094)
Minority interest		–	–	–	–	(2 430)	(2 430)
Non-current Liabilities		–	–	–	7 294	–	7 294
Other financial liabilities	12	–	–	–	7 294	–	7 294
Current Liabilities					10 035	–	10 035
Trade and other payables	13	–	–	–	10 035	–	10 035
Total Liabilities		–	–	–	17 329	–	17 329
Total Equity and Liabilities					17 329	6 476	23 805

Group Segmental Report

	Syndicated Content Distribution 2016	B2B2C Ecommerce 2016	Digital Media Online 2016	Classifieds 2016	Corporate 2016	Group Consolidated 2016
Revenue	15 326	149 971	15 303	7 881	–	188 481
External sales	15 326	149 971	15 303	7 881	–	188 481
Segment results						
Operating profit/(loss)	**(27 162)**	**(3 781)**	**(14 170)**	**238**	**(9 000)**	**(53 875)**
Included in segment result:						
Carrying amount of assets	**391 841**	**36 051**	**22 841**	**1 987**	**38 266**	**490 986**
Carrying amount of liabilities	**40 306**	**31 872**	**9 131**	**506**	**10 355**	**92 170**

	Syndicated Content Distribution 2015	B2B2C E-commerce 2015	Digital Media Online 2015	Classifieds 2015	Corporate 2015	Group Consolidated 2015
Revenue	**8 355**	**93 291**	**13 938**	**8 608**	**–**	**124 192**
External sales	8 355	93 291	13 938	8 608	–	124 192
Segment results						**–**
Operating profit/(loss)	**(22 508)**	**(11 854)**	**(8 234)**	**543**	**(46 698)**	**(88 751)**
Included in segment result:						
Carrying amount of assets	**376 311**	**37 114**	**20 106**	**1 602**	**25 870**	**461 003**
Carrying amount of liabilities	**25 002**	**23 123**	**30 530**	**276**	**90 429**	**169 360**

	Syndicated Content Distribution 2014	B2B2C Ecommerce 2014	Digital Media Online 2014	Classifieds 2014	Corporate 2014	Group Consolidated 2014
Revenue	**–**	–	19 049	–	**–**	**19 049**
External sales	–	–	19 049	–	–	**19 049**
Segment results						
Operating profit/(loss)	**–**	**–**	**(2 210)**	**232**	**671**	**(1 307)**
Carrying amount of assets	**–**	**13 496**	**309**	**–**	**10 000**	**23 805**
Carrying amount of liabilities	**–**	**15 022**	**2 307**	**–**	**–**	**17 329**

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF SAGARMATHA TECHNOLOGIES FOR THE THREE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

The Directors
Sagarmatha Technologies Limited
10th Floor, Convention Towers, Heerengracht Street
Cape Town
8000

22 March 2018

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF SAGARMATHA TECHNOLOGIES LIMITED ("SAGARMATHA TECHNOLOGIES" OR THE "COMPANY") INCLUDED IN THE PRE-LISTING STATEMENT

Opinion

We have audited the historical financial information of Sagarmatha Technologies for the three years ended 31 December 2014, 2015 and 2016 as set out in **Annexure 7** of the pre-listing statement to be issued on or about 28 March 2018 ("**the Pre-listing Statement**") in compliance with the JSE Limited ("**JSE**") Listings Requirements.

The financial information comprises the statement of financial position as at 31 December 2014, 2015 and 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the 12 month periods ended 31 December 2014, 2015 and 2016, and the notes thereto, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial information of Sagarmatha Technologies for the three years ended 31 December 2014, 2015 and 2016 presents fairly, in all material aspects, the financial position of Sagarmatha Technologies at those dates and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Reporting accountant's responsibilities for the audit of historical financial information* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the group in accordance with the Independent Regulatory Board for Auditors ("**IRBA Code**"), and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements, we have determined that there are no key audit matters to communicate in our report.

Responsibilities of the directors for the historical financial information

The Directors are responsible for the preparation, contents and presentation of the Pre-listing Statement and are responsible for ensuring that Sagarmatha Technologies complies with the JSE listing requirements. The directors are responsible for the preparation and fair presentation of the historical financial information in accordance with International Financial Reporting Standards ("**IFRS**") and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation and fair representation of historical financial information that are free from material misstatement, whether due to fraud or error.

In preparing the historical financial information, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and / or the company or to cease operations, or have no realistic alternative but to do so.

Reporting accountants' responsibilities for the audit of the historical financial information

Our objectives are to obtain reasonable assurance about whether the historical financial information as a whole are free from material misstatement, whether due to fraud or error, and to issue a reporting accountant's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these historical financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the historical financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the historical financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the historical financial information, including the disclosures, and whether the historical financial information represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the historical financial information. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Consent

We consent to the inclusion of this report, which will form part of the Pre-listing Statement to the shareholders of Sagarmatha Technologies in the form and context in which it appears.

BDO Cape Incorporated
Practice number 970879-0000
Chartered Accountants (SA)
Registered Auditors

Bernard van der Walt
Director
Chartered Accountant (SA)
Registered Auditor
6th Floor
123 Hertzog Boulevard Foreshore
Cape Town
8001

INTERIM FINANCIAL INFORMATION OF SAGARMATHA TECHNOLOGIES FOR THE SIX MONTHS ENDED 30 JUNE 2017

Director's commentary

Nature of business

Sagarmatha Technologies is a holding company incorporated in South Africa with interests in technology platforms and other ancillary support services. The Company does not trade, and all of its activities are undertaken through its principal subsidiaries. The Group operates from South Africa with a key focus on Africa's emerging economy. The Group's principal operations are Syndicated Content Distribution, e-commerce, digital media and other related technologies.

Financial results

The operating results and the state of affairs of the Group for and as at the six-month period ended 30 June 2017 are set out in the condensed consolidated Group statement of financial position, condensed consolidated Group statement of comprehensive income, condensed consolidated Group statement of changes in equity and condensed consolidated Group statement of cash flows and notes thereto.

Group revenues for the six-month period ended was R117 million. Revenue was mainly from its e-commerce platform and the start of the Syndicated Content Distribution. Refer to operating segments in note 9 for more information on the revenue breakdown.

Operating losses were primarily driven by the Syndicated Content Distribution, B2C E-commerce and the corporate office. Refer to operating segments in note 9 to for more details.

Dividends

No dividends were declared or paid to the shareholders during the six-month period under review.

Events after the reporting period

The Board of Sagarmatha Holdings Proprietary Limited approved the listing of Sagarmatha Technologies Limited in the short term to medium term (short term: 6-month medium term: 12 months).

Group performance

The Group's revenue of R117.4m demonstrated positive revenue growth driven by solid performance in the ecommerce business in line with expectations. Syndicated Content Distribution which is still at an early stage also delivered performance in line with expectations. Despite inflationary pressures, the group managed to contain the overall cost of sales and other operating expenses base in line with expectations.

Operating losses of the Group amounted to R-12.8m for the six months ended 30 June 2017. These results were in line with expectations as the Group managed to contain its cost base in a difficult trading environment. Loss before tax for the period of R-7.04m was after investment revenue of R10.3m and finance costs of R4.5m due to overall.

Net asset value ("NAV") of the Group was R-392.6m. This is after accumulated losses of R-220.7m and losses attributable to non-controlling interests of R-86.6m. The net asset value per share was R-0.393m per share and tangible NAV R-0.345m.

Headline earnings per share ("HEPS") and earnings per share ("EPS") amounted to R-3 498 and R-3 498 respectively. for the six-month period under review.

Cash generated from operations was R-19.7m. After finance costs net cash from operating activities was a negative R-14m. After taking into account cashflows from investing activities and cash flows from financing activities, total cash movement was a net outflow of R5.3m.

Syndicated Content Distribution

This division focuses of the syndication of African content for distribution globally. The division though still in its early stages performed well during the period under review in line with expectations. The division is still on track with its strategy to tie up media partnerships across the African continent.

B2C Ecommerce

This division focuses of the online retail sales in South Africa. This division has done extremely well during the period under review and its performance is consistent with the general increase in the sector. This unit has performed in line with expectations and the trend is expected to continue.

Digital Media Online

This unit focuses on our digital media offerings. The revenue for this unit has been under pressure in line with the industry however has experienced growth in number of users. The unit is expected to continue experiencing growth in the future.

Classifieds

This unit is responsible for our niche classified offerings for property. The unit has performed admirably in a very challenging environment. The unit is expected to continue doing well into the future.

Prospects

The Group will continue its focus to grow the underlying business and improve operational efficiencies so that it improves the value of the underlying investments and create value.

Sagarmatha Technologies has built solid scalable technology platforms and is well positioned to expand through organic growth or through acquisitions. Management is focused on its strategic plan to become the largest technology platform company on the African continent.

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

Condensed Group Statement of Financial Position as at 30 June 2017

	Notes	Reviewed Group as at 30 June 2017 R'000
Assets		
Non-Current Assets		
Property, plant and equipment		8 707
Goodwill		7 233
Intangible assets	1	39 817
Deferred tax		16 386
		72 143
Current Assets		
Inventories		13 157
Other financial assets	2	95 147
Current tax receivable		109
Trade and other receivables		32 165
Cash and cash equivalents		291 460
		432 038
Total Assets		**504 181**
Equity and Liabilities		
Equity		
Share capital		700 000
Accumulated loss		(220 773)
		479 227
Non-controlling interest		(86 593)
		392 634
Liabilities		
Non-Current Liabilities		
Other financial liabilities	3	67 397
		67 397
Current Liabilities		
Trade and other payables		44 150
		44 150
Total Liabilities		**111 547**
Total Equity and Liabilities		**504 181**
Net asset value per share - Cents		39.263
Net tangible asset value per share - Cents		34.558

Condensed Group Statement of Comprehensive Income for the six months ended 30 June 2017

	Notes	Reviewed Group for the six-month, period ended 30 June 2017 R'000
Revenue	4	117 398
Cost of sales		(102 000)
Gross profit		**15 398**
Other income		14 873
Operating expenses		(43 114)
Operating loss	5	**(12 843)**
Investment revenue		10 284
Finance costs		(4 485)
Loss before taxation		**(7 044)**
Taxation		862
Loss for the year		**(6 182)**
Other comprehensive loss		–
Total comprehensive loss for the year		**(6 182)**
Total comprehensive loss attributable to:		
Owners of the parent		(3 498)
Non-controlling interest		(2 684)
		(6 182)
Earnings per share information:		
Basic earnings per share (Cents)		(0.350)
Diluted earnings per share (Cents)		(0.350)

Condensed Group Statement of Changes in Equity as at 30 June 2017

	Share Capital R'000	Accumulated loss R'000	Total attributable to equity holders of the group R'000	Non-controlling interest R'000	Total equity R'000
Balance at 31 December 2016	**700 000**	**(217 275)**	**482 725**	**(83 909)**	**398 816**
Profit for the year	–	(3 498)	(3 498)	(2 684)	(6 182)
Total changes	–	(3 498)	(3 498)	(2 684)	(6 182)
Balance at 30 June 2017	**700 000**	**(220 773)**	**479 227**	**(86 593)**	**392 634**

Condensed Group Statement of Cash Flows as at 30 June 2017

		Reviewed Group for the six month period ended 30 June 2017 R'000
Cash flows from operating activities		
Cash receipts from customers		107 467
Cash paid to suppliers and employees		(127 182)
Cash utilised in operations		**(19 715)**
Interest income		10 284
Finance costs		(4 485)
Tax paid		(90)
Net cash to operating activities		**(14 006)**
Cash flows from investing activities		
Purchase of property, plant and equipment		(1 061)
Purchase of intangible assets	1	(7 898)
Proceeds from other financial assets	2	3 024
Net cash to investing activities		**(5 935)**
Cash flows from financing activities		
Proceeds from other financial liabilities	3	14 578
Net cash from financing activities		**14 578**
Total cash movement for the year		**(5 363)**
Cash at the beginning of the year		296 823
Total cash at the end of the year		**291 460**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. REPORTING ENTITY

Sagarmatha Technologies is a company domiciled in South Africa. These condensed consolidated interim financial statements as at and for the six month period ended 30 June 2017 comprises Sagarmatha Technologies the company and its subsidiaries ("The Group"). Sagarmatha Technologies is a holding company incorporated in South Africa with interests in technology platforms and other ancillary support services. The Company does not trade, and all of its activities are undertaken through its principal subsidiaries. The Group operates from South Africa with a key focus on Africa's emerging economy. The Group's principal operations are Syndicated Content Distribution, e-commerce, digital media and other related technologies.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements as at and for the six month period ended 30 June 2017 are prepared in accordance with the JSE Limited ("JSE") Listings Requirements and the requirements of the Companies Act of South Africa, 2008 as amended, applicable to summarised financial statements. The JSE Listings Requirements require financial reports to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and also that they, as a minimum, contain the information required by IAS 34 'Interim Financial Reporting'. The accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

The reviewed condensed consolidated interim financial statements as at and for the six month period ended 30 June 2017 were prepared by Takudzwa Hove B.Com (Hons), CA (SA), and were reviewed by the Group's external auditors, BDO Cape Inc.

ACCOUNTING POLICIES

Accounting policies are consistent with the Group accounting policies as at 31 December 2016 and we highlight the following significant accounting policies.

3. USE OF JUDGMENTS AND ESTIMATES

In preparing these condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

3.1 **Trade receivables and loans and receivables**

The Group assesses its trade receivables and loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

3.2 **Intangible assets**

The Group assesses the useful lives, amortisation rates and residual values at each reporting date. This judgement is based on the market and trading conditions for the Group, management's expectations and strategy for the use of the intangible, as well as by performance indicators, sales growth rate and operating margins of cash generating units which use the intangible.

3.3 **Impairment testing**

Assets are subject to regular impairment reviews as required. Impairments are measured at the difference between the carrying value of a particular asset and the recoverable amount which is the greater of the fair value less cost to sell or value in use of the asset. Impairments are recorded in the statement of comprehensive income in the period in which they occur. The Group's policy in relation to impairment testing in respect of goodwill and indefinite useful life intangible assets is detailed below.

The recoverable amount of the cash-generating units has been determined based on a value in use calculation. Key assumptions applied to determine the recoverable amount of the cash generating units, using the value in use calculation relating to sales growth rates, working capital requirements and capital expenditure. Cash flow projections were based on historical information and financial budgets approved by senior management covering a five-year period.

Assumptions applied for impairment testing of goodwill:

Risk free rate	R 207 Government Bonds
Beta	1.01 – 1.10
Discount rate	18.66% - 24.60%

Assumptions applied for impairment testing of intangibles:

	%
General overheads growth rate	4
Marketing expense growth rate	3
Editorial expense growth rate	4
Advertising revenue growth rate	1
Discount rate	16

4. INTANGIBLE ASSETS

Intangible assets which are separately acquired are initially recognised at cost.

Intangible assets with a finite useful life are stated at cost less any accumulated amortisation and any impairment losses.

Intangible assets with an indefinite useful life are stated at cost less any accumulated impairment losses and are tested for impairment at every period-end. Impairment losses are recognised in profit or loss in the statement of comprehensive income.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful life
Brand names	Indefinite
Computer software	3 - 10 years

5. OTHER FINANCIAL LIABILITIES AND OTHER FINANCIAL ASSETS

These include loans to and from holding companies, fellow subsidiaries and subsidiaries and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the loan at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Loans from Group companies are subsequently measured at amortised cost.

6. REVENUE

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Advertising revenue (net of agency commission) from publishing is recognised when a newspaper or magazine is published. Online advertising revenue is recognised over the period that the advertisement is displayed.

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

7. SEGMENTAL ANALYSIS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management. Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment, whether from external transactions with other Group segments. Segment results are determined before any adjustments for minority interests. Segment assets and liabilities comprise the operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets are determined after deducting related allowances that are reported as direct offsets in the Group's statement of financial position. Capital expenditure represents the total costs incurred during the period to acquire segment assets that are expected to be used during more than one period, namely, property, plant and equipment, and intangible assets other than goodwill.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. INTANGIBLE ASSETS

	30 June 2017
Cost	49 867
Brand names	19 000
Computer software	30 867
Accumulated amortisation	(10 050)
Brand names	–
Computer software	(10 050)
Balance at end of year	**39 817**

Reconciliation of intangible assets – 30 June 2017

	Opening balance	Additions	Disposals	Amortisation	Total
Brand names	19 000	–	–	–	19 000
Computer software	17 216	7 898	–	(4 297)	20 817
Total	**36 216**	**7 898**	**–**	**(4 297)**	**39 817**

2. OTHER FINANCIAL ASSETS

Loans and receivables

Sekunjalo Investment Holdings (Proprietary) Limited	95 147

The loan is unsecured and bears interest at the prime overdraft rate. There are no repayment terms.

Total

Total Other financial assets	**95 147**

The carrying value of the loans approximates fair value as market-related interest rates are charged on outstanding amounts.

The short term investment account (Ned Group Core Income Fund) used to invest excess cash in the Group's ecommerce business was liquidated during the six month period ended under review.

3. OTHER FINANCIAL LIABILITIES

Held at amortised cost

ABSA Bank Limited 3 334

The Khuthaza bond is held with ABSA Bank Limited and bears interest at 10.5%. The building owned by Loot Online Proprietary Limited is held as security.

Independent Newspapers Proprietary Limited 17 165

The loan is interest free and unsecured. Independent Newspapers Proprietary Limited has granted an unconditional right to Loot Online SA Proprietary Limited and Sagarmatha Technologies Limited to defer repayment of the outstanding amounts for a period of at least 12 months from the statement of financial position date.

Independent Newspapers Proprietary Limited 2 029

The loan bears interest at the prime rate and is unsecured. Independent Newspapers Proprietary Limited has granted an unconditional right to Loot Online SA Proprietary Limited, African News Agency Proprietary Limited and Sagarmatha Technologies Limited to defer repayment of the outstanding amounts for a period of at least 12 months from the statement of financial position date.

Africa Community Media Proprietary Limited 34 369

The loan is unsecured and interest free. Africa Community Media Proprietary Limited has granted an unconditional right to African News Agency Proprietary Limited to defer repayment of the outstanding amounts for a period of at least 12 months from the statement of financial position date.

Insight Publishing Proprietary Limited 413

The loan is unsecured and interest free. Insights Publishing Proprietary Limited has granted an unconditional right to African News Agency Proprietary Limited to defer repayment of the outstanding amounts for a period of at least 12 months from the statement of financial position date.

Sekunjalo Investment Holdings Proprietary Limited 10 087

The loan is unsecured and interest free. Sekunjalo Investment Holdings Proprietary Limited has granted an unconditional right to Sagarmatha Technologies Limited to defer repayment of the outstanding amounts for a period of at least 12 months from the statement of financial position date.

Total **67 397**

4. REVENUE

Rendering of services	21 825
Sale of goods	95 061
Royalty income	512
Total	117 398

5. OPERATING LOSS

Operating loss reduced from the prior period as a result of improved margins on our B2C E-commerce business and extensive cost containment exercises.

Operating loss for the year is stated after accounting for the following:

Operating lease charges – smoothed amounts	(963)
Amortisation of intangible assets	(3 500)
Depreciation on property, plant and equipment	(575)
Employee costs	(17 286)

Headline earnings per share

Headline earnings are determined as follows:

Earnings attributable to owners of Sagarmatha Technologies Limited	(3 498)
Adjusting items	–
Headline earnings	**(3 498)**
Headline earnings attributable to owners of Sagarmatha Technologies Limited	(3 498)
Weighted average number of shares	1000
Headline earnings per share - Rands	(3 498)

6. COMMITMENTS

Operating leases – as lessee (expense)

Minimum lease payments due (contractual)	
– Within one year	4 122
– in second to fifth year inclusive	17 883
	22 005
Minimum lease payments due (smoothed)	
– Within one year	4 794
– In second to fifth year inclusive	14 381
	19 175

7. RELATED PARTY TRANSACTIONS AND BALANCES

The Group, in the ordinary course of business entered into various sales and purchases transactions on an arms' length basis with related parties. In addition, the Group obtained working capital funding from its ultimate shareholder. This resulted in an increase in other financial liabilities.

8. OPERATING SEGMENTS

Condensed Group Segmental Report as at 30 June 2017

	Syndicated Content Distribution R'000	B2B2C Ecommerce R'000	Digital Media Online R'000	Classifieds R'000	Corporate R'000	Group R'000
Revenue	**10 635**	**95 061**	**8 233**	**3 379**	**–**	**117 398**
External sales	10 635	95 061	8 323	3 379	–	117 398
Segment results						
Operating profit/(loss)	**(4 885)**	**(7 768)**	**4 146**	**222**	**(4 558)**	**(12 843)**
Carrying amount of assets	**396 314**	**33 099**	**26 688**	**2 163**	**45 917**	**504 181**
Carrying amount of liabilities	**41 168**	**26 940**	**14 951**	**541**	**27 947**	**111 547**

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE INTERIM FINANCIAL INFORMATION OF SAGARMATHA TECHNOLOGIES FOR THE SIX MONTHS ENDED 30 JUNE 2017

The Directors
Sagarmatha Technologies Limited
10th Floor, Convention Towers, Heerengracht Street
Cape Town
8000

22 March 2018

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE INTERIM FINANCIAL INFORMATION OF SAGARMATHA TECHNOLOGIES LIMITED ("SAGARMATHA TECHNOLOGIES" OR THE "COMPANY") FOR THE SIX MONTHS ENDED 30 JUNE 2017 INCLUDED IN THE PRE-LISTING STATEMENT

Introduction

We have reviewed the interim financial information of Sagarmatha Technologies for the six months ended 30 June 2017 as set out in **Annexure 9** of the pre-listing statement to be issued on or about 28 March 2018 ("**the Pre-listing Statement**") in compliance with the JSE Limited ("**JSE**") Listings Requirements.

The interim financial information, specifically prepared for purpose of the Pre-listing Statement in order to comply with section 8.7 of the JSE Listings Requirements comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the 6 months period ended 30 June 2017, and the notes thereto, comprising a summary of significant accounting policies and other explanatory information.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors ("**IRBA Code**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Directors' responsibility for the interim financial information

The company's Directors are responsible for the preparation, contents and presentation of the Pre-listing Statement and the fair presentation of the interim financial information in accordance with International Financial Reporting Standards ("**IFRS**"). The responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair representation of financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Reporting accountants' responsibility

Our responsibility is to express a conclusion on the interim financial information of Sagarmatha Technologies, included in the Pre-listing Statement, based on our review of the financial information of Sagarmatha Technologies for the six months period ended 30 June 2017.

This report of interim financial information has been prepared in accordance with and by applying (i) IFRS; (ii) the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council; and (iii) the accounting policies of the Company.

We conducted our review of the interim financial information of Sagarmatha Technologies for the six months period ended 30 June 2017 in accordance with International Standards on Review Engagements (ISRE) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity". This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial information is free from material misstatement. A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less on scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

Sagarmatha Technologies prepared interim figures for the six months period ended 30 June 2017 specifically for the purpose of the Pre-listing Statement in order to comply with section 8.7 of the JSE Listings Requirements. Sagarmatha Technologies did not present comparative interim figures for the six months period ended 30 June 2016, which represents a departure from International Accounting Standard (IAS) 34 Interim Financial Reporting.

Qualified review conclusion

Based on our review, except for the effect of the matter described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the interim financial information of Sagarmatha Technologies for the six months period ended 30 June 2017 is not fairly presented, in all material respects, for the purposes of the Pre-listing Statement, in accordance with IFRS and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements.

Consent

We consent to the inclusion of this report, which will form part of the Pre-listing Statement to the shareholders of Sagarmatha Technologies in the form and context in which it appears.

BDO Cape Incorporated
Practice number 970879-0000
Chartered Accountants (SA)
Registered Auditors

Bernard van der Walt
Director
Chartered Accountant (SA)
Registered Auditor
6th Floor
123 Hertzog Boulevard Foreshore
Cape Town
8001

HISTORICAL FINANCIAL INFORMATION OF SIM FOR THE YEARS ENDED 31 DECEMBER 2014, 31 DECEMBER 2015 AND 31 DECEMBER 2016

CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF THE GROUP FOR THE YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

Introduction

The historical financial information of Sekunjalo Independent Media Proprietary Limited Group ("the **SIM Group**" or "The Group") set out below has been extracted from the consolidated audited annual financial statements of the SIM Group for the years ended 31 December 2014, 31 December 2015 and 31 December 2016. The consolidated annual financial statements were audited by Grant Thornton Cape Inc. and reported on without qualification.

The historical financial information of the SIM Group is the responsibility of the Directors of the SIM Group.

The historical financial information of the SIM Group for the years ended 31 December 2014, 31 December 2015 and 31 December 2016 were authorised for issue on 14 December 2017 by the Board of Directors.

Director's commentary

1. Nature of business

The SIM Group is a holding company incorporated in South Africa which operates through its subsidiaries a newspaper publisher, printer and distributor of daily and weekly newspapers in the major metropolitan areas of South Africa and has an interest in digital media operations. The group's newspaper stable includes 18 paid daily and weekly newspapers with products covering the daily morning and afternoon markets as well as the Saturday markets in South Africa's three major metropolitan areas and in the Northern Cape. In addition, it owns and publishes 14 local community newspapers that are delivered free to homes in Cape Town and has investments in community newspapers in Gauteng, Kwa-Zulu Natal and Eastern Cape.

2. Financial results

The operating results and the state of affairs of the Group are fully set out in the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes thereto.

Group revenues decreased by 1%, from R1.802 billion in FY15 to R1.784 billion in FY16 (FY14: R1.781 billion). Revenue decline was mainly due to increases in volume discounts on our print advertising revenues which reduced our net yields despite volumes being the relatively stable.

Group loss before taxation increased to R547.9 million in FY16 from Group loss before taxation of R89.75 million in FY15, (FY14: R60 million). The increase in Group loss before taxation reflects the effects of, declining net yields on the Group's advertising revenues, restructuring costs and inflationary pressures the Group's operating cost structures. The Group loss is also after finance costs of R277.4 million (FY15: R235.8 million) (FY14: R240.4 million) and impairment of intangible assets related to mastheads of R195 million (FY15: Nil (FY14: Nil)

3. Dividends

No dividends were declared or paid to the shareholders during the year under review (FY15: Nil, FY14: Nil).

4. Authorised and issued share capital

There were no changes in the authorised and issued share capital of the Group during the year under review (FY15: Nil, FY14: Nil).

5. Going Concern

We draw attention to the fact that at 31 December 2016, 31 December 2015 and 31 December 2014 the company had accumulated losses of R617.0 million (FY15: R195.8 million, FY14: R105.6 million) and that the company's total liabilities exceed its assets by R393.8 million (FY15: R140.9 million, FY14: R52.8 million). The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company. A subordination agreement has been entered into between the Company and the Public Investment Corporation and Southern African Clothing and Textile Workers Union. The subordination shall remain in force and effect for so long only as the liabilities of the Company, as fairly valued, exceed its assets, as fairly valued. This subordination shall lapse immediately upon the date that the assets of the Company, as fairly valued, exceed its liabilities, as fairly valued.

6. Events after the reporting period

The Directors are not aware of any material facts or circumstances occurring between the statement of financial position date and the date of this report that would require adjustments to the financial statements. Subsequent to the year end the shareholders of Sagarmatha Technologies Limited gave approval for the directors of Sagarmatha Technologies Limited to embark on a process to list the company on the JSE within 12 months.

7. Directors

The Directors in office during the year as at the date of signature of this report were:

MI Surve

8. Auditors

Grant Thornton Cape Inc. will continue in office as the auditors, in accordance with section 90 of the Companies Act of South Africa 71 of 2008 until 22 February 2018. Thereafter BDO Cape Incorporated have been duly appointed as auditors. This change in appointment of the registered auditors of the entity is the result of a merger transaction, concluded between Grant Thornton Cape Inc. and BDO South Africa Incorporated.

For the year ended 31 December 2016:

Consolidated Statement of Financial Position as at 31 December 2016

	Notes	2016 R'000	2015 R'000	2014 R'000
Assets				
Non-Current Assets				
Property, plant and equipment	3	396 980	414 550	436 248
Goodwill	4	324 227	316 994	316 994
Intangible assets	5	866 433	1 025 343	1 028 916
Investments in associates and joint ventures	6	15 422	57 749	22 678
Other financial assets	7	30 881	35 792	75 433
Deferred tax	15	19 420	–	–
		1 653 363	**1 850 429**	**1 880 269**
Current Assets				
Inventories	8	27 487	15 360	14 617
Loans to related parties	9	–	93 002	–
Other financial assets		104 392	6 217	5 619
Current tax receivable		–	2 804	2 851
Trade and other receivables	10	255 456	296 010	307 093
Cash and cash equivalents	11	357 520	229 722	246 015
		744 854	**643 114**	**576 196**
Total Assets		**2 398 217**	**2 493 543**	**2 456 465**
Equity and Liabilities				
Share capital	12	–	–	–
Accumulated loss		(617 019)	(195 795)	(105 627)
		(617 019)	**(195 795)**	**(105 627)**
Non-controlling interest		223 197	54 911	52 805
		(393 822)	**(140 884)**	**(52 821)**
Liabilities				
Non-Current Liabilities				
Other financial liabilities	13	2 252 691	2 089 659	1 959 973
Retirement benefit obligation	14	170 884	189 893	208 734
Deferred tax	15	17 358	22 325	15 177
		2 440 933	**2 301 876**	**2 183 884**
Current Liabilities				
Current tax payable		9 779	–	–
Provisions	16	11 162	18 960	36 264
Trade and other payables	17	330 165	313 591	289 139
		351 106	**332 551**	**325 402**
Total Liabilities		**2 792 039**	**2 634 427**	**2 509 286**
Total Equity and Liabilities		**2 398 217**	**2 493 543**	**2 456 465**
Net asset value per share - Rand		(3 938 218)	(1 408 838)	(528 226)
Net tangible asset value per share - Rand		(15 844 820)	(14 832 209)	(13 987 338)

Consolidated Statement of Comprehensive Income for the year ended 31 December 2016

	Notes	2016 R'000	2015 R'000	2014 R'000
Revenue	18	1 784 286	1 802 790	1 781 201
Cost of sales		(1 053 352)	(964 791)	(967 051)
Gross profit		**730 934**	**837 999**	**814 150**
Other income		44 533	10 295	25 345
Operating expenses		(1 094 797)	(705 666)	(708 698)
Operating (loss) profit		**(319 330)**	**142 628**	**130 797**
Investment revenue	19	38 390	19 690	10 888
Fair value adjustments	20	–	(5 089)	34 552
Income from equity accounted investments		10 346	(11 141)	3 734
Finance costs	21	(277 397)	(235 831)	(240 388)
Loss before taxation		**(547 991)**	**(89 743)**	**(60 417)**
Taxation	22	17 306	(7 153)	(8 723)
Loss for the year		**(530 685)**	**(96 896)**	**(69 140)**
Other comprehensive income:				
Actuarial gains and losses on defined benefit plans		25 261	12 272	46 486
Taxation related to components of other comprehensive income		(7 073)	(3 439)	(13 016)
Other comprehensive income for the year net of taxation	23	18 188	8 833	33 470
Total comprehensive loss for the year		**(512 497)**	**(88 063)**	**(35 670)**
Total comprehensive loss attributable to:				
Owners of the parent		(312 756)	(90 167)	46 436
Non-controlling interest		(199 741)	2 105	(13 016)
		(512 497)	**(88 063)**	**(35 670)**
Loss attributable to				
Owners of the parent		(334 538)	(99 001)	(79 147)
Non-controlling interest		(199 741)	2 105	10 007
		(534 279)	**(96 896)**	**(69 140)**
Earnings per share information:				
Basic earnings per share - Rand		(3 127 557)	(901 667)	(456 778)
Diluted earnings per share - Rand		(3 127 557)	(901 667)	(456 778)

Consolidated Statement of Changes in Equity for the year ended 31 December 2016

	Share Capital R'000	Accumulated loss R'000	Total attributable to equity holders of the group R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 January 2014	**–**	**(59 950)**	**(59 950)**	**42 799**	**(17 151)**
Changes in equity					
Total comprehensive (loss) income for the year	–	(45 677)	(45 677)	10 007	(35 670)
Total changes	–	(45 677)	(45 677)	10 007	(35 670)
Balance at 1 January 2015	**–**	**(105 627)**	**(105 627)**	**52 806**	**(52 821)**
Changes in equity					
Total comprehensive (loss) income for the year	–	(90 168)	(90 168)	2 105	(88 063)
Total changes		(90 168)	(90 168)	2 105	(88 063)
Balance at 1 January 2016	**–**	**(195 795)**	**(195 795)**	**54 911**	**(140 884)**
Total comprehensive loss for the year	–	(312 **756**)	(312 756)	(199 741)	(512 497)
Transfer between reserves	–	(108 468)	(108 468)	108 468	–
Transactions with minorities	–	–	–	259 559	259 559
Total changes	–	(420 533)	(420 533)	168 286	(252 247)
Balance at 31 December 2016		**(617 019)**	**(617 019)**	**223 197**	**(393 822)**

Consolidated Statement of Cash Flows for the year ended 31 December 2016

	Notes	2016 R'000	2015 R'000	2014 R'000
Cash flows from operating activities				
Cash receipts from customers		1 743 732	1 750 285	1 783 597
Cash paid to suppliers and employees		(1 783 950)	(1 555 692)	(1 592 194)
Cash (utilised in)/ generated from operations	24	**(40 218)**	**196 254**	**191 403**
Interest income		38 390	19 690	10 888
Finance costs		(277 397)	(235 831)	(240 388)
Tax received (paid)	25	7 742	(6 795)	(13 208)
Repayment of post-retirement medical aid		(12 342)	(12 985)	(13 635)
Net cash from operating activities		**(283 825)**	**(39 667)**	**(64 940)**
Cash flows from investing activities				
Purchase of property, plant and equipment	3	(16 251)	(10 599)	(8 365)
Sale of property, plant and equipment	3	567	183	1 016
Purchase of intangible assets	5	(42 212)	(569)	(2 118)
Loans advanced to group companies		–	(93 665)	–
Cash acquired on gaining control of subsidiary		373 607	–	–
Investment in other financial assets		–	–	(10 000)
Advances to other financial assets		(18 135)	–	–
Net cash from/ to investing activities		**297 576**	**(104 650)**	**(19 467)**
Cash flows from financing activities				
Finance lease payments		–	–	(2 161)
Proceeds from other financial liabilities		114 046	128 024	142 987
Net cash from financing activities		**114 046**	**128 024**	**140 826**
Total cash movement for the year		**127 797**	**(16 293)**	**56 419**
Cash at the beginning of the year		229 722	246 015	189 596
Total cash at the end of the year	12	**357 519**	**229 722**	**246 015**

Principal accounting policies

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'), the Financial Reporting Guides issued by the South African Institute of Chartered Accountants ('SAICA') Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act 71 of 2008, as amended. The annual 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 Rands.

These accounting policies are consistent with the previous period.

1.1 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all entities, including special purpose entities, which are controlled by the company.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognised directly in the statement of changes in equity.

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognised directly in the statement of changes in equity.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interest issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measure initially by their fair value at the acquisition date. On an acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investments.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair values of any previous equity interest in the acquiree, over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated.

Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Transactions and non-controlling interest

The group treats transactions with non-controlling interest as transactions with equity owners of the group. For purchase of controlling interest, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interest are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit of loss where appropriate.

Commonly controlled entities

The Group does not apply the application of IFRS3 Business Combinations to common controlled entities as this has specifically been scoped out of IFRS3.

As part of the accounting for a step acquisition where the acquiree is a common controlled entity, the previous equity interest held by the acquirer is not remeasured prior to the change in control. Thus, a change in control will result in the investment been transferred at the original carrying value and not at fair value at the date of transaction.

Investment in associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The group's investment in associate includes goodwill identified on acquisition, net of any accumulated impairment loss. The group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. If the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group. Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

Jointly controlled entities

Investments in jointly controlled entities are proportionately consolidated from the date on which the group has the power to exercise joint control, up to the date on which the power to exercise joint control ceases. This excludes cases where the investment is classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations.

The group's share of assets, liabilities, income, expenses and cash flows of jointly controlled entities are combined on a line by line basis with similar items in the consolidated financial statements.

The group's proportionate share of inter-company balances and transactions, and resulting profits or losses between the group and jointly controlled entities are eliminated on consolidation.

An interest in a jointly controlled entity is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations. Under the equity method, interests in jointly controlled entities are carried in the consolidated statement of financial position at cost adjusted for post acquisition changes in the group's share of net assets of the jointly controlled entity, less any impairment losses. Profits or losses on transactions between the group and a joint venture are eliminated to the extent of the group's interest therein.

When the group loses joint control, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

Jointly controlled operations

In respect of its interests in jointly controlled operations, the group recognises in its financial statements:

- the assets that it controls and the liabilities that it incurs; and
- the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

1.2 Significant judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables and loans and receivables

The Group assesses its trade receivables and loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

Property, plant and equipment

The Group assesses the useful lives, depreciation rates and residual values of these assets at each statement of financial position date. These estimates take cognisance of current market and trading conditions for the Group's specific assets. In addition, the useful life estimates take into account the risk of obsolescence due to advances in technology.

Intangible assets

The Group assesses the useful lives, amortisation rates and residual values at each reporting date. This judgement is used on the market and trading conditions for the Group, management's expectations and strategy for the use of the intangible, as well as by performance indicators, sales growth rate and operating margins of cash generating units which use the intangible.

An intangible asset shall be regarded by the group as having an indefinite useful life when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash flows for the entity. Based on an analysis of relevant factors (such as the stability, actions of competitors and typical product life cycles), most of the group's mastheads, and brands are regarded as having an indefinite useful life. Mastheads and brand names are subject to an annual impairment review at cash generating unit level to identify whether the carrying amount exceeds the recoverable amount.

Impairment testing

Assets are subject to regular impairment reviews as required. Impairments are measured at the difference between the carrying value of a particular asset and the recoverable amount which is the greater of the fair value less cost to sell or value in use of the asset. Impairments are recorded in the statement of comprehensive income in the period in which they occur. The Group's policy in relation to impairment testing in respect of goodwill and indefinite useful life intangible assets is detailed below.

The recoverable amount of the cash-generating units has been determined based on a value in use calculation. Key assumptions applied to determine the recoverable amount of the cash generating units, using the value in use calculation relating to sales growth rates, working capital requirements and capital expenditure. Cash flow projections were based on historical information and financial budgets approved by senior management covering a five-year period.

Assumptions applied for impairment testing of goodwill:

Risk free rate	R 207 Government Bonds
Beta	1.01 – 1.10
Pre – tax discount rate	18.66% - 24.6%
Number of years	5

Assumptions applied for impairment testing of Mast heads:

General overheads growth rate	-2% to -10%
Revenue growth rate	-2% to -18%
Pre – tax discount rate	15%
Long term growth rate	3%

Fair value determination

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting period. Discounted cash flows are used to determine fair value for the investments in subsidiary companies. The use of a discounted cash flow analysis requires the estimation of a number of significant components, including the future expected cash flows and the weighted average cost of capital used to perform the discounting. Many of these factors may have a material impact on the valuation.

Provisions

At each statement of financial position date management estimates the leave pay provision based on the outstanding number of leave days due to employees applied to the cost of employment. Management also estimates the bonus provision based on the number of employees that would have achieved their key performance indicators. Other provisions are estimated based on the information available and past experience.

1.3 **Property, plant and equipment**

Property, plant and equipment is initially measured at cost.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Capital work in progress refers to assets that are currently being developed and therefore not yet in use.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite
Buildings	20 – 50 years
Leasehold improvements	5 – 40 years
Plant, machinery and equipment	5 – 25 years
Furniture and fixtures	2 – 12 years
Motor vehicles	4 – 5 years
Office equipment	3 – 20 years
IT equipment	2 – 3 years
Computer Software	2 – 5 years
Capital work in progress	Not depreciated

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate**.**

1.4 **Intangible assets**

Intangible assets which are separately acquired are initially recognised at cost.

Intangible assets with a finite useful life are stated at cost less any accumulated amortisation and any impairment losses.

Intangible assets with an indefinite useful life are stated at cost less any accumulated impairment losses and are assessed for impairment annually.

Mastheads and brand names are subject to an annual impairment review at cash generating unit level to identify whether the carrying amount exceeds the recoverable amount.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful life
Mastheads*	Indefinite
Brand names	Indefinite
News archives	Indefinite
Computer software	5 years

* Mastheads refers to the various newspaper titles or brands of the newspapers published by the Group.

1.5 **Financial instruments**

Initial recognition and measurement

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

The Group's financial assets are investments, loans receivables, trade and other receivables and bank and cash balances. The Group's principal financial liabilities are interest-bearing and non-interest-bearing loans payable, trade and other payables and bank overdrafts.

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Trade and other payables

Trade payables are initially measured at fair value plus transactions costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Loans to/from Group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries and joint ventures and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the loan at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Loans from Group companies are measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other receivables are classified as loans and receivables.

1.6 **Tax**

Current tax assets and liabilities

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations where the applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

The normal South African Company tax rate used at the statement of financial position date is 28% (2015: 28%). Deferred tax assets and liabilities have been calculated using this rate, being the rate that the Company expects to apply to the periods when the assets are realised or the liabilities are settled. Capital gains tax is calculated at 80% (2015: 66.6%) of the Company tax rate.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

1.7 **Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Any contingent rents are expensed in the period they are incurred.

1.8 Inventories

Inventories are measured at the lower of cost and net realisable value.

Raw materials and consumables are carried at purchase cost and other material at weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Obsolete, redundant and slow-moving items are identified on a regular basis and are written down to their estimated net realisable values.

1.9 Impairment of assets

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or Groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.10 Employee benefits

Post-employment medical aid cost

The Group complies with IAS 19, Employee Benefits. The Group has no definite legal obligation to current service employees in respect of post retirement healthcare benefits with regard to any letter of engagement or subsequent written commitment.

In terms of IAS 19, the Group is obliged to raise a post retirement medical provision in respect of post retirement healthcare benefits which may be payable to certain of its retirees. Any eventual payments in this respect are made at the sole discretion of the Group upon certain conditions being met, which conditions are prescribed from time to time by the Group. Refer to note 16, Post retirement medical aid provision.

By making such provision the Group makes no admission as to the liability and no reliance should be placed on it by third parties including employees. The expected cost of any subsidy, if it is granted, is calculated using the projected unit cost method.

A valuation of these benefits has been carried out by an independent qualified actuary.

In applying IAS 19 Employee Benefits, the group has chosen the option to recognise all actuarial gains and losses in the period that they occur. Such gains and losses are recognised in the statement of comprehensive income.

The amounts charged to the statement of comprehensive income in respect of post retirement medical aid provision consist of current service cost, interest cost (charged to operating profit), the effect of any curtailments or settlements and past service costs.

Past service costs (whether negative or positive) are recognised as an expense over the average period until the benefits vest, unless they are already vested, in which case the past service costs are recognised as either income or an expense immediately.

1.11 **Provisions**

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

1.12 **Revenue**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue and Income is recognised as follows:

Advertising revenue

Revenue (net of agency commission) from publishing is recognised when a newspaper or magazine is published. Online advertising revenue is recognised over the period that the advertisement is displayed.

Contract revenue comprises:

- the initial amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments:
  - to the extent that it is probable that they will result in revenue; and
  - they are capable of being reliably measured.

Circulation revenue

Revenue is recognised on the day of sale of the respective publication or for subscriptions as and when the respective publication is delivered to the subscriber. Revenue is net of publication returns. Any subscription revenue received in advance of the service being provided is recorded as deferred revenue and recognised when the respective publication is delivered to the subscriber.

Dividend Income

Income is recognised when the right to receive payment is established.

Commercial Printing

Revenue from printing services is recognised upon completion of the services and delivery of the related product to the customer.

Newspaper Inserts

Revenue from publishing newspaper inserts is recognised when a newspaper or magazine is published.

Barter

Where goods or services are exchanged for goods or services of a dissimilar nature, the revenue is measured at the fair value of the goods or services received (net of commission), adjusted by the amount of any cash or cash equivalents received or paid.

If the fair value of the goods or services received cannot be reliably measured, the revenue is measured at fair value of the goods or services given up (net of commission), adjusted by the amount of cash or cash equivalents received or paid.

Other revenue

Revenue is recognised upon delivery of products and customer acceptance, if any, or performance of services.

1.13 **Borrowing costs**

All borrowing costs are recognised as an expense in the period in which they are incurred.

1.14 **Segmental analysis**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management. Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment, whether from external transactions with other Group segments. Segment results are determined before any adjustments for minority interests. Segment assets and liabilities comprise the operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets are determined after deducting related allowances that are reported as direct offsets in the Group's statement of financial position. Capital expenditure represents the total costs incurred during the period to acquire segment assets that are expected to be used during more than one period, namely, property, plant and equipment, and intangible assets other than goodwill.

Business segments comprise the following which is aggregated upon consolidation:

- Branded Media;
- Logistics;
- Classifieds;
- B2B2C ecommerce;
- Digital Media Online;
- Syndicated content; and
- Corporate

1.15 **Finance income and costs**

Finance cost comprises interest payable on borrowings calculated using the effective interest rate method.

Finance income comprises interest receivable on funds invested.

Finance income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate over the period to expected maturity.

Finance income is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

The finance cost component of finance lease payments is recognised in the statement of comprehensive income using the effective interest rate method

1.16 **Earnings per share**

Earnings per share is calculated on the weighted average number of shares in issue, net of treasury shares, in respect of the year and is based on profit attributable to ordinary shareholders. Headline earnings per share are calculated in terms of the requirements set out in Circular 02/2015 issued by SAICA.

1.17 **Translation of foreign currencies**

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rand, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rand by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard Interpretation	Details of Amendments	Effective date: Years beginning on or after
IFRS 5 - Non-current assets Held for Sale and Discontinued Operations	Annual Improvements 2012-2014 Cycle: Amendments clarifying that a change in the manner of disposal of a non-current asset or disposal group held for sale is considered to be a continuation of the original plan of disposal, and accordingly, the date of classification as held for sale does not change.	01 January 2016
IFRS 7 - Financial Instruments Disclosure	Annual Improvements 2012-2014 Cycle: Amendment clarifying under what circumstances an entity will have continuing involvement in a transferred financial asset as a result of servicing contracts.- Annual Improvements 2012-2014 Cycle: Amendment clarifying the applicability of previous amendments to IFRS 7.	01 January 2016
IFRS 10 - Consolidated Financial Statements	Investment Entities: Applying the Consolidation Exception- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).	01 January 2016
IFRS 11 - Interests in Joint Operations	Amendments adding new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business which specify the appropriate accounting treatment for such acquisitions.	01 January 2016
IFRS 12 - Disclosure of Interests in Other Entities	Investment Entities: Applying the Consolidation Exception- Annual Improvements 2014-2016 Cycle: Clarification of the scope of IFRS 12 with respect to interests in entities classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.	01 January 2016
IAS 1 - Presentation of Financial Statements	Disclosure Initiative: Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements.	01 January 2016
IAS 16 and IAS 38 - Property, Plant and Equipment and Intangibles	Amendment to establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	01 January 2016
IAS 27 - Consolidated and Separate Financial Statements	Amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.	01 January 2016
IAS 28 - Investments in Associates and Joint Ventures	Investment Entities: Applying the Consolidation Exception- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).- Annual Improvements 2014- 2016 Cycle: Clarification that a venture capital organisation, or a mutual fund, unit trust and similar entities may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately	01 January 2016

2.2 **Standards and interpretations not yet effective**

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 September 2016 or later periods:

Standard/Interpretation	Effective date: Years beginning on or after	Expected date of adoption	Expected impact
IFRS 2 Share based payments	1 January 2018	1 January 2018	Unlikely there will be a material impact
IFRS 9 Financial Instruments	1 January 2018	1 January 2018	May result in additional disclosure with regard to financial instruments
IFRS 12 Disclosure of interests in other entities	1 January 2017	1 January 2017	Unlikely there will be a material impact
IFRS 15 Revenue from Contracts from Customers	1 January 2018	1 January 2018	Unlikely there will be a material impact
IFRS 16 Leases	1 January 2019	1 January 2019	May result in right of use asset being recognised in the financial statements together with additional disclosure requirements of IFRS 16
IAS 12 Income taxes	1 January 2017	1 January 2017	May result in non-material adjustments to deferred taxation assets
IAS 17 Statement of cashflows	1 January 2017	1 January 2017	May result in additional disclosure of financial liabilities that links to the statement of cash flows
IAS 28 Investments in Associates and Joint ventures	1 January 2018	1 January 2018	Unlikely there will be a material impact
IFRIC 22 Foreign currency transactions and advance consideration	1 January 2018	1 January 2018	Unlikely there will be a material impact

3. PROPERTY, PLANT AND EQUIPMENT

	2016			2015			2014		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and Fixtures	11 383	(6 590)	4 793	7 177	(4 521)	2 656	6 662	(4 097)	2 565
Land and buildings	313 099	(49 056)	264 043	308 575	(45 340)	263 235	307 837	(40 024)	267 813
Motor vehicles	14 942	(12 513)	2 429	17 050	(13 622)	3 428	16 081	(12 950)	3 131
Plant, machinery and equipment	293 693	(173 229)	120 464	283 213	(145 516)	137 697	281 893	(123 569)	158 324
Capital work in progress	5 251	–	5 251	7 534	–	7 534	4 415	–	4 415
Total	**638 368**	**(241 388)**	**396 980**	**623 549**	**(208 999)**	**414 550**	**616 888**	**(180 640)**	**436 248**

Reconciliation of property, plant and equipment – 2016

	Opening balance	Additions	Additions through business combinations	Transfers	Depreciation	Total
Furniture and fixtures	2 656	2 392	971	–	(1 226)	4 793
Land and buildings	263 235	315	5 748	–	(5 253)	264 043
Motor vehicles	3 428	126	180	–	(1 304)	2 429
Plant, machinery and equipment	137 697	6 032	486	2 284	(26 037)	120 464
Capital work in progress	7 534	–	–	(2 284)	–	5 251
Total	**414 550**	**8 865**	**7 385**	**–**	**(33 820)**	**396 980**

Reconciliation of property, plant and equipment – 2015

	Opening balance	Additions	Transfers	Disposals	Depreciation	Total
Furniture and fixtures	2 565	596	(17)	(3)	(485)	2 656
Land and buildings	267 813	90	781	–	(5 449)	263 235
Motor vehicles	3 131	2 060	87	(32)	(1 818)	3 428
Plant, machinery and equipment	158 324	4 381	(499)	(1)	(24 508)	137 697
Capital work in progress	4 415	3 471	(352)	–	–	7 534
Total	**436 248**	**10 598**	**–**	**(36)**	**(32 260)**	**414 550**

Reconciliation of property, plant and equipment – 2014

	Opening balance	Additions	Transfers	Disposals	Depreciation	Total
Furniture and fixtures	2 386	716	(88)	(12)	(437)	2 565
Land and buildings	274 900	456	(475)	–	(7 068)	267 813
Motor vehicles	5 652	–	(309)	(221)	(1 991)	3 131
Plant, machinery and equipment	178 832	3 130	520	(783)	(23 375)	158 324
Capital work in progress	–	4 063	352	–	–	4 415
Total	**461 770**	**8 365**	**–**	**(1 016)**	**(32 871)**	**436 248**

Details of property

	2016	2015	2014
Independent Newspaper Building Natal (Erf 1545) 18 Osborne Street, Greyville, Durban	1 846	1 846	1 846
The Star Building Johannesburg Building (Erf 4413) 47 Pixley ka Isaka Seme Street	14 875	14 875	14 875
APF Parkade (Erf 332, 338 to 340) President Street, Johannesburg	6 257	6 257	6 257
Pretoria News Building (Erf 2961) 216 Vermeulen Street, Pretoria	60	60	60
Banner News Agency Building (Erf 150 to 152) Booysen Street, Johannesburg	438	438	438
DFA Building and Land, Kimberley (Erf 193)	96	96	96
Unit 3, Khutaza Park, Bell Crescent, Westlake Business Park, Westlake	5 748	–	–

The building is held as security against a bond held with ABSA Bank Limited. Refer to note 13.

4. GOODWILL

	2016	2015	2014
Cost	324 227	316 994	316 994
Accumulated impairment	(–)	(–)	(–)
Balance at end of year	324 227	316 994	316 994
Reconciliation of Goodwill			
Opening balance	316 994	316 994	316 994
Additions through business combinations	7 233	–	–
Impairment	–	–	–
Balance at end of the year	324 227	316 994	316 994

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

Independent Media Proprietary Limited	R316 994 406
Independent Online Property Joint Venture Proprietary Limited	R7 232 625

Impairment testing

The Group performs an annual impairment test on goodwill based on cash-generating units ("CGU"). The recoverable amount of each of the CGUs to which goodwill is allocated has been determined based on a value in use calculation which uses cash flow projections on financial forecasts approved by the board of Directors covering a five-year period.

The cash flow projections over the five-year budget period are based on the assumption of the same expected gross margin and price inflation over the budget period.

The following are the principle assumptions that were used to calculate the recoverable amounts of the CGUs:

	2016	2015	2014
Discount rate	13.85 %	13.99 %	14.44 %
Number of years	5	5	5
Growth rate	3.50 %	3.50 %	3.50 %
Beta	1.01 – 1.10	1.01 – 1.10	1.01 – 1.10

5. INTANGIBLE ASSETS

	2016	2015	2014
Cost	1 317 410	1 274 187	1 275 292
Computer software	67 310	43 087	44 192
Brand names	19 000	–	–
Mastheads	1 231 100	1 231 100	1 231 100
		–	
Accumulated amortisation	(450 977)	(248 843)	(246 376)
Computer software	(47 778)	(40 684)	(38 217)
Brand names	–	–	–
Mastheads	(403 199)	(208 159)	(208 159)
Balance at end of year	866 433	1 025 344	1 028 916

Reconciliation of intangible assets – 2016

	Opening balance	Additions	Additions through business combinations	Disposals	Amortisation	Impairment	Total
Computer software	2 403	13 120	10 828	(120)	(6 699)	–	19 532
Mastheads	1 022 941	–		–	–	(195 040)	827 901
Band names	–	–	19 000	–	–	–	19 000
News archives	–	–	447	(447)	–	–	–
Total	1 025 344	13 120	30 275	(567)	(6 699)	(195 040)	866 433

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	5 975	570	(1 500)	(2 642)	2 403
Mastheads	1 022 941	–	–	–	1 022 941
Total	1 028 916	570	(1 500)	(2 642)	1 025 344

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer software	7 055	2 118	(3 198)	5 975
Mastheads	1 022 941	–	–	1 022 941
Total	1 029 996	2 118	(3 198)	1 028 916

Other information

Individually material intangible assets

Mastheads refer to the various newspaper titles or brands for the newspapers published by the Group.

Mastheads with a carrying value of R827 901 026 (2015: R1 022 941 250, 2014: R1 022 941 250) have an indefinite useful life, as the company expects to use these mastheads for an indefinite period.

The brand name of R19 million is attributable to the IOL brand which is managed under Independent Online SA Proprietary Limited, a 60% subsidiary in the Group. This brand has an indefinite useful life as the company expects to use this brand for an indefinite period. The brand name is a well-established brand that resonates with and is identifiable by the audiences that are attracted and eventually monetised by the Group.

Further brand extensions are also expected to be derived from the IOL platform and integrated with the other products that the Group has on offer. Economic benefits will be derived from the IOL brand and its extensions for as long as the Group remains a going concern.

Included in software are software development costs with a carrying value of R17.2m which relate to the Content Management Systems and other platform development costs. These are amortised over 3 -10 years.

Impairment testing of cash generating units ('CGU's') containing intangible assets with an indefinite useful life.

The Group tests indefinite life intangible assets for impairment on an annual basis or whenever there is an indication that the intangible assets may be impaired. The indefinite life intangible assets have been allocated as appropriate to the relevant CGU's.

These CGU's are the lowest level of asset for which there are separately identifiable cash flows having carrying amounts of intangible assets with an indefinite useful life, that are considered significant in comparison with the Company's total indefinite useful life intangible assets. The CGU's represent the lowest level at which the related intangible assets are monitored for internal management purposes.

A discounted cash flow valuation technique was used to assess for impairment on each CGU.

The following assumptions were made in the valuation model:

	2016	2015	2014
	%	%	%
General overheads growth rate	-2% to -10%	6	6
Revenue growth rate	-2% to -18%	4	4
Discount rate	15	16	16
Long term growth rate	3	5	5
Cape Division			
Cost	323 550	323 550	323 550
Accumulated impairment	(75 299)	(23 457)	(23 457)
	248 251	**300 093**	**300 093**
Gauteng Division			
Cost	580 750	580 750	580 750
Accumulated impairment	(265 805)	(161 009)	(161 009)
	314 945	**419 741**	**419 741**
Kwazulu Natal Division			
Cost	326 800	326 800	326 800
Accumulated impairment	(62 095)	(23 693)	(23 693)
	264 705	**303 107**	**303 107**

The publications for each division are listed as follows:

Cape Division:

- Cape Argus
- Cape Times
- Daily Voice
- Weekend Argus
- Cape Community Newspapers

Gauteng Division:

- Diamond Fields Advertisers
- The Star
- Saturday Star
- Pretoria News
- The Sunday Independent

Kwazulu Natal Division:

- Mercury
- Daily News
- Sunday Tribune
- Independent on Saturday
- Post
- Isolezwe
- Isolezwe NgoMgqibelo
- Isolezwe Sonto

A discounted cash flow valuation technique was used to assess for impairment on the IOL CGU. The assumptions used were as follows:

	2016	2015	2014
	%	%	%
General overheads growth rate	4	6	6
Marketing expense growth rate	3	5	5
Editorial expense growth rate	4	4	4
Advertising revenue growth rate	8	8	8
Discount rate	16	16	16

6. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Associates

The following table lists all of the associates in the Group:

	% Ownership interest					
Name of company	**2016**	**2015**	**2014**	**2016**	**2015**	**2014**
Capital Media Proprietary Limited	25%	25%	25%	–	–	–
Highway Mail Proprietary Limited	33%	33%	33%	238	238	238
Sagarmatha Technologies Limited	–	19.9%	–	–	31 638	–
				238	31 876	238

Reconciliation of associates

	2016	2015	2014
Opening balance	57 749	22 678	18 704
Addition	–	44 552	–
Share of profit	3 809	(7 814)	5 474
Transfer to investment in subsidiaries	(31 638)	–	–
Dividend received	(14 499)	(1 667)	(1 500)
Closing balance	15 421	57 749	22 678

On 1 January 2016 Sekunjalo Independent Media entered into an arrangement whereby through funding and management oversight of Sagarmatha it obtained power to direct the activities of Sagarmatha and became exposed to variable returns. The investment in associate was transferred at carrying value to an investment in subsidiary on the transaction date in terms of IFRS 10. The transfer of the investment in associate to investment in subsidiary was performed at carrying value on the date of change in control as the entity does not apply IFRS 3 Business Combinations in respect of common controlled entities as per the entity's accounting policy.

On 1 January 2015 Sekunjalo Independent Media entered into an arrangement whereby through funding and management oversight of Sagarmatha Technologies Limited, it obtained significant influence over Sagarmatha Technologies Limited which gave it power to participate in it financial and operating policy decisions but not control them.

Investment in Joint Ventures

The following table lists the joint venture in the Group:

	% ownership interest			carrying amount		
Name of company	**2016**	**2015**	**2014**	**2016**	**2015**	**2014**
Allied Publishing Limited	50%	50%	50%	2 486	2 486	2 486
Impairment of investment in joint venture				(2 486)	(2 486)	(2 486)

The carrying amount of joint ventures are shown net of impairment loss.

An impairment was recognised for the year end 31 December 2013 due to the investment having a negative net asset value due to losses incurred in the company.

Summarised financial information of material associates and joint ventures:

2016	Assets	Liabilities	Revenue	Profit(Loss)
Capital Media Proprietary Limited	5 152	3 253	12	-
Highway Mail Proprietary Limited	90 091	10 382	51 333	12 942
Allied Publishing Limited	54 763	68 972	249 371	12 636
	150 006	**82 607**	**300 716**	**25 578**

2015	Assets	Liabilities	Revenue	Profit(Loss)
Capital Media Proprietary Limited	5 153	3 253	11	9
Highway Mail Proprietary Limited	72 765	7 075	50 440	15 302
Sagarmatha Technologies Limited	461 003	169 360	124 192	(72 146)
Allied Publishing Limited	60 485	87 233	258 058	57
	599 406	**266 921**	**432 701**	**(56 778)**

2014	Assets	Liabilities	Revenue	Profit(Loss)
Capital Media Proprietary Limited	5 145	3 253	11	8
Highway Mail Proprietary Limited	63 790	6 429	47 595	15 014
South African Press Association	3 709	3 114	27 404	25
Allied Publishing Limited	74 016	(93 386)	284 820	1 972
	146 660	**(80 590)**	**359 830**	**17 019**

Jointly controlled operations

Where jointly controlled assets are included in an economic arrangement, the jointly controlled asset is apportioned to the company, based on its share. The company also includes its share of revenues, expenses, assets and liabilities.

The Newspaper Printing Company

The Newspaper Printing Company is a joint arrangement between Independent Newspapers Proprietary Limited (50%), and Times Media Limited (50%) and is classified as a partnership. The Newspaper Printing Company serves an administrative function by coordinating outsourced printing charges relating to Independent Newspapers Proprietary Limited and Times Media Limited.

Bolander Property Publisher

Bolander Property Publisher is a joint arrangement between Independent Newspapers Proprietary Limited (50%) and Bolander Estate Agent Investment Company (50%) and is classified as a joint operation. Bolander Property Publisher serves an administrative function by coordinating estate agents property advertising relating to Independent Newspapers Proprietary Limited and Bolander Estate Agent Investment Company. Bolander Property Publisher ceased operations as at 31 December 2016.

Cape Property Guide

Cape Property Guide is a joint arrangement between Independent Newspapers Proprietary Limited (49%) and Estate Agents Holding Company Proprietary Limited (51%) and is classified as a joint operation. The Cape Property Guide serves an administrative function by coordinating estate agents property advertising relating to Independent Newspapers Proprietary Limited and Estate Agents Holding Proprietary Limited.

KZN Property Guide

The KZN Property Guide is a joint arrangement between Independent Newspapers Proprietary Limited (40%), and Property Guide (60%) and is classified as a joint operation. KZN Property Guide would provide the advertising revenue for the property supplement and Independent Newspapers Proprietary Limited would print and distribute the supplement and serve administration functions. KZN Property Guide ceased operations as at 31 December 2016.

Capital Media JV

The Capital Media JV is a joint arrangement between Independent Newspapers Proprietary Limited (25%), Media 24 Proprietary Limited (25%) and Caxton Proprietary Limited (50%) and is classified as a joint arrangement. Capital Media JV is involved in the publication of free community newspapers and pamphlets, which are distributed by Independent Newspapers Proprietary Limited in the greater Pretoria region.

Financial reporting periods for associates and joint arrangements:

Associates	
Highway Mail Proprietary Limited	30 June
Capital Media Proprietary Limited	30 June
Sagarmatha Technologies Limited	31 December
Joint Ventures	
Allied Publishing Limited	31 December
Jointly Controlled Operations	
Capital Media Joint Venture	30 June
The Newspaper Printing Company	31 December
The KZN Property Guide Joint Venture	31 December
Bolander Property Publisher	31 March
Cape Property Guide	31 March

Separate financial statements are prepared for the December year-end for purposes of preparation of Group financial statements.

7. OTHER FINANCIAL ASSETS

Investments designated at fair value through profit or loss - 2016

Investment entity	% Holding	Opening balance	Additions	Investment in subsidiary	Closing balance
Africa Community Media (Pty) Ltd	25%	4 911	–	(4 911)	–
		4 911	–	(4 911)	–

Refer to note 29 for details on the transfer of the assets above to an investment in subsidiary which has been consolidated into these Group AFS.

Available for sale

	Opening balance	Closing balance
Investments - charities	30 881	30 881
Investment in Outmedia	–	–
Total other financial assets	**30 881**	**30 881**

Investments designated at fair value through profit or loss - 2015

Investment entity	% Holding	Opening balance	Additions	Transfer to investment in associate	Fair value gain/(loss)	Closing balance
Sagarmatha Technologies Limited	19.9%	44 552	–	(44 552)	–	–
Africa Community Media (Pty) Ltd	19.1%	–	10 000	–	(5 089)	4 911
		44 552	10 000	(44 552)	(5 089)	4 911

Available for sale

	Opening balance	Closing balance
Investments – Charities – Listed shares	27 560	27 560
Investments – Charities- unlisted shares	3 321	3 321
	30 881	30 881
Total other financial assets	**–**	**35 792**

Investments designated at fair value through profit or loss - 2014

Investment entity	% Holding	Opening balance	Additions	Fair value gain/(loss)	Closing balance
Sagarmatha Technologies Limited	19.9%	10 000	–	34 552	44 552
		10 000	–	34 552	44 552

Available for sale

	Opening balance	Closing balance
Investment in Outmedia	–	–
Investments – Charities – Listed shares	27 560	27 560
Investments – Charities- unlisted shares	3 321	3 321
	30 881	30 881
Total other financial assets		**75 433**

At fair value through profit and loss	2016	2015	2014
Ned Group Core Income Fund	3 024	–	–
Short term investment account used to invest excess cash in the Group's ecommerce business. The asset can be liquidated with a 24-hour notice.			–

Loan receivable at amortised cost	2016	2015	2014
Sekunjalo Investment Holdings Proprietary Limited	101 368	6 216	5 619
The loan is reflected as current as it is payable on demand. The loan is unsecured, bears interest at prime and has no fixed terms of repayment.			
	104 392	**6 216**	**5 619**
Total	**135 273**	**42 009**	**81 052**

Other information

Africa Community Media Proprietary Limited

This entity represents a national community multi-media platform offering both local content and commercial opportunities to specific niche areas.

African Technology Media Holdings Proprietary Limited

This entity is an investment holding company with a primary focus on the e-commerce, Digital Media Online and technology industries.

8. INVENTORIES

	2016	2015	2014
Finished goods	11 741	–	–
Raw materials and consumables	15 746	15 413	8 855
Work in progress	–	–	5 815
	27 487	15 413	14 670
Inventories write-downs	–	(53)	(53)
Total	27 487	15 360	14 617

9. LOANS TO (FROM) GROUP COMPANIES

Fellow subsidiaries	2016	2015	2014
Sagarmatha Technologies Limited	–	48 106	–
Loot Online Proprietary Limited	–	30 047	–
Africa Community Media Proprietary Limited	–	6 010	–
African News Agency Proprietary Limited	–	8 839	–
	–	**93 002**	**–**

All the above loans are payable on demand, are unsecured and bear interest in the range of prime and prime plus 2%.

The loan is payable on demand, is unsecured and unsecured.

Non-current assets	–	–	–
Current assets	–	93 002	–
	–	93 002	–

Credit quality of loans to Group companies

The loans are advanced to Group companies for capital investment or working capital needs. The risk of default is based on the success of the Group Company's trading. The risk of default on the loans is considered minimal and credit quality is considered high. No loans are past due and none are impaired.

Fair value of loans to and from Group companies

The carrying value of the loans approximate fair value.

10. TRADE AND OTHER RECEIVABLES

	2016	2015	2014
Trade receivables	205 260	273 162	220 657
Other receivable	36 748	17 297	34 069
Prepayments	13 022	5 166	4 718
Loans to employees	426	385	900
Warranty receivable	–	–	46 750
Total	255 456	296 010	307 094

Included in trade and other receivables for 2016 and 2015 is an amount of R 2,5 million relating to trade and other receivables of the Group's charitable organisations which are restricted as the receivables may only be used for the benefit of beneficiaries of the charities as indicated in their constitutions.

The warranty receivable relates to claims receivable on the purchase of Independent Media per the warranty provision of the sale and purchase agreement.

Other receivables largely consist of dividends receivable, receivables from other related entities and sundry debtors from various group companies.

The prepayments largely relate to software license and distribution prepayments which unwind over 12 months.

Credit quality of trade and other receivables

The Group performs ongoing credit evaluations of the financial condition of all customers. Before any new customer is approved for credit, a thorough credit check is performed by an external credit agency. The agency provides credit scores and credit ratings on each customer. In addition to that a recommended credit limit is provided by the credit agency. Additional internal ratings and credit limit checklist procedures are performed by management before a final credit limit is approved to the Group's customers. The credit quality of trade and other receivables that are neither past nor due nor impaired is assessed by management based on historical information about counterparty default ratings if available. The customer base consists of both foreign and local customers. Credit quality is considered to be high.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 December 2016, R13 114 (2015: R9 539, 2014: 10 080) were past due but not impaired.

Trade and other receivables impaired

As of 31 December 2016, trade and other receivables of R15 022 (2015: R9 039; 2014: R21 101) were impaired and provided for.

The ageing of these amounts is as follows:

	2016	2015	2014
Over 6 months	15 022	9 039	21 101
Reconciliation of allowance for doubtful debts			
Opening balance	9 039	21 101	35 891
Increase/(decrease) in allowance	8 087	(6 081)	(12 674)
Amounts written off as uncollectable	(2 104)	(5 981)	(2 116)
	15 022	9 039	21 101
Fair value of trade receivables	255 456	296 010	307 094

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

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of:			
Bank balances and cash on hand	357 519	229 722	246 015
Total	357 519	229 722	246 015

The effective interest rates on short term bank deposits were 6.50% (2015: 5.75%, 2014: 5.25%) and have maturity dates of less than three months from the date the investment was made. Cash and cash equivalents are denominated in South African Rand.

Included in bank balance and cash on hand is an amount of R8.2 million (2015: R8.2 million; 2014: R8.2 million) relating to cash and cash equivalents of the Group’s charitable organisations and is as the funds may only be used for the beneficiaries of charities as indicated in their constitutions and is therefore included in non-controlling interest.

Credit quality of cash at bank and short-term deposits, excluding cash on hand

Cash and cash equivalents are held with Standard Bank. This is a reputable banking institution and its credit quality is considered to be high. It has a credit rating of BBB-.

12. SHARE CAPITAL

Authorised			
4 000 Ordinary shares of R1.00 each	4	4	4
Issued			
100 Ordinary shares of R1.00 each	–	–	–

3 900 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Upon a poll, in determining the total votes in the Company, each ordinary no par value Share shall be deemed to entitle the holder thereof to one vote.

13. OTHER FINANCIAL LIABILITIES

Held at amortised cost

	2016	2015	2014
Interacom Investment Holding Limited	909 459	907 278	906 910
This loan bears interest at JIBAR plus 5.5%. 50% of the loan is repayable in August 2018 and the remainder in August 2020.			
Government Employees Pension Fund	662 722	581 823	514 765
This consists of two loans bearing interest at JIBAR plus 3.5% and JIBAR plus 8% and has fixed terms of repayment. 50% of the loan is repayable in August 2018 and the remainder in August 2020.			
South African Textiles and Clothing Workers Union	243 987	209 283	181 326
This loan bears interest at JIBAR plus 8% and has fixed terms of repayment. 50% of the loan is repayable in August 2018 and the remainder in August 2020.			
Government Employees Pension Fund	433 180	391 275	356 972
The preference shares accrue cumulative dividends at the prime overdraft rate.			
ABSA Bank Limited	3 343	–	–
The Khuthaza bond is held with ABSA Bank Limited and bears interest at 10.5%. Loot Online Proprietary Limited's building is held as security. Refer to note 3			
Total	2 252 691	2 089 659	1 959 973
Non-current liabilities	2 252 691	2 089 659	1 959 973
Current liabilities	–	–	–
Total	2 252 691	2 089 659	1 959 973

Subordination of loans

A subordination agreement has been entered into between the Group and the Government Employees Pension Fund and Southern African Clothing and Textile Workers Union. The subordination shall remain in force and effect for so long only as the liabilities of the Company, as fairly valued, exceed its assets, as fairly valued. This subordination shall lapse immediately upon the date that the assets of the Company, as fairly valued, exceed its liabilities, as fairly valued.

14. RETIREMENT BENEFITS

The Group has a post-retirement medical aid provision respect of all In-service members and Continuation members who belong to a company approved medical scheme and are entitled to a subsidy according to the rules of the Company. The scheme is closed and only exists for the purpose of employees currently identified as beneficiaries of the scheme. The beneficiaries of this scheme at 31 December 2016 is 726 continuation members (2015: 740 and 2014: 765) and 73 In-service members (2015: 102 and 2014: 114).

The valuation was independently performed as at 31 December 2016 (valuation date) by Charlton Murove B.Comm (Hons), FASSA and Lemuhani Munodawafa B.BusSci (Hons). The previous valuation was performed as at 31 December 2015 (previous valuation date). The Projected Unit Credit Method as prescribed by IAS 19 (AC 116) was used. This method is based on the approximation that the post-retirement benefit is notionally built up over each employee's working life.

The determination of the Group's post-retirement medical aid provision, depends on a selection of certain assumptions, which include, inter alia, the discount rate, inflation rate, salary growth and longevity, all of which are key judgements. Differences arising from actual experience or changes in assumptions in the postretirement medical aid provision, are reflected under other comprehensive income. The provision as discussed in this note is wholly unfunded.

	2016	2015	2014
Movements for the year			
Opening balance	189 893	208 734	246 405
Net expense recognised in profit or loss	(19 008)	(18 842)	(37 671)
Closing balance	170 885	189 892	208 734
Current year movements			
Current service cost	732	1 229	1 586
Interest cost	18 313	15 343	20 864
Net actuarial gain	(25 261)	(12 272)	(46 486)
Less: Net settlement gains	–	(10 156)	–
Less: Pensioners subsidy payments	(12 792)	(12 986)	(13 635)
Closing balance	(19 008)	(18 842)	(37 671)

Key assumptions used

The net actuarial gain of R18 188 (2015: R 8 836, 2014: R 33 479) was recognised in other comprehensive income.

The following are principal economic assumptions used for the valuation:

	%	%	%
Discount rate	9.2	10	8
Subsidy increase	7.6	8.7	6.8

The effect on the post-retirement medical aid provision of a 1% change in the following assumptions is as follows:

Change in discount rate	156 133	172 761	189 089
Change in subsidy increase	187 447	209 235	231 081

Employees are assumed to retire between the ages of 60 and 65, and below the age of 60 due to ill-health.

The mortality assumptions used for the post-retirement medical aid scheme were as follows:

Males - The S.A. 1985 - 90 table of mortality.

Females - The S.A. 1985 - 90 table of mortality rated down 3 years.

The South African PA (90) tables were used for post-retirement mortality rates.

15. DEFERRED TAX

Deferred tax asset / (liability)

	2016	2015	2014
Leave pay provision	6 623	7 321	8 388
Bonus provision	302	–	–
Inventory obsolescence provision	40	–	–
Income received in advance	264	18	–
Prepayments	(2 330)	(1 440)	(14)
Provision for doubtful debts	2 781	1 582	4 103
Property plant and equipment	(81 523)	(87 187)	(93 835)
Post retirement medical aid obligation	48 510	53 170	58 445
Other provisions	3 265	3 691	12 058
Lease smoothing	3 492	2 884	–
Available for sale finance assets	4 285	(5 020)	(6 385)
Tax losses available for set off against future taxable income	16 353	2 656	
	2 062	(22 325)	(15 177)

	2016	2015	2014
Reconciliation of deferred tax asset (liability)			
Balance at the beginning of the year	(22 325)	(15 177)	446
Leave pay provision	(698)	(1 067)	(1 984)
Bonus provision	302	–	–
Inventory obsolescence provision	40	–	–
Income received in advance	246	19	–
Prepayments	(890)	(1 425)	3
Provision for doubtful debts	1 199	(2 520)	(3 151)
Property plant and equipment	5 664	6 648	6 469
Post retirement medical aid obligation	(4 660)	(5 275)	(10 493)
Other provisions	(426)	(8 367)	(453)
Lease smoothing	608	2 884	(1 676)
Available for sale finance assets	9 305	(1 365)	(6 385)
Tax losses available for set off against future taxable income	13 697	590	2 063
Balance at the end of the year	2 062	(22 325)	(15 177)

16. PROVISIONS

	2016	2015	2014
Provisions	11 162	18 960	36 263

Reconciliation of provisions - 2016	Opening balance	Additions	Reversed during the year	Closing balance
Losses incurred in associates and joint ventures	13 374	7 351	(13 374)	7 351
Executive retirement	1 775	–	(1 775)	–
Libel claims and disputes	3 811	–	–	3 811
Total	18 960	7 351	(15 149)	11 162

Reconciliation of provisions - 2015	Opening balance	Additions	Reversed during the year	Closing balance
Losses incurred in associates and joint ventures	23 047	–	(9 673)	13 374
Executive retirement	8 478	–	(6 703)	1 775
Related party guarantee	2 165	–	(2 165)	–
Other provision	2 000	–	(2 000)	–
Libel claims and disputes	574	3 237	–	3 811
Total	36 264	3 237	(20 541)	18 960

Reconciliation of provisions - 2014	Opening balance	Additions	Reversed during the year	Closing balance
Losses incurred in associates and joint ventures	21 306	1 741	–	23 047
Executive retirement	10 588	–	(2 110)	8 478
Related party guarantee	2 165	–	–	2 165
Other provision	2 000	–	–	2 000
Libel claims and disputes	678	–	(104)	574
Total	36 737	1 741	(2 214)	36 264

Executive retirement

The group pays at its discretion retirement bonuses to its executive management upon retirement. These bonuses are based on the terms of service to the company and position held.

This provision was no longer relevant in the 2016 financial year and was therefore reversed.

Losses incurred in associates and joint ventures

Provisions are raised for losses incurred in associates or joint ventures where the group has further financial exposure to these losses.

Libel claims and disputes

Libel and other claims are brought against the Group arising in the ordinary course of the newspaper business. The amount represents a provision for such claims.

17. TRADE AND OTHER PAYABLES

	2016	2015	2014
Trade payables	80 789	69 364	66 913
Accruals	96 303	75 875	83 682
Deferred revenue	39 251	42 118	38 900
Deferred leave pay	24 722	26 223	30 818
Payroll accruals	14 401	19 082	14 687
VAT	10 056	4 218	12 292
Other payables	64 642	76 711	41 847
Total	330 165	313 591	289 139

Trade and other payables are interest free and have payment terms of between 30 to 60 days.

The carrying value of trade and other payables approximates fair value due to their short-term nature

18. REVENUE

	2016	2015	2014
Newspaper and digital advertising revenue	976 084	1 026 901	1 040 106
Revenue from sales of newspapers	427 533	465 646	459 100
Sale of goods	149 971	–	–
Commercial printing and other commercial revenue	83 666	159 278	155 242
Revenue from newspaper insets	93 822	92 805	90 765
Barter revenue *	51 842	58 160	35 988
Royalty income	1 368	–	–
Total	1 784 286	1 802 790	1 781 201

* Barter revenue arises from trade exchanges that are entered into with various parties in exchange for advertising space in the newspaper titles owned by the Group.

Other income

	2016	2015	2014
Dividend income	–	–	392
Recoveries	23 288	–	–
Prescribed unclaimed deposits	13 460	1 139	4 412
Profit on disposal of going concern	–	6 495	19 000
Profit on sale of other assets	150	146	–
Sundry income	7 635	2 515	1 541
	44 533	10 295	25 345

Prescribed unclaimed deposits

This relates to receipts which cannot be allocated to specific debtors. These are recycled to the income statement after 3 years.

Profit on disposal of going concern

IOL Property Joint Venture Proprietary Limited was sold to Sagarmatha Technologies Limited on 01 January 2015 for a sales price of R7 700 000. The settlement of the purchase price for IOL Property Joint Venture Proprietary Limited was funded by Independent Newspapers Proprietary Limited in the form of a loan to Sagarmatha Technologies Limited. The loan bears interest at the prime rate and was converted to equity in the December 2016 financial year.

The proceeds of R7 700 000 less the net asset value (R1 204 910) of IOL Property Joint Venture Proprietary Limited at the date of sale resulted in the profit on disposal of IOL Property Joint Venture Proprietary Limited of R6 495 090.

The IOL division was sold to Independent Online SA Proprietary Limited on 1 January 2014 resulting in a profit on disposal of R19million.

Sundry income

Most of the Sundry revenue relates to ad hoc content sales to the daily newspaper in China - China Daily.

19. INVESTMENT REVENUE

	2016	2015	2014
Loans to related parties	6 005	660	718
Bank	32 385	19 030	10 170
Total	**38 390**	**19 690**	**10 888**

20. FAIR VALUE ADJUSTMENTS

Other financial assets	–	(5 089)	34 552

The fair value adjustments arise from the valuation of the investment in Africa Community Media (Pty) Ltd and African Technology and Media Holdings (Pty) Ltd when they were carried as investments before control was established in 2016.

21. FINANCE COSTS

Other financial liabilities	276 320	234 964	240 388
Other interest expense	1 077	867	–
Total	**277 397**	**235 831**	**240 388**

22. TAXATION

Major components of the tax expense

	2016	2015	2014
Current			
South African normal taxation	3 670	5 592	6 799
Local income tax – recognised in current tax for prior periods	1 535	1 250	(947)
Total current tax expense	5 205	6 842	5 852
Deferred			
Originating and reversing temporary differences	(22 511)	311	2 890
Arising from prior period adjustments	–	–	(19)
Total deferred tax expense	(22 511)	311	2 871
Total tax expense	(17 306)	7 153	8 723

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense:

	2016	2015	2014
Accounting loss	(547 990)	(89 743)	(60 417)
Applicable tax	(153 437)	(25 128)	(16 917)
Tax effect of adjustments on taxable income			
Associates' and Joint Venture results reported net of tax	–	2 926	(1 113)
Permanent differences and non-deductible expenses	78 593	33 260	31 653
Dividend income exempt from income tax	(4 237)	–	–
Additional taxation – change in CGT inclusion rate	1 316	–	–
Adjustments to deferred tax in respect of prior years	–	–	(19)
Adjustments to normal tax in respect of prior years	1 531	–	(946)
Other financial assets – capital gains taxation rates	–	(950)	–
Secondary tax on companies	–	–	22
Profit on sale of going concern	–	(2 156)	(5 320)
Sale of going concern subject to capital gains taxation	–	1 436	3 543
Utilisation of capital loss brought forward	–	(1 436)	(3 543)
Assessed loss available for set off against future taxable income	–	(2 079)	–
Unrecognised tax losses	58 572	–	–
Other	356	1 280	1 363
Average effective tax	(17 306)	7 153	8 723

23. OTHER COMPREHENSIVE INCOME

Components of other comprehensive income –Group - 2016

	Gross	Tax	Net
Actuarial gains (losses) on defined benefit plans	25 261	(7 073)	18 188

Components of other comprehensive income –Group - 2015

	Gross	Tax	Net
Actuarial gains (losses) on defined benefit plans	12 272	(3 436)	8 836

Components of other comprehensive income –Group - 2014

	Gross	Tax	Net
Actuarial gains (losses) on defined benefit plans	46 486	(13 016)	33 470

24. CASH GENERATED FROM OPERATIONS

	Notes	2016	2015	2014
Loss before tax		(547 991)	(89 744)	(60 417)
Adjustments for:				
Depreciation	3	33 820	32 260	32 871
Amortisation	5	6 699	2 642	3 198
(Profit)/ loss on disposal of other assets		–	(146)	–
Profit on foreign exchange		(12)	–	–
Profit on disposal of going concern		–	(6 495)	(19 000)
Income from equity accounted investments		(10 346)	11 141	(3 734)
Interest received	19	(38 390)	(19 690)	(10 888)
Finance costs	21	277 397	235 831	240 388
Fair value adjustments		–	5 089	(34 552)
Impairment to intangible assets	5	195 040	1 499	–
Movement in retirement benefit obligation		6 252	6 416	22 450
Movements in provisions	16	(21 072)	(17 303)	(474)
Other non-cash items		–	(39)	
Changes in working capital:				
Inventories		(12 127)	(743)	3 892
Trade and other receivables		40 552	11 085	6 745
Trade and other payables		16 685	24 451	10 924
Total		**(40 218)**	**196 254**	**191 403**

25. TAX REFUNDED (PAID)

	2016	2015	2014
Balance at the beginning of the year	2 804	2 851	(4 505)
Current tax for the year recognised in profit or loss	(5 205)	(6 842)	(5 852)
Withholding tax on interest	365	–	–
Balance at the end of the year	9 778	(2 804)	(2 851)
Tax paid	**7 742**	**(6 795)**	**(13 208)**

26. EARNINGS PER SHARE

Earnings per share ("EPS") are derived by dividing the earnings attributable to equity holders of the parent by the weighted average number of ordinary shares.

	2016	2015	2014
Basic earnings per share (Rand)	(3 120 650)	(901 667)	(456 770)
Diluted earnings per share (Rand)	(3 120 650)	(901 667)	(456 770)

Basic and diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	2016	2015	2014
Earnings attributable to owners of Sekunjalo Independent Media Proprietary Limited	(312 065)	(90 168)	(45 677)

Headline earnings per share

Headline earnings are determined as follows:

	2016	2015	2014
Earnings attributable to owners of Sekunjalo Independent Media	(312 065)	(90 167)	(45 677)
Adjusted items:			
Impairment of intangible asset	195 040	1 499	–
(Loss) profit on disposal of assets	149	(146)	–
Profit on disposal of going concern	–	(6 495)	(19 000)
Taxation effect	(42)	1 252	3 546
Headline earnings	**(116 918)**	**(94 057)**	**(61 131)**
Headline earnings attributable to owners of Sekunjalo Independent Media Proprietary Limited	(1 169 180)	(940 570)	(611 310)
Weighted average number of shares	100	100	100

27. OPERATING PROFIT

Operating profit (loss) for the year is stated after accounting for the following:

	2016	2015	2014
Operating lease charges – smoothed amounts	(13 580)	(8 894)	(8 741)
Profit on sale of going concern	–	6 495	19 000
Decrease (increase) in impairment of trade receivables	(8 087)	6 081	(1 674)
Amortisation of intangible assets	(1 398)	(2 645)	(3 198)
Impairment of intangible assets	(195 040)	–	–
Depreciation on property, plant and equipment	(32 928)	(32 259)	(32 871)
Employee costs	(577 645)	(593 283)	(514 445)
Retrenchment costs	(34 189)	(3 330)	–

28. COMMITMENTS

	2016	2015	2014
Operating leases – as lessee (expense)			
Minimum lease payments due (contractual)			
– Within one year	8 162	7 557	9 022
– in second to fifth year inclusive	39 720	47 882	34 392
– later than five years	27 130	27 130	48 515
	75 012	82 569	91 929
Minimum lease payments due (smoothed)			
– Within one year	8 894	7 557	6 997
– in second to fifth year inclusive	35 577	35 577	35 577
– later than five years	19 271	28 165	37 060
	63 742	71 299	79 634

The group leases offices under a non-cancellable operating lease agreement. The lease terms are up to 12 years, and are renewable at the end of the lease period at a market rates. The escalation clause for the lease agreement is 8%.

29. COMMON CONTROLLED ENTITIES

Sagarmatha Technologies Limited (formerly African Technology and Media Holdings (Proprietary) Limited) ("Sagarmatha") and Africa Community Media Proprietary Limited (formerly Africa Media Development Proprietary Limited) ("ACM")

On 01 January 2016 Sekunjalo Independent Media entered into an arrangement whereby through funding and management oversight of Sagarmatha and ACM it obtained power to direct the activities of Sagarmatha and ACM and became exposed to variable returns. Sekunjalo Independent Media effectively began consolidating the results and performance of Sagarmatha. Refer to Note 7.

30. RELATED PARTIES

Ultimate Holding company	Sekunjalo Investment Holding Proprietary Limited
Other shareholders	Government Employee Pension Fund
	Interacom Investment Holdings Limited
Subsidiaries	Allied Media Distributors Proprietary Limited
	APF Parkade Proprietary Limited
	Banner News Agency Proprietary Limited
	Conde Nast Independent Magazines
	Independent Newspapers Proprietary Limited
	INM Outdoor Media Proprietary Limited
	IOL Property Joint Venture Proprietary Limited
	Metropolitan Print Distributors Proprietary Limited
	President Collection Bureau Proprietary Limited
	Rexitime Proprietary Limited
Associates	Capital Media Proprietary Limited
	Highway Mail Proprietary Limited
	South African Press Association
Jointly controlled entities	Boland Property Publisher
	Cape Property Guide
	Capital Media Joint Venture
	The Newspaper Printing Company
	The KZN Property Guide Joint Venture
Joint venture	Allied Publishing Limited
Fellow subsidiaries	African Media Development Proprietary Limited
	African News Agency Proprietary Limited
	Sagarmatha Technologies Limited
	Independent Online SA Proprietary Limited
	Independent Digital Media Technology Proprietary Limited
	Loot Online Proprietary Limited
Commonly controlled entities	African Equity Empowerment Investments Limited
	Afrozaar Consulting Proprietary Limited
	Insights Publishing Proprietary Limited
	Health Systems Technologies Proprietary Limited
	Premier Fishing SA Proprietary Limited
	Saratoga Software Proprietary Limited
	Sekunjalo Properties Proprietary Limited
	World Wide Creative Proprietary Limited

Related party balances

Loans accounts – Owing (to) by related parties			
African Media Development Proprietary Limited	–	6 010	–
African News Agency Proprietary Limited	–	8 839	–
Sagarmatha Technologies Limited	–	48 106	–
Government Employee Pension Fund	(662 722)	(581 822)	(514 765)
Independent Online SA Proprietary Limited	–	30 047	–
Interacom Investment Holdings Limited	(909 459)	(907 278)	(906 911)
Loans from outside shareholder	(349)	(342)	(349)
Sekunjalo Investment Holdings Proprietary Limited	101 368	6 216	5 619
	1 585 261	1 581 221	1 421 327
Preference shares from related parties			
Government Employee Pension Fund	433 180	391 275	356 972
Amounts included in trade receivables (trade payables) regarding related parties			
Commonly controlled entities	6 198	6 004	74
Commonly controlled entities	(21 605)	(15 409)	(330)
Fellow subsidiaries	1 785	41 451	–
Joint ventures	15 000	15 019	221
Joint ventures	(3 309)	–	(2 912)
Jointly controlled operations	1 331	–	1 012
Jointly controlled operations			(2 232)
	(600)	47 065	(4 167)

Related party transactions

Interest paid to (received from) related parties			
African News Agency Proprietary Limited	–	(560)	–
Sagarmatha Technologies Limited	–	(2 659)	–
Government Employee Pension Fund	127 983	101 340	84 293
Interacom Investment Holding Limited	113 633	105 646	101 363
Loot Online SA (Proprietary) Limited	–	(1 863)	–
Sekunjalo Investment Holdings	4 368	–	–
(Purchases from) revenue received from related parties			
Commonly controlled entities	349	118	–
Commonly controlled entities	(35 708)	(27 400)	–
Fellow subsidiaries	33 023	41 151	67 356
Fellow subsidiaries	(11 172)	(6 667)	–
Joint ventures	(80 740)	(82 315)	–
Jointly controlled operations	–	(918)	–
Jointly controlled operations	413	2 445	–
Associates	–	–	134 695
	(93 835)	**(73 586**	**202 051**
Rent paid to (received from) related parties			
Commonly controlled entities	(5 700)	1 092	–
Dividends paid to (received from) related parties			
Associates	(14 999)	(1 667)	–

31. DIRECTORS' EMOLUMENTS

Executive

	2016	2015	2014
Dr MI Survé	13 313	10 312	5 637

32. GROUP SEGMENTAL REPORT

	Branded Media 31 December 2016	Logistics 31 December 2016	Classifieds 31 December 2016	B2B2C E-Commerce 31 December 2016	Digital Media Online 31 December 2016	Syndicate Content 31 December 2016	Corporate 31 December 2016	Group 31 December 2016
Revenue	**1 511 578**	**64 300**	**81 619**	**149 971**	**16 671**	**13 958**	**(53 811)**	**1 784 286**
External sales	1 511 578	17 156	81 619	149 971	16 671	7 291	–	1 784 286
Internal sales	–	47 145	–	–	–	6 667	(53 811)	–
Segment results								
Operating profit/(loss)	**(319 234)**	**794**	**65 714**	**(14 170)**	**(3 781)**	**(33 834)**	**(14 819)**	**(319 330)**
Carrying amount of assets	**1** 502 **617**	**26 308**	**269**	**36 066**	**1 595**	**391 451**	**439 911**	**2 398 217**
Carrying amount of liabilities	**1 985 377**	**18 427**	**506**	**31 239**	**—**	**36 918**	**719 572**	**2 792 039**

Group Segmental Report

	Branded Media 31 December 2015	Logistics 31 December 2015	Classifieds 31 December 2015	Corporate 31 December 2015	Group 31 December 2015
Revenue	**1 646 639**	**64 314**	**92 017**	**–**	**1 802 790**
External sales	1 646 639	16 974	92 017	47 160	1 802 790
Internal sales	–	47 160	–	(47 160)	–
+Segment results					
Operating profit/(loss)	**61 885**	**728**	**84 642**	**(4 627)**	**142 628**
Carrying amount of assets	**2 418 584**	**26 518**	**–**	**48 441**	**2 493 543**
Carrying amount of liabilities	**1 980 309**	**18 840**	**–**	**635 177**	**2 634 427**

Group Segmental Report

	Branded Media 31 December 2014	Logistics 31 December 2014	Classifieds 31 December 2014	Corporate 31 December 2014	Group 31 December 2014
Revenue	**1 749 367**	**68 239**	**15 141**	**(51 546)**	**1 781 201**
External sales	1 749 367	16 693	15 141	–	1 781 201
Internal sales	–	51 546	–	(51 546)	–
Segment results					
Operating profit/(loss)	**122 366**	**973**	**11 113**	**(3 655)**	**130 797**
Carrying amount of assets	**2 424 546**	**26 271**	**–**	**5 648**	**2 456 465**
Carrying amount of liabilities	**1 988 988**	**22 153**	**–**	**498 145**	**2 509 286**

33. RISK MANAGEMENT

Financial risk management

The Group is exposed to a number of financial instrument related risks. The Group has trade receivables, cash and cash equivalents and loans receivable which give rise to credit risk and interest rate risk. The Group has trade payables, loans payable and other financial liabilities which give rise to liquidity risk and interest rate risk. The Group also has trade receivables and cash equivalents denominated in foreign currencies which give rise to foreign exchange risk.

Credit risk

Credit risk is the risk that one counter party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk consists mainly of trade receivables, cash and cash equivalents and loans and other receivables.

Trade receivables are comprised of a widespread customer base. Before any new customer is approved for credit, management requests a thorough credit check to be performed by an external credit agency. The agency provides credit scores and credit ratings on each customer. In addition to that a recommended credit limit is provided by the credit agency. Additional internal ratings and credit limit checklist procedures are performed by management before a final credit limit is approved to our customers. Management also performs ongoing credit evaluations of the financial condition of all customers. On a continuous basis, management monitors the performance of each customer against their credit limit to ensure that no credit limits are exceeded. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

The Group only deposits cash with major banks that have a good reputation and a high-quality credit standing and limits exposure to any one counter-party.

Loans and other receivables are comprised of advances to Group companies. The Group assesses the trading performance of other Group companies before making advances. Advances are made on the strength of the counter party's trading performance and forecast cash flows. Loans and other receivables are carefully monitored for impairment.

Financial assets exposed to credit risk at period end were as follows:

	2016	2015	2014
Other financial assets	135 273	42 009	81 052
Trade and other receivables	255 456	296 010	307 093
Cash and cash equivalents	357 520	229 722	246 015
Loans to related parties	–	93 002	–
Total	**748 249**	**660 743**	**634 160**

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

The Group manages liquidity risk by effectively managing its cash flows and working capital. The Group meets its financing requirements through the use of cash generated from operations as well as short term and long term borrowings. The Group has sufficient undrawn borrowing facilities which could be utilised to settle obligations.

MATURITY PROFILES

The table below summarises the maturity profile of the financial liabilities of the Group and company based on remaining undiscounted contractual obligations.

At 31 December 2016

	Less than 6 months	Between 6 months and 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years
Other financial liabilities	–	–	581 822	437 705	3 343
Post-retirement medical aid	13 000	13 000	13 000	13 000	131 884
Trade payables	330 165	–	–		–
Total	**343 165**	**13 000**	**594 822**	**450 705**	**135 227**

At 31 December 2015

	Less than 6 months	Between 6 months and 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years
Other financial liabilities	–	–	–	2 089 659	–
Post-retirement medical aid	13 000	13 000	13 000	13 000	150 893
Trade payables	313 590	–	–	–	–
Total	**326 590**	**13 000**	**13 000**	**2 102 659**	**150 893**

At 31 December 2014

	Less than 6 months	Between 6 months and 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years
Other financial liabilities	–	–	–	–	1 959 973
Post-retirement medical aid	13 000	13 000	13 000	13 000	169 734
Trade payables	289 139	–	–	–	–
Total	**302 139**	**13 000**	**13 000**	**13 000**	**2 129 707**

The Group has no significant concentration of liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

(a) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group conducts minimal transactions in foreign currency and as a result has no significant concentration of currency risk.

(b) Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

The Group has a significant concentration of cash-flow interest rate risk. The Group does not hedge its cash-flow interest rate risk.

At 31 December 2016, if interest rates had been 1% higher or lower with all other variables held constant, post-tax profit for the year would have been R2 702 336 higher or lower, based on average interest rate for the year.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due in four to five years
Other financial liabilities						
Interacom Investment Holdings	14.43%	121 894	101 422	62 532	38 890	–
Government employee pension fund	9.85%	63 931	61 481	52 284	35 329	–
South African Clothing and Textiles Workers union	10.5%	36 436	35 040	29 798	20 135	–
Government Employees Pension Fund	12.5%	46 482	51 347	56 962	63 397	

Floating rate instruments expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

34. FAIR VALUE INFORMATION

Fair value hierarchy

Financial assets, financial liabilities and non-financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The following table shows the carrying amounts and fair values of financial assets and non-financial assets measured at fair value, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Levels of fair value measurements

Level 3 - Recurring fair value measurements

	2016	2015	2014
Other financial assets	–	64 767	44 552

There were no transfers of assets and liabilities between Levels 1, 2 or 3 of the fair value hierarchy.

Reconciliation of assets and liabilities measured at level 3

2016	Opening balance	Transfer to investment in subsidiary	Fair value adjustment	Closing balance
	4 910	(4 910)	–	–

2015	Opening balance	Additions	Transfer to investment in associate	Fair value adjustment	Closing balance
	44 552	10 000	(44 552)	(5 090)	4 910

2014	Opening balance	Additions	Fair value adjustment	Closing balance
	–	10 000	34 552	44 552

Financial instruments measured at cost for which a fair value is disclosed

Financial assets that are not measured at fair value, namely trade and other receivables, cash and cash equivalents, loans receivables and other financial assets are categorised as loans and receivables. It has been concluded that the carrying amount of these assets approximate their fair value. Refer to notes 7, 9, 10 and 11.

Financial liabilities that are not measured at fair value, namely loans, trade and other payables and other financial liabilities are categorised as other financial liabilities. It has been concluded that the carrying amount of these liabilities approximate fair value. Refer to notes 13 and 17.

35. CATEGORIES OF FINANCIAL INSTRUMENTS

Categories of financial instruments - 2016 Assets	Notes	Loans and receivables	Fair value through profit or loss	Available for sale	Financial liabilities at amortised cost	Equity and non-financial assets and liabilities	Total
Non-Current Assets		**–**	**–**	**30 881**	**–**	**1 622 482**	**1 653 363**
Property, plant and equipment	3	–	–	–	–	396 980	396 980
Goodwill	4	–	–	–	–	324 227	324 227
Intangible assets	5	–	–	–	–	866 433	866 433
Investments in associates	6	–	–	–	–	15 422	15 422
Deferred tax		–	–	–	–	19 420	19 420
Other financial assets	7	–	–	30 881	–	–	30 881
Current Assets		**704 344**	**–**	**–**	**–**	**40 510**	**744 854**
Inventories	8	–	–	–	–	27 487	27 487
Loans to group companies	9	104 392	–	–	–	–	104 392
Trade and other receivables	10	242 433	–	–	–	13 023	255 456
Cash and cash equivalents	11	357 519	–	–	–		357 519
Total Assets		**704 344**	**–**	**30 881**	**–**	**1 643 572**	**2 398 217**
Equity and Liabilities							
Equity		**–**	**–**	**–**	**–**	**(393 822)**	**(393 822)**
Share capital	12	–	–	–	–	–	–
Retained income		–	–	–	–	(617 019)	(617 019)
Minority interest		–	–	–	–	223 197	223 197
Non-Current Liabilities		**–**	**–**	**–**	**2 423 575**	**17 358**	**2 440 933**
Other financial liabilities	13	–	–	–	2 252 691	–	2 252 691
Retirement benefit obligation	14	–	–	–	170 884	–	170 884
Deferred tax	15	–	–	–	–	17 358	17 358
Current Liabilities					**275 097**	**76 009**	**351 106**
Current tax payable	13	–	–	–	–	9 779	9 779
Provisions	16	–	–	–	–	11 162	11 162
Trade and other payables	17	–	–	–	275 097	55 068	330 165
Total Liabilities		**–**	**–**	**–**	**2 698 672**	**93 367**	**2 792 039**
Total Equity and Liabilities		**–**	**–**	**–**	**2 698 672**	**(300 455)**	**2 398 217**

Categories of financial instruments - 2015 Assets	Notes	Loans and receivables	Fair value through profit or loss	Available for sale	Financial liabilities at amortised cost	Equity and non-financial assets and liabilities	Total
Non-Current Assets		**–**	**4 911**	**30 881**	**–**	**1 814 637**	**1 850 429**
Property, plant and equipment	3	–	–	–	–	414 550	414 550
Goodwill	4	–	–	–	–	316 994	316 994
Intangible assets	5	–	–	–	–	1 025 344	1 025 344
Investments in associates	6	–	–	–	–	57 749	57 749
Other financial assets	7	–	4 911	30 881	–	–	35 792
Current Assets		**619 784**	**–**	**–**	**–**	**21 330**	**643 114**
Inventories	8	–	–	–	–	15 360	15 360
Other financial assets	9	93 002	–	–	–	–	93 002
Loans to group companies		6 216	–	–	–	–	6 216
Current tax receivable		–	–	–	–	2 804	2 804
Trade and other receivables	10	290 844	–	–	–	5 166	296 010
Cash and cash equivalents	11	229 722	–	–	–	–	229 722
Total assets		**619 784**	**64 767**	**30 881**	–	**1 804 328**	**2 493 543**
Equity and Liabilities							
Equity		**–**	**–**	**–**	(140 884)	**–**	(140 884)
Share capital	12	–	–	–	–	–	–
Retained income		–	–	–	(195 795)	–	(195 795)
Minority interest		–	–	–	54 911	–	54 911
Non-current liabilities		**–**	**–**		**2 279 551**	**22 325**	**2 301 876**
Other financial liabilities	13	–	–	–	2 089 659	–	2 089 659
Retirement benefit obligation	14	–	–	–	189 892	–	189 892
Deferred tax	15	–	–	–	–	22 325	22 325
Current liabilities		–	–	–	**252 391**	**80 160**	**332 551**
Other financial liabilities	13	–	–	–	–	–	–
Current tax payable		–	–	–	–	–	–
Provisions	16	–	–	–	–	18 960	18 960
Trade and other payables	17	–	–	–	252 391	61 200	313 591
Total Liabilities		**–**	**–**	**–**	**2 531 942**	**102 485**	**2 634 427**
Total Equity and Liabilities		–	–	–	2 **391 058**	**102 485**	**2 493 543**

Categories of financial instruments - 2014	Notes	Loans and receivables	Fair value through profit or loss	Available for sale	Financial liabilities at amortised cost	Equity and non-financial assets and liabilities	Total
Non-Current Assets		**–**	**44 552**	**30 881**	**–**	**1 804 836**	**1 880 269**
Property, plant and equipment	3	–	–	–	–	436 248	436 248
Goodwill	4	–	–	–	–	316 994	316 994
Intangible assets	5	–	–	–	–	1 028 916	1 028 916
Investments in associates	6	–	–	–	–	22 678	22 678
Other financial assets	7	–	44 552	30 881	–	–	75 433
Current Assets		**554 010**	**–**	**–**	**–**	**22 186**	**576 196**
Inventories	8	–	–	–	–	14 617	14 617
Loans to group companies	9	5 619	–	–	–	–	5 619
Current tax receivable		–	–	–	–	2 851	2 851
Trade and other receivables	10	302 376	–	–	–	4 718	307 094
Cash and cash equivalents	11	246 015	–	–	–	–	246 015
Total Assets		**554 010**	**44 552**	**30 881**	**–**	**1 827 022**	**2 456 465**
Equity and Liabilities							
Equity		**–**	**–**	**–**	**–**	**(52 821)**	**(52 821)**
Share capital	12	–	–	–	–	–	–
Retained income		–	–	–	–	(105 627)	(105 627)
Minority interest		–	–	–	–	52 806	52 806
Non-Current Liabilities		**–**	**–**	**–**	**2 168 707**	**15 177**	**2 183 884**
Other financial liabilities	13	–	–	–	1 959 973	–	1 959 973
Retirement benefit obligation	14	–	–	–	208 734	–	208 734
Deferred tax	15	–	–	–	–	15 177	15 177
Current Liabilities		**–**	**–**	**–**	**237 947**	**87 455**	**325 402**
Other financial liabilities	13	–	–	–	–	–	–
Current tax payable		–	–	–	–	–	–
Provisions	16	–	–	–	–	36 263	36 263
Trade and other payables	17	–	–	–	237 947	51 192	289 139
Total Liabilities		**–**	**–**	**–**	**2 406 564**	**105 027**	**2 509 286**
Total Equity and Liabilities		**–**	**–**	**–**	**2 406 654**	**49 811**	**2 456 465**

36. BUSINESS COMBINATION

Sagarmatha Technologies Limited (formerly African Technology and Media Holdings Proprietary Limited) ("Sagarmatha")

On 1 January 2016 Independent Media entered into a management agreement with Sagarmatha. This was necessitated by the ongoing funding arrangements that the two entities had entered into to assist Sagarmatha to finance its working capital needs. The management agreement effectively gave control of the entity to Independent Media and therefore triggered a business combination on that day.

Fair value of assets acquired and liabilities assumed

	2016	2015	2014
Property, plant and equipment	7 385	–	–
Intangible assets	30 274	–	–
Other financial assets	15 272	–	–
Deferred tax	8 959	–	–
Goodwill	7 233	–	–
Inventories	8 220	–	–
Current tax receivable	365	–	–
Trade and other receivables	9 688	–	–
Cash and cash equivalents	373 607	–	–
Other financial liabilities	(89 059)	–	–
Trade and other payables	(80 301)	–	–
Total identifiable net assets	291 643	–	–
Non-controlling interest	(230 923)	–	–
Surplus on acquisition	(864)	–	–
Total	**59 856**	–	–

Acquisition date fair value of consideration paid

	2016	2015	2014
Cash	(59 856)	–	–

Africa Community Media Proprietary Limited (formerly Africa Media Development Proprietary Limited) ("ACM")

On 1 January 2016 Independent Media entered into a management agreement with ACM. This was necessitated by the ongoing funding arrangements that the two entities had entered into to assist ACM to finance its working capital needs. The management agreement effectively gave control of the entity to Independent Media and therefore triggered a business combination on that day.

Fair value of assets acquired and liabilities assumed

	2016	2015	2014
Trade and other receivables	16 525	–	–
Trade and other payables	(6 010)	–	–
Total identifiable net assets	**10 515**	**–**	**–**
Non–controlling interest	(417)	–	–
Surplus on acquisition	(5 188)	–	–
Total	**4 910**	–	–

Acquisition date fair value of consideration paid

	2016	2015	2014
Cash	(4 910)	–	–

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF SIM FOR THE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

The Directors
Sagarmatha Technologies Limited
10th Floor, Convention Towers,
Heerengracht Street,
Cape Town
8000

22 March 2018

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF SEKUNJALO INDEPENDENT MEDIA PROPRIETARY LIMITED ("SIM" or "the SIM Group"") INCLUDED IN THE PRE-LISTING STATEMENT

Opinion

We have audited the historical financial information of the SIM Group for the three years ended 31 December 2014, 2015 and 2016 as set out in **Annexure 11** of the pre-listing statement to be issued on or about Wednesday, 28 March 2018 ("**the Pre-listing Statement**") in compliance with the JSE Limited ("**JSE**") Listings Requirements.

The financial information comprises the statement of financial position as at 31 December 2014, 2015 and 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the 12-month periods ended 31 December 2014, 2015 and 2016, and the notes thereto, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial information of the SIM Group for the three years ended 31 December 2014, 2015 and 2016 presents fairly, in all material respects, the financial position of the SIM Group at those dates and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Reporting accountant's responsibilities for the audit of the historical financial information* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of Goodwill	
• Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. • Goodwill is not amortised but is tested on an annual basis for impairment with reference to the relevant cash generating unit ("CGU"). • Goodwill acquired through business combinations has been allocated 100% to the Independent Media Proprietary Limited CGU. • The determination of the valuation of goodwill is subject to significant judgement, which constitutes a significant risk of material misstatement. • The exercise of judgement is a fundamental component of financial reporting and can be a significant driver of reported results. As part of the audit process we have assessed the way in which management have exercised judgement and tested management's estimates for reasonableness. • This was a key focus area during our audit due to the inherent subjectivity involved in the companies making judgements relating to the key inputs and assumptions used to determine the reserves.	Our procedures included, amongst others, the following: • Considered whether there were indicators of impairment in relation to goodwill through performing a review of the valuation prepared in respect of the CGU; • Determined whether changes in the allowance for impairment recognised in prior periods were appropriate; andA firm valuation specialist was added to the audit team to assist with evaluating the goodwill and impairment analysis. The firm specialist is part of the Corporate Finance department of BDO Cape Inc. Overall we are satisfied that goodwill is not impaired and this is consistent with the requirements of IAS 36.

Key audit matter	How our audit addressed the key audit matter
Valuation of Intangible assets	
• Intangible assets consists primarily of Mastheads and Brands with an indefinite useful life. • Mastheads are subject to an annual impairment review at CGU level to identify whether the carrying amount exceeds the recoverable amount. • Any internally generated Mastheads are not capitalised and any expenditure on such assets is charged to the statement of comprehensive income. • The determination of the valuation of intangible assets is subject to significant judgement, which constitutes a significant risk of material misstatement. • The exercise of judgement is a fundamental component of financial reporting and can be a significant driver of reported results. As part of the audit process we have assessed the way in which management have exercised judgement and tested management's estimates for reasonableness. • This was a key focus area during our audit due to the inherent subjectivity involved in the companies making judgements relating to the key inputs and assumptions used to determine the reserves.	Our procedures included, amongst others, the following: • Determined whether the assigned finite or indefinite useful life of each intangible asset was still appropriate; • Obtained the supporting valuations for each CGU – CTN, GAU, KZN and Shared Service Centre; • Determined whether the timing and basis of the test for impairment was appropriate; • A firm valuation specialist was added to the audit team to assist with evaluating the impairment analysis. The firm specialist, Katharina Frederking, is part of the Corporate Finance department of BDO Cape Inc; • Identified the assumptions and inputs (data) that were significant to the valuations; and • For significant assumptions and inputs: – Understood how the assumptions and inputs were determined; – Where possible, compared the assumptions and inputs to observable market information; – Determined whether the source of observable market assumptions and inputs were reliable; – Where observable market information was not available, determined the reasonableness of the assumptions and inputs by evaluating management's support; – Where applicable, evaluated management's intention and ability to carry out assumed courses of action; – Where significant assumptions and inputs changed from those used in prior periods, determined whether the change was appropriate;Where existing conditions changed from the prior period or there were significant new conditions, determined whether assumptions and inputs used should have also changed; andFor significant inputs based on historical data, agreed the historical data to prior period financial statements, accounting records or work papers. Overall we are satisfied that assumptions and inputs used to determine the valuation of intangible assets are appropriate and are consistent with the requirements of IAS 38. Furthermore we are satisfied that an impairment of intangible assets is recognised at 31 December 2016 and this is consistent with the requirements of IAS 36.

Key audit matter	How our audit addressed the key audit matter
Ability of the SIM Group to continue to operate as a going concern	
At 31 December 2016, the SIM Group had accumulated losses of (R617 million) and the SIM Group's total liabilities exceed its assets by (R393.8 million). The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The ability of the Group to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company. A subordination agreement has been entered into between the Company and the Public Investment Corporation and Southern African Clothing and Textile Workers Union. The subordination shall remain in force and effect for so long only as the liabilities of the Company, as fairly valued, exceed its assets, as fairly valued. This subordination shall lapse immediately upon the date that the assets of the Company, as fairly valued, exceed its liabilities, as fairly valued. In addition to the subordination agreement referred to above, Sekunjalo Investment Holdings Proprietary Limited will provide financial support as and when required to ensure the Company settles its obligations as and when they arise. These conditions give rise to a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The fact that the total liabilities exceed the assets has not hindered the company's ability to pay its debts as they become due in the normal course of business.	Our procedures included, amongst others, the following: • Evaluated management's assessment of the company's ability to continue as a going concern; • Considered whether there are financial, operating and other indicators that the going concern assumption is no longer applicable; • Considered whether modifications to the audit report were deemed necessary; • Obtain signed subordination agreement from the Public Investment Corporation and Southern African Clothing and Textile Workers Union. • Reviewed the ability of Sekunjalo Investment Holdings Proprietary Limited to provide financial support to the company. • Reviewed the Group cash flow forecast and management assumptions Based on the work performed we are satisfied that the going concern assumption is still appropriate.
Post Retirement Medical Aid Benefit	
As disclosed in Note 14 the Group has a post-retirement medical aid liability of R170.9 million (2015: R189.9 million; 2014: R208.7 million). The valuation of the post-retirement medical aid liability is dependent upon several assumptions that require judgement by the Directors. The assumptions and resulting valuation are determined with the assistance of third party valuation and actuary experts (external experts). The most significant assumptions relate to the consumer price, salary and health care inflation rates as well as mortality and discount rates applied in arriving at the valuation of the liability. Due to the level of judgement involved in the valuation as well as the significance of the liability to the Group's statement of financial position, this is considered to be a key audit matter.	Our audit work included the involvement of internal valuation specialists in assessing the appropriateness of the valuation model used by the Directors' external experts. In addition, our valuation specialists assessed the consumer price, salary and healthcare inflation rates as well as the mortality and discount rates against prevailing market data. We performed the following procedures to ensure that we can rely on the work of the external expert. • The professional competence of the expert as evidenced by certification by the appropriate professional organization were inspected. • The professional reputation of the expert as viewed by his peers and others familiar with his capabilities or performance were considered. • Compared the expert's findings for the preceding period to the actual results. We verified the accuracy and completeness of the input data used in the valuation through detailed inspection of underlying source documentation. In context of the inherent uncertainties disclosed, we conclude that the key assumptions used and the resulting valuation and disclosure thereof is appropriate.

Key audit matter	How our audit addressed the key audit matter
IFRS10 Change in control	
On 1 January 2016, the SIM Group entered into a management agreement with Africa Community Media Proprietary Limited and Sagarmatha Technologies Limited. The management agreement effectively gave control to Independent Media Proprietary Limited. The accounting for these acquisitions is governed by IFRS 10 Consolidated Financial Statements whose requirements can be complex and requires the directors to exercise judgment in determining certain contractual arrangements. The most significant is the determination of the control over the investee which encompasses: • Power over the investee; • Exposure, or rights, to variable returns from its involvement with the investee; and • And the ability to use its power over the investee to affect the amount of the investor's return. We have determined this is a key audit matter due to the value of these investments on consolidation. Details of the change in control has been disclosed in Note 6.	Our procedures included, amongst others, the following: • Consideration of the purpose and design of the investee; • What the relevant activities are and how decisions about those activities are made; • Whether the rights of the investor give it the current ability to direct the relevant activities; • Whether the investor is exposed, or has rights, to variable returns from its involvement with the investee; and • Whether the investor has the ability to use its power over the investee to affect the amount of the investor's returns. The control of these investments was assessed at the effective date and the accounting for these transactions was assessed to be appropriate based on the evidence obtained.

Independence

We are independent of the SIM Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

Responsibilities of the directors for the historical financial information

The directors of Sagarmatha Technologies are responsible for the preparation, contents and presentation of the Pre-listing Statement and are responsible for ensuring that Sagarmatha Technologies complies with the JSE listing requirements. The directors of SIM are responsible for the preparation and fair presentation of the historical financial information in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of historical financial information that are free from material misstatement, whether due to fraud or error.

In preparing the historical financial information, the directors are responsible for assessing the SIM Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the SIM Group or to cease operations, or have no realistic alternative but to do so.

Reporting accountants' responsibilities for the audit of the historical financial information

Our objectives are to obtain reasonable assurance about whether the historical financial information as a whole are free from material misstatement, whether due to fraud or error, and to issue a reporting accountant's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these historical financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the historical financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SIM Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SIM Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the historical financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the SIM Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the historical financial information, including the disclosures, and whether the historical financial information represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the SIM Group to express an opinion on the historical financial information. We are responsible for the direction, supervision and performance of the SIM Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Consent

We consent to the inclusion of this report, which will form part of the Pre-listing Statement to the shareholders of Sagarmatha Technologies in the form and context in which it appears.

BDO Cape Incorporated
Practice number 970879-0000
Chartered Accountants (SA)
Registered Auditors

Bernard van der Walt
Director
Chartered Accountant (SA)
Registered Auditor
6th Floor
123 Hertzog Boulevard Foreshore
Cape Town
8001

REVIEWED INTERIM FINANCIAL INFORMATION OF SIM FOR THE SIX MONTHS ENDED 30 JUNE 2017

Nature of business

The SIM Group is a holding company incorporated in South Africa which operates through its subsidiaries a newspaper publisher, printer and distributor of daily and weekly newspapers in the major metropolitan areas of South Africa and has an interest in digital media operations. The group's newspaper stable includes 18 paid daily and weekly newspapers with products covering the daily morning and afternoon markets as well as the Saturday markets in South Africa's three major metropolitan areas and in the Northern Cape. In addition, it owns and publishes 14 local community newspapers that are delivered free to homes in Cape Town and has investments in community newspapers in Gauteng, Kwa-Zulu Natal and Eastern Cape.

Financial results

The operating results and the state of affairs of the Group for and as at the six-month period ended 30 June 2017 are set out in the condensed consolidated Group statement of financial position, condensed consolidated Group statement of comprehensive income, condensed consolidated Group statement of changes in equity and condensed consolidated Group statement of cash flows and notes thereto.

Group revenues for the six-month period ended was R823m. Revenue was mainly from the Branded Media and the classifieds segment. Refer to operating segments in note 9 for more information on the revenue breakdown.

Operating losses were primarily driven by the Branded Media and the corporate office. Refer to operating segments in note 9 for more details.

Going concern

We draw attention to the fact that as at 30 June 2017, the company had accumulated losses of R752m and that the company's total liabilities exceed its assets by R547m. The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company. A subordination agreement has been entered into between the Company and the Public Investment Corporation and Southern African Clothing and Textile Workers Union. The subordination shall remain in force and effect for so long only as the liabilities of the Company, as fairly valued, exceed its assets, as fairly valued. This subordination shall lapse immediately upon the date that the assets of the Company, as fairly valued, exceed its liabilities, as fairly valued.

In addition to the subordination agreement referred to above, Sekunjalo Investment Holdings Proprietary Limited will provide financial support as and when required to ensure the Company settles its obligations as and when they arise.

These conditions give rise to a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The fact that the total liabilities exceed the assets has not hindered the company's ability to pay its debts as they become due in the normal course of business.

Dividends

No dividends were declared or paid to the shareholders during the six-month period under review.

Events after the reporting period

The Board of Sagarmatha Holdings Proprietary Limited approved the listing of Sagarmatha Technologies Limited in the short term to medium term (short term: 6-month medium term: 12 months).

Group performance

In line with expected pressures on the Branded Media Vertical, the Group's revenue of R823.2m was negatively affected by declining adverting volumes and net yields on advertising revenue. On the positive, revenue from our e-commerce and digital media portfolio showed solid growth in line with expectations. Despite inflationary pressures, the group managed to contain the overall cost of sales and other operating expenses base in line with expectations.

Operating losses of the Group amounted to R-11.1m for the six months ended 30 June 2017. These results were in line with expectations as the Group managed to contain its cost base in a difficult trading environment. Loss before tax for the period of R141m was after investment revenue of R13.1m and finance costs of R151.3m due to overall.

Net asset value ("NAV") of the Group remains negative at R-547m. This is made up of accumulated losses of R752m and positive non-controlling interests of R204.9m. The net asset value per share was R-5.4m per share and tangible NAV R-17.4m.

Headline earnings per share ("HEPS") and earnings per share ("EPS") amounted to R-1.46m and R-1.46m respectively. for the six-month period under review.

Cash generated from operations was R43m, however after finance costs net cash from operating activities was a negative R-105.1m. After taking into account cashflows from investing activities and cash flows from financing activities, total cash movement was a net outflow of R12.8m.

Branded Media

This division focuses on our traditional print media business. This division has been facing challenges as a result of technological advances affecting traditional print media. It is a valuable component of the Group's portfolio being primarily the main audience driver. Performance was in line with expectations and further challenges are expected as it transitions itself into a modern multi-media division.

Syndicated Content Distribution

This division focuses of the syndication of African content for distribution globally. The division though still in its early stages performed well during the period under review in line with expectations. The division is still on track with its strategy to tie up media partnerships across the African continent.

B2C E-commerce

This division focuses of the online retail sales in South Africa. This division has done extremely well during the period under review and its performance is consistent with the general increase in the sector. This unit has performed in line with expectations and the trend is expected to continue.

Digital Media Online

This unit focuses on our digital media offerings. The revenue for this unit has been under pressure in line with the industry however has experienced growth in number of users. The unit is expected to continue experiencing growth in the future.

Classifieds

This unit is responsible for our specialised niche classified offerings for careers, motoring and property. The unit has performed admirably in a very challenging environment. The unit is expected to continue doing well into the future.

Integrate logistics

This division is the fulfilment component of the Group. It has performed in line with expectations whilst managing its cost base.

Prospects

The Group will continue its focus to grow the underlying business and improve operational efficiencies so that it improves the value of the underlying investments and create value.

Sagarmatha Technologies has built solid scalable technology platforms and is well positioned to expand through organic growth or through acquisitions. Management is focused on its strategic plan to become the largest technology platform company on the African continent.

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

Consolidated Group Statement of Financial Position as at 30 June 2017

	Notes	Reviewed for the six months ended 30 June 2017 R'000
Assets		
Non-Current Assets		
Property, plant and equipment	1	394 184
Goodwill		324 227
Intangible assets	2	869 517
Investments in associates		20 364
Other financial assets		30 881
Deferred tax		20 670
		1 659 843
Current Assets		
Inventories		26 555
Loans to group companies		22 874
Other financial assets		101 368
Trade and other receivables		215 955
Cash and cash equivalents		344 643
		711 395
Total Assets		**2 371 238**
Equity and Liabilities		
Share capital and premium		–
Accumulated loss		(752 023)
		(752 023)
Non-controlling interest		204 938
		(547 085)
Non-Current Liabilities		
Other financial liabilities	3	2 312 187
Post-retirement medical aid provision		160 780
Deferred tax		18 045
		2 491 012
Current Liabilities		
Other financial liabilities	3	72 838
Provisions		17 526
Current tax payable		8 160
Trade and other payables		328 787
		427 311
Total Liabilities		**2 918 323**
Total Equity and Liabilities		**2 371 238**
Net asset value per share – Rand		(5 470 850)
Net tangible asset value per share – Rand		(17 408 310)

Consolidated Group Statement of Comprehensive Income for the six-month period ended 30 June 2017

		Reviewed Group for the six-month period ended 30 June 2017 R'000
Revenue	4	823 256
Cost of sales		(422 074)
Gross profit		**401 182**
Other income		22 040
Operating expenses		(434 366)
Operating loss	6	**(11 144)**
Investment revenue		13 154
Income from equity accounted investments		7 451
Finance costs		(151 271)
Loss before taxation		**(141 810)**
Taxation		(22 161)
Loss for the year		**(163 971)**
Other comprehensive income:		
Actuarial gains and losses on defined benefit plans		14 872
Taxation related to components of other comprehensive income		(4 164)
Other comprehensive income for the year net of taxation		**10 708**
Total comprehensive loss for the year		**(153 263)**
Total comprehensive loss attributable to		
Owners of the parent		(135 004)
Non-controlling interest		(18 259)
		(153 263)
Loss attributable to		
Owners of the parent		(145 712)
Non-controlling interest		(18 259)
		(163 971)
Earnings per share information:		
Basic earnings per share – Rand		
Diluted basic earnings per share – Rand		(1 457 120)
		(1 457 120)

Consolidated Group Statement of Changes in Equity as at 30 June 2017

	Share Capital R'000	Accumulated loss R'000	Total attributable to equity holders of the group R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 January 2016	**-**	**(195 795)**	**(195 795)**	**54 911**	**(140 884)**
Changes in equity					
Total comprehensive loss for the period	-	(312 065)	(312 065)	(199 741)	(511 806)
Transfer between reserves	-	(108 468)	(108 468)	108 468	-
Gain of control of subsidiary	-	-	-	259 559	259 559
Total changes	-	(420 533)	(420 533)	168 286	(252 247)
Balance at 1 January 2017	**-**	(617 019)	(617 019)	223 197	(393 822)
Total comprehensive loss for the period	-	(135 004)	(135 004)	(18 259)	(153 263)
Total changes	-	(135 004)	(135 004)	(18 259)	(153 263)
Balance at 30 June 2017	**-**	**(752 023)**	**(752 023)**	**204 938**	**(547 085)**

Condensed Group Statement of Cash flows for the six months ended 30 June 2017

	Reviewed Group for the six months ended 30 June 2017 R'000
Cash flows from operating activities	
Cash receipts from customers	711 402
Cash paid to suppliers and employees	(668 386)
Cash generated from operations	**43 016**
Interest income	13 155
Finance costs	(151 271)
Tax received (paid)	(3 133)
Repayment of post-retirement medical aid	(6 902)
Net cash to operating activities	**(105 135)**
Cash flows from investing activities	
Purchase of property, plant and equipment	(8 885)
Purchase of intangible assets	(11 335)
Loans advanced to group companies	(22 874)
Proceeds from other financial assets	3 024
Net cash to investing activities	**(40 070)**
Cash flows from financing activities	
Proceeds from other financial liabilities	132 329
Net cash from financing activities	**132 329**
Total cash movement for the year	**(12 876)**
Cash at the beginning of the year	357 519
Total cash at the end of the year	**344 643**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. REPORTING ENTITY

SIM is a company domiciled in South Africa. These condensed consolidated interim financial statements as at and for the six-month period ended 30 June 2017 comprises SIM the company and its subsidiaries ("The Group") and interests in associates and joint ventures. SIM is a holding company, which holds interests in the media publishing sector and promotes Broad-Based Black Economic Empowerment and sound corporate governance practices.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements as at and for the six-month period ended 30 June 2017 are prepared in accordance with the JSE Limited ("JSE") Listings Requirements and the requirements of the Companies Act of South Africa, 2008 as amended, applicable to summarised financial statements. The JSE Listings Requirements require financial reports to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and also that they, as a minimum, contain the information required by IAS 34 'Interim Financial Reporting'. The accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

The reviewed condensed consolidated interim financial statements as at and for the six months ended 30 June 2017 were prepared by Takudzwa Hove B.Com (Hons), CA (SA), and were reviewed by the Group's external auditors, BDO Cape Inc.

ACCOUNTING POLICIES

Accounting policies are consistent with the Group accounting policies as at 31 December 2016 and we highlight the following significant accounting policies.

3. USE OF JUDGMENTS AND ESTIMATES

In preparing these condensed interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

3.1 Trade receivables and loans and receivables

The Group assesses its trade receivables and loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

3.2 Intangible assets

The Group assesses the useful lives, amortisation rates and residual values at each reporting date. This judgement is based on the market and trading conditions for the Group, management's expectations and strategy for the use of the intangible, as well as by performance indicators, sales growth rate and operating margins of cash generating units which use the intangible.

3.3 Impairment testing

Assets are subject to regular impairment reviews as required. Impairments are measured at the difference between the carrying value of a particular asset and the recoverable amount which is the greater of the fair value less cost to sell or value in use of the asset. Impairments are recorded in the statement of comprehensive income in the period in which they occur. The Group's policy in relation to impairment testing in respect of goodwill and indefinite useful life intangible assets is detailed below.

The recoverable amount of the cash-generating units has been determined based on a value in use calculation. Key assumptions applied to determine the recoverable amount of the cash generating units, using the value in use calculation relating to sales growth rates, working capital requirements and capital expenditure. Cash flow projections were based on historical information and financial budgets approved by senior management covering a five-year period.

Assumptions applied for impairment testing of goodwill:

Risk free rate	R 207 Government Bonds
Beta	1.01 – 1.10
Discount rate	18.66% – 24.60%

Assumptions applied for impairment testing of intangibles:

	%
General overheads growth rate	(2 to (10)
Revenue growth rate	(2 to (18)
Discount rate	15
Long term growth	3

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially measured at cost.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Capital work in progress refers to assets that are currently being developed and therefore not yet in use.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite
Buildings	20 – 50 years
Leasehold improvements	5 – 40 years
Plant, machinery and equipment	5 – 25 years
Furniture and fixtures	2 – 12 years
Motor vehicles	4 – 5 years
Office equipment	3 – 20 years
IT equipment	2 – 3 years
Capital work in progress	Not depreciated

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

4. INTANGIBLE ASSETS

Intangible assets which are separately acquired are initially recognised at cost.

Intangible assets with a finite useful life are stated at cost less any accumulated amortisation and any impairment losses.

Intangible assets with an indefinite useful life are stated at cost less any accumulated impairment losses and are assessed for impairment annually.

Mastheads and brand names are subject to an annual impairment review at cash generating unit level to identify whether the carrying amount exceeds the recoverable amount.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful life
Mastheads*	Indefinite
Brand names	Indefinite
News archives	Indefinite
Computer software	5 years

* *Mastheads refers to the various newspaper titles or brands for the newspapers published by the Group.*

5. OTHER FINANCIAL LIABILITIES AND OTHER FINANCIAL ASSETS

These include loans to and from holding companies, fellow subsidiaries and subsidiaries and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the loan at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Loans from Group companies are subsequently measured at amortised cost.

6. REVENUE

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue and Income is recognised as follows:

Advertising revenue
Revenue (net of agency commission) from publishing is recognised when a newspaper or magazine is published. Online advertising revenue is recognised over the period that the advertisement is displayed.

Contract revenue comprises:

- the initial amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments:
  - to the extent that it is probable that they will result in revenue; and
  - they are capable of being reliably measured.

Circulation revenue
Revenue is recognised on the day of sale of the respective publication or for subscriptions as and when the respective publication is delivered to the subscriber. Revenue is net of publication returns. Any subscription revenue received in advance of the service being provided is recorded as deferred revenue and recognised when the respective publication is delivered to the subscriber.

Dividend Income
Income is recognised when the right to receive payment is established.

Commercial Printing
Revenue from printing services is recognised upon completion of the services and delivery of the related product to the customer.

Newspaper Inserts
Revenue from publishing newspaper inserts is recognised when a newspaper or magazine is published.

Barter
Where goods or services are exchanged for goods or services of a dissimilar nature, the revenue is measured at the fair value of the goods or services received (net of commission), adjusted by the amount of any cash or cash equivalents received or paid. If the fair value of the goods or services received cannot be reliably measured, the revenue is measured at fair value of the goods or services given up (net of commission), adjusted by the amount of cash or cash equivalents received or paid.

Other revenue
Revenue is recognised upon delivery of products and customer acceptance, if any, or performance of services.

7. SEGMENTAL ANALYSIS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management. Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment, whether from external transactions with other Group segments. Segment results are determined before any adjustments for minority interests. Segment assets and liabilities comprise the operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets are determined after deducting related allowances that are reported as direct offsets in the Group’s statement of financial position. Capital expenditure represents the total costs incurred during the period to acquire segment assets that are expected to be used during more than one period, namely, property, plant and equipment, and intangible assets other than goodwill.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. PROPERTY PLANT AND EQUIPMENT

	2016		
	Cost	Accumulated depreciation	Carrying value
Furniture and Fixtures	13 472	(8 001)	5 471
Land and buildings	313 099	(49 056)	264 043
Motor vehicles	15 683	(12 742)	2 941
Plant, machinery and equipment	295 434	(183 270)	112 164
Capital work in progress	9 565	–	9 565
Total	647 253	(253 069)	394 184

Reconciliation of property, plant and equipment – 2016

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	4 793	2 089	(1 411)	5 471
Land and buildings	264 043	–	–	264 043
Motor vehicles	2 429	741	(229)	2 941
Plant, machinery and equipment	120 464	1 741	(10 041)	112 164
Capital work in progress	5 251	4 314	–	9 565
Total	396 980	8 885	(11 681)	394 184

2. INTANGIBLES

	2017
Cost	1 328 745
Computer software	78 645
Brand names	19 000
Mastheads	1 231 100
Accumulated amortisation/ impairments	(459 228)
Computer software	(56 029)
Brand names	–
Mastheads	(403 199)
Balance at 30 June 2017	869 517

Reconciliation of intangible assets – 2017

	Opening balance	Additions	Amortisation	Total
Computer software	19 532	11 334	(8 250)	22 616
Mastheads	827 901	–	–	827 901
Band names	19 000	–	–	19 000
Total	**866 433**	**11 334**	**(8 250)**	**869 517**

Other information

Individually material intangible assets

Mastheads refer to the various newspaper titles or brands for the newspapers published by the Group.

Mastheads with a carrying value of R827 901 have an indefinite useful life, as the company expects to use these mastheads for an indefinite period.

The brand name of R19 million is attributable to the IOL brand which is managed under Independent Online SA Proprietary Limited, a 60% subsidiary in the Group. This brand has an indefinite useful life as the company expects to use this brand for an indefinite period. The brand name is a well-established brand that resonates with and is identifiable by the audiences that are attracted and eventually monetised by the Group.

Further brand extensions are also expected to be derived from the IOL platform and integrated with the other products that the Group has on offer. Economic benefits will be derived from the IOL brand and its extensions for as long as the Group remains a going concern.

Included in software are software development costs with a carrying value of R17.2m which relate to the Content Management Systems and other platform development costs. These are amortised over 3 – 10 years.

Impairment testing of cash generating units ('CGU's') containing intangible assets with an indefinite useful life.

The Group tests indefinite life intangible assets for impairment on an annual basis or whenever there is an indication that the intangible assets may be impaired. The indefinite life intangible assets have been allocated as appropriate to the relevant CGU's.

These CGU's are the lowest level of asset for which there are separately identifiable cash flows having carrying amounts of intangible assets with an indefinite useful life, that are considered significant in comparison with the Company's total indefinite useful life intangible assets. The CGU's represent the lowest level at which the related intangible assets are monitored for internal management purposes.

A discounted cash flow valuation technique was used to assess for impairment on each CGU.

At the end of the 31 December 2016 financial year the mast heads were impaired to reflect the impact of declining trading conditions in the traditional print media business. The trading conditions in the six months are consistent with the assumptions used in the impairment assessment performed as at 31 December 2016 therefore no further impairments have been raised.

The following assumptions were made in the valuation model:

	2017 %
General overheads growth rate	(2%) to (10%)
Revenue growth rate	(2%) to (18%)
Discount rate	15
Long term growth rate	3
Cape Division	
Cost	323 550
Accumulated impairment	(75 299)
	248 251
Gauteng Division	
Cost	580 750
Accumulated impairment	(265 805)
	314 945
Kwazulu Natal Division	
Cost	326 800
Accumulated impairment	(62 095)
	264 705

A discounted cash flow valuation technique was used to assess for impairment on the IOL CGU.

	2017 %
General overheads growth rate	4
Marketing expense growth rate	3
Editorial expense growth rate	4
Advertising revenue growth rate	8
Discount rate	16

3. OTHER FINANCIAL LIABILITIES

	2017
During the period the Group received loans from the major shareholder as working capital funding. The loans were advanced on normal commercial terms.	
Held at amortised cost	
Interacom Investment Holding Limited	891 147
This loan bears interest at JIBAR plus 5.5%. 50% of the loan is repayable in August 2018 and the remainder in August 2020.	
Government Employee Pension Fund	698 851
This loan bears interest at rates between JIBAR plus 3.5% and JIBAR plus 8%.50% of the loan is repayable in August 2018 and the remainder in August 2020.	
South African Textiles and Clothing Workers Union	263 235
This loan bears interest at JIBAR plus 8% and has fixed terms of repayment. 50% of the loan is repayable in August 2018 and the remainder in August 2020.	
Preference shares	455 611
The preference shares accrue cumulative dividends at the prime overdraft rate.	
Mortgage bond	
The Khuthaza bond is held with ABSA Bank Limited and bears interest at 10.5%. Loot Online Proprietary Limited's building is held as security.	3 343
Shareholder loan	
This loan bears interest at prime plus 8% and has fixed terms of repayment. The loan is repayable within the next 12 months.	72 838
Total	2 385 398
Non-current liabilities	2 312 187
Current liabilities	72 838
Total	2 385 025

Subordination of loans

A subordination agreement has been entered into between the Group and the Government Employees Pension Fund and Southern African Clothing and Textile Workers Union. The subordination shall remain in force and effect for so long only as the liabilities of the Company, as fairly valued, exceed its assets, as fairly valued. This subordination shall lapse immediately upon the date that the assets of the Company, as fairly valued, exceed its liabilities, as fairly valued.

4. **REVENUE**

	2017
Newspaper and digital advertising revenue	407 693
Revenue from sales of newspapers	211 843
Sale of goods	98 868
Commercial printing and other commercial revenue	65 247
Revenue from newspaper insets	39 093
Royalty income	512
Total	823 256

5. **HEADLINE EARNINGS PER SHARE**

Headline earnings are determined as follows:

Earnings attributable to owners of Sekunjalo Independent Media	(145 712)
Adjusting items	–
Headline earnings	**(145 712)**
Headline earnings attributable to owners of Sekunjalo Independent Media Proprietary Limited	(145 712)
Weighted average number of shares	100
Headline earnings per share – Rand	1 457 120

6. **OPERATING PROFIT**

Operating profit (loss) for the year is stated after accounting for the following:

	2017
Operating lease charges – smoothed amounts	(10 580)
Amortisation of intangible assets	(8 250)
Depreciation on property, plant and equipment	(11 681)
Employee costs	(144 711)

7. **COMMITMENTS**

Operating leases – as lessee (expense)	
Minimum lease payments due (contractual)	
– Within one year	12 606
– in second to fifth year inclusive	65 243
	77 849
Minimum lease payments due (smoothed)	
Within one year	13 688
in second to fifth year inclusive	51 441
	65 129

8. **RELATED PARTY TRANSACTIONS AND BALANCES**

The Group, in the ordinary course of business entered into various sales and purchases transactions on an arm's length basis with related parties. In addition, the Group obtained working capital funding from its ultimate shareholder. This resulted in an increase in other financial liabilities.

9. **OPERATING SEGMENTS**

Condensed Group Segmental Report

	Branded Media	B2B2 E-commerce	Syndicated content	Digital Media Online	Logistics	Classifieds – property	Corporate	Reviewed Group
Revenue	**709 779**	**95 061**	**10 635**	**8 324**	**23 793**	**3 379**	**(27 715)**	**823 256**
External sales	709 779	95 061	5 418	8 324	1 295	3 378.69	–	823 256
Internal sales	–	–	5 217	–	22 498	–	(27 715)	–
Segment results								
Operating profit/(loss)	**(68 829)**	**(7 635)**	**15 460**	**(5 459)**	**403**	**52 665**	**2 251**	**(11 144)**
Carrying amount of assets	**1 416 902**	**33 367**	**396 314**	**33 528**	**25 258**	**2 164**	**463 705**	**2 371 238**
Carrying amount of liabilities	**1 989 181**	**27 587**	**4 770**	**4 625**	**19 512**	**541**	**871 416**	**2 917 632**

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE INTERIM FINANCIAL INFORMATION OF SIM FOR THE SIX MONTHS ENDED 30 JUNE 2017

The Directors
Sagarmatha Technologies Limited
10th Floor, Convention Towers
Heerengracht Street,
Cape Town
8000

22 March 2018

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE INTERIM FINANCIAL INFORMATION OF SEKUNJALO INDEPENDENT MEDIA PROPRIETARY LIMITED ("SIM" or the "SIM Group") FOR THE SIX MONTHS ENDED 30 JUNE 2017 INCLUDED IN THE PRE-LISTING STATEMENT

Introduction

We have reviewed the interim financial information of the SIM Group for the six months ended 30 June 2017 as set out in **Annexure 13** of the pre-listing statement to be issued on or about Wednesday, 28 March 2018 ("**the Pre-listing Statement**") in compliance with the JSE Limited ("**JSE**") Listings Requirements.

The interim financial information, specifically prepared for the purpose of the Pre-listing Statement in order to comply with section 8.7 of the JSE Listings Requirements, comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the 6 month period ended 30 June 2017, and the notes thereto, comprising a summary of significant accounting policies and other explanatory information.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors ("**IRBA Code**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Directors' responsibility for the interim financial information

The Directors are responsible for the preparation, contents and presentation of the Pre-listing Statement and the fair presentation of the interim financial information in accordance with International Financial Reporting Standards ("**IFRS**"). The responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair representation of financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Reporting accountants' responsibility

Our responsibility is to express a conclusion on the interim financial information of the SIM Group, included in the Pre-listing Statement, based on our review of the financial information of the SIM Group for the six months period ended 30 June 2017.

This report of interim financial information has been prepared in accordance with and by applying (i) IFRS; (ii) the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council; and (iii) the accounting policies of the Company.

We conducted our review of the interim financial information of the SIM Group for the six months period ended 30 June 2017 in accordance with International Standards on Review Engagements (ISRE) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity". This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial information is free from material misstatement. A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less on scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

The SIM Group prepared interim figures for the six months period ended 30 June 2017, specifically for the purpose of the pre-listing statement in order to comply with section 8.7 of the JSE Listings Requirements. The SIM Group did not present comparative consolidated interim figures for the six months period ended 30 June 2016, which constitutes a departure from International Accounting Standards (IAS) 34 Interim Financial Reporting.

Qualified review conclusion

Based on our review, except for the effect of the matter described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the interim financial information of the SIM Group for the six months period ended 30 June 2017 is not fairly presented, in all material respects, for the purposes of the Pre-listing Statement, in accordance with IFRS and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements.

Consent

We consent to the inclusion of this report, which will form part of the Pre-listing Statement to the shareholders of Sagarmatha Technologies in the form and context in which it appears.

BDO Cape Incorporated
Practice number 970879-0000
Chartered Accountants (SA)
Registered Auditors

Bernard van der Walt
Director
Chartered Accountant (SA)
Registered Auditor
6th Floor
123 Hertzog Boulevard Foreshore
Cape Town
8001

PRO FORMA FINANCIAL INFORMATION

The *pro forma* consolidated statement of comprehensive income and *pro forma* consolidated statement of financial position of Sagarmatha Technologies (the "***pro forma* financial information**") has been prepared to illustrate the impact of the Share Split, Acquisitions and Private Placement (collectively, "**the *pro forma* adjustments**") on the financial information of Sagarmatha Technologies.

The *pro forma* financial information of Sagarmatha Technologies has been prepared on the assumption that the Share Split, Acquisitions and Private Placement occurred on 1 January 2017 for statement of comprehensive income purposes and 30 June 2017 for statement of financial position purposes.

The *pro forma* financial information has been prepared for illustrative purposes only, and because of its nature may not fairly present Sagarmatha Technologies' financial position, changes in equity and results of operations.

The *pro forma* financial information is based on the reviewed interim financial information of Sagarmatha Technologies prior to the Listing, included as **Annexure 9** to this Pre-listing Statement.

The *pro forma* financial information has been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the reviewed financial information of Sagarmatha Technologies for the six months ended 30 June 2017.

The *pro forma* financial information is the responsibility of the Directors of Sagarmatha Technologies.

The reporting accountants' report on the *pro forma* financial information is set out in **Annexure 16**.

Pro forma statement of financial position as at 30 June 2017

The *pro forma* statement of financial position presented below was prepared on the assumption that the Share Split, Acquisitions and Private Placement were implemented on 30 June 2017 at an issue price of R39.62 per Share, and that all of the Private Placement Shares were subscribed for.

Note	Reviewed financial information before the adjustments R'000 *1*	*Pro forma* adjustment – Share split R'000 *2*	*Pro forma financial* information after the Share Split R'000 *3*	*Pro forma* adjustment – Loot share buyback R'000 *4*	*Pro forma* financial information after the Share Split and Loot share buyback R'000 *5*
Assets					
Non-Current Assets					
Property, plant and equipment	8,707	–	8,707	–	8,707
Goodwill	7,233	–	7,233	–	7,233
Intangible assets	39,817	–	39,817	–	39,817
Investment in subsidiary	–	–	–	–	–
Investment in associate companies and joint ventures	–	–	–	–	–
Loans to group companies		–	–	–	–
Other financial assets	–	–	–	–	–
Deferred tax	16,386	–	16,386	–	16,386
	72,143	**–**	**72,143**	**–**	**72,143**
Current assets					
Inventories	13,157	–	13,157	–	13,157
Other financial asset	95,147	–	95,147	–	95,147
Loans to group companies	–	–	–	–	–
Current tax receivable	109	–	109	–	109
Trade and other receivables	32,165	–	32,165	–	32,165
Cash and cash equivalents	291,460	–	291,460	–	291,460
	432,038	**–**	**432,038**	**–**	**432,038**
Total assets	**504,181**	**–**	**504,181**	**–**	**504,181**
Equity and Liabilities					
Equity					
Stated Capital	700,000	–	700,000	–	700,000
Reserves	–	–	–	–	–
Retained income	(289,755)	–	(289,755)	(20,192)	(309,947)
Non-controlling interest	(17,611)	–	(17,611)	192	(17,419)
Total Equity	**392,634**	**–**	**392,634**	**(20,000)**	**372,634**
Liabilities					
Non-Current Liabilities					
Other financial liabilities	67,397	–	67,397	20,000	87,397
Loans from group companies	–	–	–	–	–
Post retirement medical aid provision	–	–	–	–	–
Deferred tax	–	–	–	–	–
	67,397	**–**	**67,397**	**20,000**	**87,397**
Current Liabilities					
Loans from group companies	–	–	–	–	–
Trade and other payables	44,150	–	44,150	–	44,150
Other financial liabilities	–	–	–	–	–
Current tax payable	–	–	–	–	–
Provisions	–	–	–	–	–
Bank overdraft	–	–	–	–	–
	44,150	**–**	**44,150**	**–**	**44,150**
Total Liabilities	**111,547**	**–**	**111,547**	**20,000**	**131,547**
Total Equity and Liabilities	**504,181**	**–**	**504,181**	**–**	**504,181**
Net asset value per share (cents)	39,263,400.00		39.26		37.26
Net tangible asset value per share (cents)	34,558,400.00		34.56		32.56
Number of shares in issue	1,000	999,999,000	1,000,000,000		1,000,000,000
Treasury shares in issue					
Net shares in issue	1,000		1,000,000,000		1,000,000,000
Weighted average number of shares in issue	1,000		1,000,000,000		1,000,000,000

Reviewed financial information of SIM R'000 6	*Pro forma* adjustment – Deconsolidation of Sagarmatha Technologies 7	*Pro forma* adjustment – SIM Consortia acquisition R'000 8	*Pro forma* adjustment – SACTWU SIM acquisition R'000 9	*Pro forma* financial information after the Share Split, Loot share buyback and Acquisitions R'000 10	*Pro forma* adjustment – Listing – Minimum capital raise R'000 11	*Pro forma* financial information After the Minimum capital raise	*Pro forma* adjustment – Listing – Step up to Full capital raise R'000 12	*Pro forma* financial information After the adjustments R'000
394,184	(8,707)	–	–	394,184	–	394,184	–	394,184
324,227	(7,233)	–	–	324,227	–	324,227	–	324,227
869,517	(39,817)	–	–	869,517	–	869,517	–	869,517
–	–	–	–	–	–	–	–	–
20,364	–	–	–	20,364	–	20,364	–	20,364
–	–	–	–	–	–	–	–	–
30,881	–	–	–	30,881	–	30,881	–	30,881
20,670	(16,386)	–	–	20,670	–	20,670	–	20,670
1,659,843	**(72,143)**	**–**	**–**	**1,659,843**	**–**	**1,659,843**	**–**	**1,659,843**
26,555	(13,157)	–	–	26,555	–	26,555	–	26,555
101,368	73,403	**(168,550)**	–	101,368	–	101,368	–	101,368
22,874	–	–	–	22,874	–	22,874	–	22,874
–	(109)	–	–	–	–	–	–	–
215,955	(32,165)	–	–	215,955	–	215,955	–	215,955
344,643	(291,460)	–	–	344,643	2,884,820	3,229,463	3,470,412	6,699,875
711,395	**(263,488)**	**(168,550)**	**–**	**711,395**	**2,884,820**	**3,596,215**	**3,470,412**	**7,066,627**
2,371,238	**(335,631)**	**(168,550)**	**–**	**2,371,238**	**2,884,820**	**5,256,058**	**3,470,412**	**8,726,470**
–	–	504,430	334,165	1,538,594	2,947,500	4,486,094	4,500,000	8,986,094
–	–	–	–	–	–	–	–	–
(751,332)	116,238	(611,342)	(132,568)	(1,688,951)	(62,680)	(1,751,631)	–	(1,751,631)
204,938	(340,322)	(61,638)	61,638	(152,803)	–	(152,803)	–	(152,803)
(546,394)	**(224,084)**	**(168,550)**	**263,235**	**(303,159)**	**2,884,820**	**2,581,661**	**4,500,000**	**7,081,661**
2,312,187	(67,397)	–	(263,235)	2,068,952	–	2,068,952	(1,029,588)	1,039,364
–	–	–	–	–	–	–	–	–
160,780	–	–	–	160,780	–	160,780	–	160,780
18,045	–	–	–	18,045	–	18,045	–	18,045
2,491,012	**(67,397)**	**–**	**(263,235)**	**2,247,777**	**–**	**2,247,777**	**(1,029,588)**	**1,218,189**
–	–	–	–	–	–	–	–	–
328,787	(44,150)	–	–	328,787	–	328,787	–	328,787
72,838	–	–	–	72,838	–	72,838	–	72,838
7,469	–	–	–	7,469	–	7,469	–	7,469
17,526	–	–	–	17,526	–	17,526	–	17,526
–	–	–	–	–	–	–	–	–
426,620	**(44,150)**	**–**	**–**	**426,620**	**–**	**426,620**	**–**	**426,620**
2,917,632	**(111,547)**	**–**	**(263,235)**	**2,674,397**	**–**	**2,674,397**	**(1,029,588)**	**1,644,809**
2,371,238	**(335,631)**	**(168,550)**	**–**	**2,371,238**	**2,884,820**	**5,256,058**	**3,470,412**	**8,726,470**
				(30.76)		243.29		602.84
				(151.91)		130.79		501.22
		16,985,866	8,434,241	1,025,420,107	75,719,334	1,101,139,441	113,579,001	1,214,718,441
		(40,000,000)		(40,000,000)		(40,000,000)		(40,000,000)
				985,420,107		1,061,139,441		1,174,718,441
				985,420,107		1,061,139,441		1,174,718,441

NOTES

1. Extracted without adjustments from the reviewed condensed consolidated interim financial information of Sagarmatha Technologies for the six months ended 30 June 2017 as set out in **Annexure 9** to this Pre-listing Statement.

2. Adjustment for the Share Split of 1: 1 000 000 (1 Share is split into 1 000 000 Shares).

3. Reflects the financial information of Sagarmatha Technologies for the six months ended 30 June 2017 after the Share Split.

4. Loot Online bought back 10% of its issued shares from its minority shareholder for R20 million ("Loot share buyback"). The transaction became effective 15 January 2018. Subsequent to the buyback the shares have been cancelled. As a result Sagarmatha's shareholding increased proportionately to 83.3%. Loot Online obtained a loan for the amount of R20 million. On consolidation of Loot Online into Sagarmatha, the non-controlling interest has been adjusted by R0.192 million.

5. Reflects the financial information of Sagarmatha Technologies for the six months ended 30 June 2017 after the Share Split and Loot share buyback.

6. Extracted without adjustments from the reviewed condensed consolidated interim financial information of SIM for the six months ended 30 June 2017 as set out in **Annexure 14** to this Pre-listing Statement. Presented because of the SIM Consortia Acquisition as detailed in Note 8 below.

7. The SIM numbers as set out in column 6 include a 4% investment in Sagarmatha Technologies on a consolidated basis. On acquisition of SIM by Sagarmatha Technologies and resulting change in control as detailed in note 8 below, Sagarmatha Technologies has to be de-consolidated out of SIM. In order to achieve that, the as at 30 June 2017 balances of Sagarmatha Technologies have been deducted. The at acquisition journal processed in the accounting records of SIM in terms of SIM's accounting policy set out in **Annexure 11** (Notes 1.1 and 6), was reversed resulting in additional adjustments to Financial assets (net effect of R73.4 million), Retained Income (net effect of R116.3 million) and Non-controlling interest (net effect of negative R340.3 million).

8. Adjustment for the SIM Consortia Acquisition as set out in paragraph 3.1 of the Pre-listing Statement in terms of which 92% of the total issued share capital of SIM is acquired from the SIM Consortia for a total purchase consideration of R672.98 million, settled by issuing 16 984 733 Ordinary Shares at an issue price of R39.62 per Ordinary Share.

   As this is a common control transaction and thus scoped out of IFRS 3, Business Combinations, Sagarmatha Technologies adopted the predecessor value method accounting policy. Under this policy, the carrying amounts of the assets and liabilities of SIM will be included in the statement of financial position of Sagarmatha Technologies, with any difference between the acquisition consideration and the net assets of SIM being included directly in equity in Retained Income.

   This affects the following balances on the statement of financial position:

Balance/*Note reference*	*8a*	*8b*	*8c*
Other financial assets		(168 550)	(168 550)
Total pro forma effect on assets	**-**	**(168 550)**	**(168 550)**
Stated Capital	672 980	(168 550)	504 430
Retained Income	(611 342)		(611 342)
Non-controlling interest	(61 638)		(61 638)
Total pro forma effect on equity and liabilities	**-**	**(168 550)**	**(168 550)**

8a. This is a common control transaction and thus scoped out of IFRS 3, Business Combinations, Sagarmatha Technologies adopted the predecessor value method accounting policy. Under this policy, the carrying amounts of the assets and liabilities of SIM will be included in the statement of financial position of Sagarmatha Technologies, with any difference between the acquisition consideration and the net assets of SIM being included directly in equity in Retained Income (no goodwill or intangible is recognised). The pro forma adjustments further resulted in an allocation of R61.6 million to the 8% non-controlling interest. Non-controlling interest is recognised based on net asset value on acquisition.

8b. SIM through its subsidiary Independent Media holds 40 shares in Sagarmatha Technologies prior to the Share Split (40 million shares after the Share Split). On consolidation of SIM into Sagarmatha Technologies, these shares become treasury shares which has the following effects:

- Stated capital is reduced by R168.6 million, the deemed cost for the shares;
- Elimination of the financial asset recognised in SIM with a carrying value of R168.6 million (the financial asset was created post the deconsolidation of Sagarmatha Technologies as detailed in note 5 above);

8c. The aggregated net effect of the transactions described in notes 8, 8a and 8b above as shown in the *Pro forma* adjustment – SIM Consortia Acquisition column.

8d. Intercompany items, balances and transactions between Sagarmatha Technologies and its subsidiaries and SIM and its subsidiaries totalling were already eliminated on consolidation of Sagarmatha Technologies into SIM and thus need not be eliminated again.

9. Adjustment for the SACTWU SIM Acquisition as set out in paragraph 3.2 of the Pre-listing Statement in terms of which 8% of the total issued share capital of and loan claims against SIM are acquired from SACTWU for a total purchase consideration of R334.16 million settled by issuing 8 434 214 Ordinary Shares at an issue price of R39.62 per Ordinary Share.

The purchase price has been split as follows:

	Amount in R'000	*Note reference*
8% Investment in SIM	58 520	*9a*
Loan claims against SIM	275 645	*9b*
Total purchase consideration	**334 165**	

9a. This is a transaction with the non-controlling interest and thus in accordance with IFRS 10, Consolidated Financial Statements recognised in equity. The portion of the pro forma adjustments allocated to non-controlling interest as detailed in Note 8a is reversed because Sagarmatha Technologies now owns 100% of SIM. The difference between the acquisition price of the 8% interest (R58.5 million) and the carrying value of the 8% interest (negative R61.6 million as raised in Note 8a above), the difference resulted in an adjustment to Retained Income of R120.5 million.

9b. As the portion of the purchase consideration attributed to the loan claims is preliminary based on the outstanding loan balance as at 31 October (R275.6 million) but eliminated against the carrying value as at 30 June 2017 (R263.2 million), an adjustment to Retained Income of R12.4 million is passed.

9c. The net effect on Retained Income based on the adjustments per note 9a and 9b above amounts to R132.9 million.

10. Reflects the financial information of Sagarmatha Technologies for the six months ended 30 June 2017 after the Share Split and Loot share buyback and now holding 100% in SIM (which in turn holds 55% in Independent Media).

11. Adjustment for the Listing and Private Placement – Minimum Capital raise in terms of which it is assumed that 75 719 334 Shares will be issued for R39.62 per Share raising proceeds of R3,000 million.

11a. As set out in paragraph 32 of the Pre-listing Statement, estimated transaction costs amount to R115.18 million. R52.5 million of the estimated transaction costs relates to fees for the placement of Shares and offset against stated capital in accordance with IAS 32 – Financial Instruments: Presentation resulting in a net increase in Stated capital of R2 947.5 million.

11b. The remaining R62.68 million of transaction costs have been allocated to Retained Income.

12. Adjustment for the Listing and Private Placement – Full Capital raise in terms of which it is assumed that an additional 113 579 001 Shares will be issued for R39.62 per Share raising additional proceeds of R4,500 million.

It was assumed that of the outstanding loan balance an amount of R1 029.6 million will be settled upon the full capital raise and thus the cash amount raised reduces accordingly to R3 470.4million.

Pro forma statement of comprehensive income for the six months ended 30 June 2017

The *pro forma* statement of comprehensive income presented below was prepared on the assumption that the Share Split, Acquisitions and Listing were implemented on 1 January 2017, at an issue price of R39.62 per Share.

Note	Reviewed financial information before the adjustments R'000 *1*	*Pro forma* adjustment – Share split R'000 *2*	*Pro forma* financial information after the Share Split R'000 *3*	*Pro forma* adjustment – Loot share buyback R'000 *4*	*Pro forma* financial information after the Share Split and Loot share buyback R'000 *5*	Reviewed financial information of SIM R'000 *6*
Revenue	117,398	–	117,398	–	117,398	823,256
Cost of Sales	(102,000)	–	(102,000)	–	(102,000)	(422,074)
Gross Profit	**15,398**	**–**	**15,398**	**–**	**15,398**	**401,182**
Other Income	14,873	–	14,873	–	14,873	22,040
Operating expenses	(43,114)	–	(43,114)	–	(43,114)	(434,366)
Operating Profit (Loss)	**(12,843)**	**–**	**(12,843)**	**–**	**(12,843)**	**(11,144)**
Income from equity accounted investments	–	–	–	–	–	7,451
Fair value adjustments	–	–	–	–	–	–
Investment revenue	10,284	–	10,284	–	10,284	13,154
Finance costs	(4,485)	–	(4,485)	–	(4,485)	(151,271)
Profit (Loss) before taxation	**(7,044)**	**–**	**(7,044)**	**–**	**(7,044)**	**(141,810)**
Taxation	862	–	862	–	862	(22,161)
Profit (Loss) for the year	**(6,182)**	**–**	**(6,182)**	**–**	**(6,182)**	**(163,971)**
Other comprehensive income						
Actuarial gains and losses	–	–		–		14,872
Taxation on related components of comprehensive income	–	–		–		(4,164)
Total Other comprehensive income for the year net of taxation	–	–		–		10,708
Total comprehensive income (loss)	**(6,182)**	**–**	**(6,182)**	**–**	**(6,182)**	**(153,263)**
Profit (Loss) attributable to:						
Owners of the parent	(3,498)	–	(3,498)	–	(3,498)	(145,712)
Non-controlling interest	(2,684)	–	(2,684)	–	(2,684)	(18,259)
	(6,182)	**–**	**(6,182)**	**–**	**(6,182)**	**(163,971)**
Total comprehensive income (loss) attributable to:						
Owners of the parent	(3,498)	–	(3,498)	–	(3,498)	(135,004)
Non-controlling interest	(2,684)	–	(2,684)	–	(2,684)	(18,259)
	(6,182)	**–**	**(6,182)**	**–**	**(6,182)**	**(153,263)**
Basic and diluted Earnings per share (cents)	(349,800)		(0.35)		(0.35)	
Basic and diluted Headline earnings per share (cents)	(349,800)		(0.35)		(0.35)	

Pro forma adjustment – Deconsolidation of Sagarmatha Technologies *7*	*Pro forma* adjustment – SIM Consortia acquisition R'000 *8*	*Pro forma* adjustment – SACTWU SIM acquisition R'000 *9*	*Pro forma* financial information after the Share Split, Loot share buyback and Acquisitions R'000 *10*	*Pro forma* adjustment – Listing – Minimum capital raise R'000 *11*	*Pro forma* financial information After the Minimum capital raise	*Pro forma* adjustment – Listing – Full capital raise R'000 *12*	*Pro forma* financial information After the adjustments R'000
(117,398)	–	–	823,256	–	823,256	–	823,256
102,000	–	–	(422,074)	–	(422,074)	–	(422,074)
(15,398)	**–**	**–**	**401,182**	**–**	**401,182**	**–**	**401,182**
(14,873)	–	–	22,040	–	22,040	–	22,040
43,114	–	–	(434,366)	(62,680)	(497,046)	–	(497,046)
12,843	**–**	**–**	**(11,144)**	**(62,680)**	**(73,824)**	**–**	**(73,824)**
–	–	–	7,451	–	7,451	–	7,451
–	–	–	–	–	–	–	–
(10,284)	–	–	13,154	–	13,154	–	13,154
4,485	–	19,248	(132,023)	–	(132,023)	58,037	(73,986)
7,044	**–**	**19,248**	**(122,562)**	**(62,680)**	**(185,242)**	**58,037**	**(127,205)**
(862)	–	–	(22,161)	–	(22,161)	(8,571)	(30,732)
6,182	**–**	**19,248**	**(144,723)**	**(62,680)**	**(207,703)**	**49,465**	**(157,938)**
–	–	–	14,872	–	14,872	–	14,872
–	–	–	(4,164)	–	(4,164)	–	(4,164)
–	–	–	10,708	–	10,708	–	10,708
	–	**19,248**	**(134,015)**	**(62,680)**	**(196,695)**	**49,465**	**(147,230)**
3,498	11,766	7,482	(126,464)	(62,680)	(189,144)	34,500	(154,644)
2,684	(11,766)	11,766	(18,259)	–	(18,259)	14,965	(3,294)
6,182	**–**	**19,248**	**(144,723)**	**(62,680)**	**(207,403)**	**49,465**	**(157,938)**
3,498	11,766	7,482	(155,756)	(62,680)	(178,436)	34,500	(143,936)
2,684	(11,766)	11,766	(18,259)	–	(18,259)	14,965	(3,294)
6,182	**–**	**19,248**	**(134,015)**	**(62,680)**	**(196,695)**	**49,465**	**(147,230)**
			(11.75)		(16.82)		(12.25)
			(11.75)		(16.82)		(12.25)

Notes

1. Extracted without adjustments from the reviewed condensed consolidated interim financial information of Sagarmatha Technologies for the six months ended 30 June 2017 as set out in **Annexure 9** to this Pre-listing Statement.
2. Adjustment for the Share Split of 1: 1 000 000 (1 Share is split into 1 000 000 Shares).
3. Reflects the financial information of Sagarmatha Technologies for the six months ended 30 June 2017 after the Share Split.
4. Loot Online bought back 10% of it's issued shares from its minority shareholder for R20 million The transaction became effective 15 January 2018. The Loot share buyback had no effect on the Income Statement.
5. Reflects the financial information of Sagarmatha Technologies for the six months ended 30 June 2017 after the Share Split
6. Extracted without adjustments from the reviewed condensed consolidated interim financial information of SIM for the six months ended 30 June 2017 as set out in **Annexure 14** to this Pre-listing Statement. Presented because of the SIM Consortia Acquisition as detailed in Note 8 below.
7. The SIM numbers as set out in column 4 include an investment in Sagarmatha Technologies on a consolidated basis. On acquisition of SIM by Sagarmatha Technologies and resulting change in control as detailed in note 6 below, Sagarmatha Technologies has to be de-consolidated out of SIM. In order to achieve that, the transactions for the 6 months period ending 30 June 2017 of Sagarmatha Technologies have been deducted.
8. Adjustment for the SIM Consortia Acquisition as set out in paragraph 3.1 of the Pre-listing Statement in terms of which 92% of the total issued share capital of SIM is acquired from the SIM Consortia for a total purchase consideration of R672.98 million, settled by issuing 16 984 733 Ordinary Shares at an issue price of R39.62 per Ordinary Share.

   8a. As detailed in Note 8a under the statement of financial position, the predecessor accounting value method has been applied to this pro forma adjustment. The allocation of total comprehensive loss for the 6 months ending 30 June 2017 of SIM to the 8% non-controlling interest which amounts to R11.8 million was processed.

   8b. Intercompany items, balances and transactions between Sagarmatha Technologies and its subsidiaries and SIM and its subsidiaries totalling were already eliminated on consolidation of Sagarmatha Technologies into SIM and thus need not be eliminated again.
9. Adjustment for the SACTWU SIM Acquisition as set out in paragraph 3.2 of the Pre-listing Statement in terms of which 8% of the total issued share capital of and loan claims against SIM are acquired from SACTWU for a total purchase consideration of R334.16 million settled by issuing 8 433 679 Ordinary Shares at an issue price of R39.62 per Ordinary Share. This transaction results in Sagarmatha Technologies now owning 100% of SIM and has the following effects:
   - Finance costs on the loan incurred over the 6 months period ending 30 June 2017 of R19.2 million and which are not tax deductible, are adjusted for;
   - The total portion of losses for the 6 months period ending 30 June 2017 allocated to non-controlling interest of R11.8 million as raised in Note 6a above is reversed; and
   - The net effect of R7.5 million is allocated to owners of the parent.
10. Reflects the financial information of Sagarmatha Technologies for the six months ended 30 June 2017 after the Share Split, Loot share buyback and Acquisitions, now holding 100% in SIM (which in turn holds 55% in Independent Media).
11. Adjustment for the Listing and Private Placement – Minimum Capital raise in terms of which it is estimated that transaction costs amount to R115.18 million as set out in paragraph 27 of the Pre-listing Statement. R62.68 million of the estimated transaction costs is an estimate of advisory and professional fees and it has been assumed that these are not directly attributable share issue expenses. These expenses have been recognised in the statement of comprehensive income and it has been assumed that they are not tax deductible. The full adjustment is attributable to owners of the parent.
12. Interest expense on the loans that are settled with the cash raised on listing – Full Capital raise as detailed in Note 12 under statement of financial position, for the 6 month period ending 30 June 2017 amounting to R58 million, net of tax of R8.6 million has been adjusted accordingly. Some of the loans are owed by Independent Media and thus of the adjustment to the interest and tax thereon, R14.97 million is allocated to the 45% non-controlling interest.
13. None of the adjustments described in Note 2, 4, 6 to 9, 11 and 12 is expected to have a continuing effect.
14. As Earnings and Headline Earnings are equal, a reconciliation was not presented.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION

The Directors
Sagarmatha Technologies Limited
10th Floor, Convention Towers
Heerengracht Street,
Cape Town
8000

22 March 2018

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION OF SAGARMATHA TECHNOLOGIES LIMITED ("Sagarmatha Technologies" or the "Company")

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Sagarmatha Technologies by its Directors ("**Directors**"). The *pro forma* financial information as set out in **Annexure 15** of the pre-listing statement ("**Pre-listing Statement**"), consists of the *pro forma* statement of financial position, the *pro forma* statement of comprehensive income and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("**JSE**") Listings Requirements.

The *pro forma* financial information has been compiled by the Directors to illustrate the impact of the corporate actions, described in **Annexure 15**, on the Sagarmatha Technologies Group's financial position as at 30 June 2017, and the Company's financial performance for the period then ended, as if the corporate actions had taken place at 30 June 2017 for purposes of the *pro forma* statement of financial position and at 1 January 2017 for the purposes of the *pro forma* statement of comprehensive income. As part of this process, information about the Sagarmatha Technologies Group's financial position and financial performance has been extracted by the Directors from the Company's interim financial information for the 6 months ended 30 June 2017, on which a review report was issued on 22 March 2018.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors ("**IRBA Code**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Directors' responsibility for the *pro forma* financial information

The Directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in **Annexure 15**.

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the Directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements ("**ISAE**") 3420: *Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Prospectus.* This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in a Pre-listing Statement is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement is to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in **Annexure 15**.

Consent

This report on the *pro forma* financial information is included solely for the information of the Sagarmatha Technologies shareholders. We consent to the inclusion of our report on the *pro forma* statement of financial position and the references thereto, in the form and context in which they appear.

BDO Cape Incorporated
Practice number 970879-0000
Chartered Accountants (SA)
Registered Auditors

Bernard van der Walt
Partner
Chartered Accountant (SA)
Registered Auditor
6th Floor
123 Hertzog Boulevard Foreshore
Cape Town
8001

MATERIAL LOANS AND BORROWINGS

1. MATERIAL LOANS PAYABLE BY THE GROUP

As at the Last Practicable Date, the following material loans to the Sagarmatha Technologies group remained outstanding:

Loan facility and ownership	Description and origination	Lender	Outstanding amount (ZAR) – 30 June	Outstanding amount (ZAR) – Last practicable date	Interest rate	Terms and conditions of repayment and renewal	Maturity date	Security provided
Loan facility of R10 million to Sagarmatha Technologies Limited	Working Capital Facility	Sekunjalo Investment Holdings	10 082 192	10 479 178	Prime plus 2%	Repayable in full 3 years from issue date	2020/06/06	Trade receivables
Loan of R867 million to IM	Funding structure	Interacom	916 469 357	963 222 867	6 Month JIBAR Plus 800 bps	Payable 5 years from issue date	50% of the loan amount and is due on 15 August 2018. The remaining 50% due in August 2020	None
Bond	Bond	ABSA Bank	3 334 715	3 466 019.40	Prime plus 2%	Monthly instalments over 5 years	2020/12/31	First covering mortgage bond over Unit 3, Khutaza Park, Bell Crescent, Westlake Business Park, Westlake
Loan to Sekunjalo Independent Media	Working Capital Facility	Sekunjalo Investment Holdings	31 080 314	32 304 101.36	Prime plus 2%	Repayable on demand	Repayable on demand	Trade receivables
Loan to Sekunjalo Independent Media	Funding structure	Government Employees Pension Fund	443 505	493 006	JIBAR plus 8%	50% of the loan is repayable 5 years from the issue date and the remaining 50% is repayable 7 years from the issue date	50% of the loan is repayable in August 2018 and the remaining 50% is repayable in August 2020	None
Loan to Independent Media	Funding structure	Government Employees Pension Fund	255 346	270 202	JIBAR plus 3%	50% of the loan is repayable 5 years from the issue date and the remaining 50% is repayable 7 years from the issue date	50% of the loan is repayable in August 2018 and the remainder in August 2020	None
Preference shares to Independent Media	Funding structure	Government Employees Pension Fund	455 611	489 677	Prime	Redeemable 7 years from issue date	August 2020	None
Other			790 736	821 871	Prime plus 2%	Repayable on demand	Repayable on demand	None

Company	Inter-group loan (R) dt/(ct) – Outstanding at 30 June 2017	Inter-group loan (R) dt/(ct) – Outstanding at last practicable date	Rate of interest p.a	Name of subsidiary/	Security provided	Conversion or redemption rights	Short-term capital repayments (within 12 months) and how same are to be financed
Sagarmatha Technologies Limited	3 955 912	3 955 912	Interest free	African News Agency (Pty) Ltd	N/A	N/A	N/A
Sagarmatha Technologies Limited	5 777 045	5 777 045	Interest free	Independent Online SA (Pty) Ltd	N/A	N/A	N/A
Sagarmatha Technologies Limited	10 087 192	10 560 029	Prime plus 2%	Loot Online (Pty) Ltd	Inventory, debtors and cash	N/A	N/A
Sagarmatha Technologies Limited	-7 542 337	-7 542 337	Interest free	Independent Newspapers (Pty) Ltd	N/A	N/A	N/A
Sagarmatha Technologies Limited	31 384 589	32 738 049	Prime plus 1% (limited to12.5%)	Loot Online	None	Voluntary redemption 31 March 2018, compulsory redemption 31 March 2020	N/A
Sekunjalo Independent Media (Proprietary) Limited	78 794 166	81 896 686	Prime rate	Independent Media (Pty) Ltd	N/A	N/A	N/A
IOL Online (Proprietary) Limited	17 165 811	17 165 811	Interest free	Independent Media (Pty) Ltd	N/A	N/A	N/A

2. MATERIAL LOANS RECEIVABLE BY THE GROUP

As at the Last Practicable Date, there are no material loans made by the Sagarmatha Technologies Group that remained outstanding.

DETAILS REGARDING PRINCIPAL PROPERTIES OCCUPIED

No	Location	Erf	Tenure	Owner	Lease expiration	Monthly rental (R)
1	The Star Building Johannesburg 47 Pixley ka Isaka Seme Street	Erf 4 413	Owned	Independent Newspapers Proprietary Limited	N/A	N/A
2	Independent Newspapers Durban 18 Osborn Street, Greyville, Durban	Erf 1545	Owned	Independent Newspapers Proprietary Limited	N/A	N/A
3	APF Parkade President Street, Johannesburg	Erf 332, 338 to 340	Owned	Independent Newspapers Proprietary Limited	N/A	N/A
4	Pretoria News Building 216 Vermeulen Street, Pretoria	Erf 2 961	Owned	Independent Newspapers Proprietary Limited	N/A	N/A
5	DFA Building and Land, Kimberley C/o Villiers and Bean Street, Kimberley	Erf 3 193	Owned	Independent Newspapers Proprietary Limited	N/A	N/A
6	Banner News Agency Building Booysen Street, Johannesburg	Erf 150 to 152	Owned	Banner News Proprietary Limited	N/A	N/A
7	Newspaper House 122 St George's Mall Cape Town	N/A	Leased	N/A	28 February 2024	R688 652
8	Convention Tower Heerengracht Cape Town	N/A	Leased		31 January 2020	R316 845
9	Unit 3 Khutaza Park Bell Crescent Westlake Business Park Westlake Cape Town		Owned	Loot Online	N/A	N/A
10	Unit 3 Golf Air Park II 17 Bahrain Drive Boquinar Industrial Boquinar Cape Town	N/A	Leased	Loot Online	30 September 2019	R98 708
11	Unit No 01 and 02 Stanford Business Park	N/A	Leased	Loot Online	31 July 2020	R143 389

ACQUISITIONS AND DISPOSALS

Asset purchased	Vendor	Date of purchase	Vendors' purchase price	Sagarmatha Technologies purchase price – cash	Sagarmatha Technologies purchase price – shares	Guarantees	Settlement of tax liabilities	Goodwill included in purchase price	Ownership of assets transferred to Sagarmatha
75% of Loot Online (Pty) Ltd	Loot Founders (Pty) Ltd of whom the shareholder was Michael van Rooyen with address Unit 3, Khutaza Park, Bell Crescent Park, Westlake Business Park, Westlake, 7945	December 2014	Incorporated by vendor therefore no vendor purchase price	Advertising exposure to the value of R420 million	Preference share of R25 million	No guarantees were given	There were no tax liabilities to be settled	Nil	Yes
100% of Independent Online SA (Pty) Ltd	Independent Newspapers (Pty) Ltd of whom the shareholder was Independent Media of address 10th Floor. Convention Tower, Heerengracht, Foreshore, Cape Town, 8000	December 2014	Incorporated by vendor therefore no vendor purchase price	R 19 million		No guarantees were given	There were no tax liabilities to be settled	Nil	Yes
60% of IOL Property JV	Independent Newspapers (Pty) Ltd of whom the shareholder was Independent Media of address 10th Floor, Convention Tower, Heerengracht, Foreshore, Cape Town, 8000	December 2015	Incorporated by vendor therefore no vendor purchase price	R 7. 7 million		No guarantees were given	There were no tax liabilities to be settled	R7 232 625	Yes
40% of Sekunjalo Independent Media	Sekunjalo Independent Media Consortium One, of whom the major shareholder is Sekunjalo Investment Holdings Proprietary Limited (further details of the Vendors are contained in paragraph 3.1.5 of the Pre-listing Statement)	On Listing	Nil – SIM was debt funded and therefore the net asset value on date of purchase was nil	Nil	R292 600 00	No guarantees have been given	There were no tax liabilities to be settled	–	On Listing
30% of Sekunjalo Independent Media	Sekunjalo Independent Media Consortium Two, of whom the major shareholder is Sekunjalo Investment Holdings Proprietary Limited (further details of the Vendors are contained in paragraph 3.1.5 of the Pre-listing Statement)	On Listing	Nil – SIM was debt funded so net asset value on date of purchase was nil.		R219 450 000	No guarantees have been given	There were no tax liabilities to be settled	–	On Listing
22% of Sekunjalo Independent Media	Sekunjalo Independent Media Consortium Three, of whom the major shareholder is Sekunjalo Investment Holdings Proprietary Limited (further details of the Vendors are contained in paragraph 3.1.5 of the Pre-listing Statement)	On Listing	Nil – SIM was debt funded so the net asset value on date of purchase was nil.		R160 930 000	No guarantees were given	There were no tax liabilities to be settled	–	On Listing
20% of ANA	Sekunjalo Investment Holdings Proprietary Limited, a wholly-owned subsidiary of Sagarmatha Group Holdings Proprietary Limited	31 December 2016	Incorporated by vendor therefore no vendor purchase price		R553 087 258	No guarantees were given	There were no tax liabilities to be settled		

No promoter or director had any direct or indirect beneficial interest in the above transactions. No cash or securities were paid or benefit given to any promoter, not being a director, over the past three years. No promoters' fees have been paid in connection with the above transactions.

The address of Sim Consortium One, Two and Three is 40 Cambridge Street, Goodwood, Cape Town. None of the vendors have been precluded from carrying on business in competition with Sagarmatha as either the vendor was a company that will be part of the Group, or the vendor is employed by Sagarmatha Technologies currently. The SIM Consortia were established to house shares in Sekunjalo Independent Media, and as the Sagarmatha Technologies shares issued as consideration in terms of the SIM Consortia Agreement will be issued to the underlying shareholders of the SIM Consortia, the SIM Consortia will be deregistered.

A reconciliation of amounts paid for shares in assets acquired versus the proportionate value of the assets acquired is given below:

	75% of Loot Online (Pty) Limited	100% of Independent Online SA (Pty) Limited	60% of IOL Property JV	40% of Sekunjalo Independent Media	30% of Sekunjalo Independent Media	22% of Sekunjalo Independent Media	20% of ANA
Purchase price	–	R19 000 000	R7 700 000	R292 600 000	R219 450 000	R160 930 000	R553 087 304
Net asset value	(R1 526 868)	R19 000 000	R7 700 000	R158 023 913	R118 517 935	R86 913 152	R68 982 141
Non-controlling interest	R2 430 333	–	(R311 517)	R25 443 478	R19 082 609	R13 993 913	–
Intangibles	–	(R19 000 000)	–	(R86 956 522)	(R65 217 391)	(R47 826 087)	–
Goodwill	–	–	R7 232 625	R389 110 870	R291 833 152	R214 010 978	–
Bargain purchase	R903 465	–	–	–	–	–	(R448 105 163)

CORPORATE GOVERNANCE STATEMENT

The Board recognises the importance of sound corporate governance and endorses and monitors compliance with the King IV. The Board confirms that the Company will, from the date of the listing, be compliant with the provisions of King IV in all material respects.

The Directors recognise that, through good governance, the Company will realise an ethical culture, good performance, effective control and legitimacy. The Directors in particular recognise the need to manage the group with integrity and to provide effective leadership based on an ethical foundation. This includes timely, relevant and meaningful reporting to Shareholders and other stakeholders, that provide a proper and objective overview on the Company and its activities, directing the strategy and operations of the group with the intention of building a sustainable business, and considering the short and long-term impact of this strategy on the economy, society and the environment. The Board will ensure that the group is a responsible corporate citizen through the corporate governance policies detailed below.

BOARD OF DIRECTORS

The Board comprises 6 independent non-executive directors, 2 non-executive director and 5 executive directors. The roles of chairman and CEO are clearly defined to ensure a balance of power. The Board's main functions include:

- adopting strategic plans and ensuring they are carried out by management;
- considering and approving major issues, including acquisitions, disposals and reporting;
- monitoring Sagarmatha Technologies' operational performance, and
- overseeing the effectiveness of the internal controls designed to ensure that assets are safeguarded, proper accounting records are maintained and that the financial information on which business decisions are made and which is issued for publication is reliable.

The Directors' varied backgrounds and experience provide Sagarmatha Technologies with an appropriate mix of knowledge and expertise that is necessary to manage the business effectively. Furthermore, a clear division of responsibilities at Board level will ensure a balance of power and authority, so that no individual can take unilateral decisions. The Board aims to meet formally at least quarterly. Company policies and procedures will be adopted by all subsidiaries.

The Board is confident that the group has established an effective framework and processes for compliance with laws, codes, rules and standards.

The Board has constituted the following committees:

1. REMUNERATION AND NOMINATION COMMITTEE

Members:

Harold E. Doley III (Chair)

Alan Ipp

Aziza Amod

The remuneration and nomination committee assesses and recommends to the Board the remuneration and incentivisation of the Company's Directors and oversees the process for nominating, electing and appointing members of the Board, succession planning for Directors and the evaluation of the performance of the Board.

The remuneration and nomination committee will meet at least four times per financial year. Ad hoc meetings are held to consider special business, as required. The chief executive officer attends meetings of the remuneration and nomination committee, or part thereof, if needed to contribute pertinent insights and information.

2. AUDIT AND RISK COMMITTEE

Members:

Alan Ipp (Chair)

Harold E Doley III

Sibongiseni Tunzelana Tshotsejane

The audit and risk committee (the "**committee**"), comprising three independent non-executive Directors, meets at least three times a year and is primarily responsible for:

- providing independent oversight of among others, the effectiveness of the Company's assurance functions and services, with particular focus on combined assurance arrangements, external assurance service providers, internal audit and the finance function, as well as the integrity of the annual financial statements and external reports issued by the Company. The committee adopts a model that incorporates and optimises all assurance services and functions so that, taken as a whole, an effective control environment is achieved, the integrity of information used for internal decision-making by management, the Board and its committees is supported, and the integrity of external reports is supported. The committee further oversees that this combined assurance model is implemented so as to effectively cover the Company's significant risks and material matters; and
- developing a risk management policy and monitoring its implementation. The group's risk management policies identify and analyse group risks, set appropriate limits and controls and monitor risks and adherence to limits. The Directors have overall responsibility for the group's internal control and for reviewing its effectiveness. The controls identify and manage group risks rather than completely eliminating failure. Therefore, internal controls provide reasonable, but not absolute, assurance against material misstatement or loss. The implementation and operation of these systems is the responsibility of management and processes are communicated regularly to employees informing them of their responsibilities. Systems include strategic planning, appointment of qualified staff, regular reporting and monitoring of performance and effective control over investments. Internal financial control is appropriate for the size and activities of the group. Significant risks identified are communicated to the Board, together with the recommended actions.

The CFO may attend committee meetings by invitation. The committee ensures that the group's financial performance is being properly reported on and monitored, including reviewing the annual and interim accounts, results announcements, internal control systems and procedures, and accounting policies. All members of the Board should have adequate financial literacy skills. The committee further oversees the management of financial and other risks that affect the integrity of external reports issued by the Company and monitors whether the group's assurance model is effective and sufficiently robust to ensure that the Board is able to place reliance on the assurance underlying statements that the Board makes concerning the integrity of the group's external reports. Internal financial controls are based on comprehensive and regular reporting. Detailed revenue, cash flow and capital forecasts are prepared and updated throughout the year, and approved by the Board.

The Board will approve an internal audit charter that defines the role and associated responsibilities and authority of internal audit on an annual basis. The committee is satisfied that arrangements for internal audit provide for the necessary skills and resources to address the complexity and volume of risk faced by the organisation, and will supplement internal audit as required. The committee monitors on an ongoing basis that internal audit follows an approved risk-based internal audit plan, reviews the organisational risk profile and proposes adaptations to the internal audit plan accordingly.

The committee oversees and makes recommendations to the Board regarding the appointment, re-appointment and removal of the independent external auditor. In assessing the suitability for appointment of a current or prospective audit firm and designated individual auditor, the committee will (unless unlawful) request and consider:

(i) the decision letter and findings report of the inspection performed by the professional/regulatory body for auditors in the relevant jurisdiction, on both the audit firm and the designated individual auditor;

(ii) the findings report of the internal engagement monitoring inspection performed by the audit firm on their designated individual auditor; and

(iii) the outcome and details of any legal or disciplinary proceedings instituted by any professional body of which they are a member or regulatory body to whom they are accountable.

The committee ensures the scope of the auditor's work is sufficient and that they are fairly remunerated. In accordance with Company policy, the committee also supervises the appointment of the auditor for non-audit services and reviews external audit plans and the results of their work. The committee meets with the external auditor at least annually to facilitate an exchange of views and concerns that may not be appropriate for discussion in an open forum, as well as to discuss and review the accounts and audit procedures.

The Board has concluded that committee members have the necessary financial literacy, skills and experience to execute their duties effectively and make worthwhile contributions to the committee's deliberations. Additionally, the Chair has the requisite accounting and financial management experience. The committee has considered and found the expertise and experience of the CFO appropriate for the position. In order to fulfil its responsibility of monitoring the integrity of financial reports issued to Shareholders, the committee will review the accounting principles, policies and practices adopted during the preparation of financial information and examine documentation relating to any Annual Reports and interim financial statements of the Company. The clarity of disclosures included in financial statements will also be reviewed by the committee, as well as the basis for significant estimates and judgements.

The committee meets at least four times a year. Ad hoc meetings are held to consider special business, as required. The chief executive officer and/or other executive Directors attend meetings of the committee, or part thereof, if needed to contribute pertinent insights and information.

3. SOCIAL AND ETHICS COMMITTEE

Members:

Aziza Amod

Sibongiseni Tunzelana Tshotsejane

Aisha Pandor

The social and ethics committee oversees and reports on the group's organisational ethics, responsible corporate citizenship (including the promotion of equality, prevention of unfair discrimination, the environment, health and public safety, including the impact of the Company's activities and of its products or services), sustainable development and stakeholder relationships. The social and ethics committee draws to the attention of the Board matters within its mandate as occasion requires and reports to Shareholders at the Company's annual general meeting.

The social and ethics committee meets a minimum of twice per financial year. Ad hoc meetings are held to consider special business, as required.

4. APPOINTMENT OF DIRECTORS

Directors are appointed by the Board or at the Company's annual general meeting ("**AGM**"). Board appointed Directors need to be re-appointed by the Shareholders at the subsequent AGM. The longest serving third of the Directors must be re-appointed by the Shareholders annually. Board appointments are conducted in a formal and transparent manner by the entire Board following recommendations made by the remuneration and nomination committee.

5. DIRECTORS' DEALINGS

Dealing in Company securities by Directors, their associates, and Company officials is regulated and monitored in accordance with the JSE Listings Requirements and the requirements on any other stock exchange on which the Company is listed from time to time. Sagarmatha Technologies will maintain a closed period from the end of a financial period to publication of the financial results.

6. INSIDER TRADING

The group prohibits all Directors and employees from using confidential information, not generally known or available to the public, for personal gain.

7. GOVERNMENT

The group seeks to build and manage a sound relationship with governmental authorities on an arm's length basis. No attempts to improperly influence governmental decisions by offering, paying, soliciting, or accepting bribes, in any shape or form are tolerated.

8. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The group is an integral part of the community in which it operates and is committed to building sound relationships, based on trust, honesty, and fairness. Not only is environmental compliance legally obligatory, but it is also an important component of the group's commitment to the community and developing its good reputation. Sagarmatha Technologies therefore is dedicated to minimising the environmental impact of its activities by reducing waste, emissions and discharges, and using energy efficiently.

9. KING IV

So as to allow Shareholders to make an informed assessment of the quality of governance insofar as the application of each of the 17 principles of King IV is concerned, set out below is a narrative explanation of the Company's application of each principle.

9.1 *The Board of Directors should lead ethically and effectively*

Sagarmatha Technologies is committed to ethical behaviour throughout its business, adopting the principles of integrity, competence, responsibility, accountability, fairness and transparency in order to offer effective leadership that achieves the group's strategic objectives and positive outcomes over time. The Directors of the Company are required to individually and collectively exhibit the following characteristics in their conduct.

9.1.1 Integrity

Individuals are responsible for their own ethical behaviour, and are expected to act, at all times and in all ways, in good faith and in the best interests of the Company, and ethical behaviour beyond mere legal compliance is encouraged. A conflict of interest arises whenever there is a direct or indirect conflict, in fact or in appearance, between the interests of an individual and that of the Company or where an individual's position or responsibilities present an opportunity for personal gain inconsistent with the group's best interest. Conflicts of interest should be avoided. If and when a conflict of interest does arise, the Company's compliance officer is to be notified immediately, such that it can be proactively managed. A dedicated compliance register is regularly updated and submitted to the Board for review and approval.

9.1.2 Competence

Directors are required to take steps to ensure that they have sufficient working knowledge of the Company, its industry, the context of the economy, society and environment in which it operates, the capitals (financial, manufactured, intellectual, human, social and relationship) it uses and affects as well as of the key laws, rules, codes, and standards applicable to the group. Directors must act with due care, skill and diligence, and take reasonably diligent steps to become informed about matters for decision. Directors are also required to continuously develop their competence to lead effectively.

9.1.3 Responsibility

Directors of the Company assume collective responsibility for steering and setting the direction of the group; approving policy and planning; overseeing and monitoring of implementation and execution by management; and ensuring accountability for organisational performance. Directors are also responsible for anticipating, preventing and otherwise ameliorating the negative outcomes of the organisation's activities and outputs on the context of the economy, society and environment in which it operates, and the capitals (financial, manufactured, intellectual, human, social and relationship) that it uses and affects.

Risks are taken and opportunities sought in a responsible manner and in the best interests of the Company. Directors attend Board meetings and Board committee meetings and devote sufficient time and effort to prepare for those meetings.

9.1.4 Accountability

Directors are willing to answer for the execution of their responsibilities, even when these were delegated.

9.1.5 Fairness

Directors adopt a stakeholder-inclusive approach in the execution of their governance role and responsibilities, and the Company is directed in a way that does not adversely affect the natural environment, society or future generations.

9.1.6 Transparency

Directors are transparent in the manner in which they exercise their governance role and responsibilities.

9.2 *The Board of Directors should govern the ethics of the Company in a way that supports the establishment of an ethical culture*

The Directors of the Company recognise that they are ultimately responsible for the governance of ethics within the group, and for setting the direction for how ethics are approached and addressed, and that it is their role to set the tone for an ethical organisational culture where the above characteristics are cultivated across the business and adopted by all employees. For this purpose, the Company will adopt a code of conduct and ethics policy to provide for arrangements that familiarise employees and other stakeholders with the Company's ethical standards.

The group maintains the highest ethical standard and complies with all applicable legislation, rules, and regulations. The group's continued success depends on employing the most qualified people and establishing a working environment free from discrimination, harassment, intimidation or coercion based on race, religion, gender, age, nationality or disability.

The Board has delegated the responsibility for implementation and execution of the codes of conduct and ethics policies to management, however exercises ongoing oversight of the management of ethics.

9.3 *The Board of Directors should ensure that the Company is and is seen to be a responsible corporate citizen*

The Company's core purpose and values, strategy and conduct are consistent with it being a responsible corporate citizen in all markets in which it conducts business, and the strategy and operations of the group are intended to build a sustainable business that is considerate of the short and long-term impact on the economy, society and the environment.

It is recognised that the group is an integral part of the communities in which it operates and is committed to building sound relationships, based on trust, honesty, and fairness. Not only is environmental compliance legally obligatory, but it is also an important component of the group's commitment to the community and developing its good reputation. Sagarmatha Technologies is therefore dedicated to minimising the environmental impact of its activities by reducing waste, emissions and discharges, and using energy efficiently.

The Board of Directors is responsible for ensuring the Company's corporate citizenship on an ongoing basis and sets the direction for how the achievement of this corporate citizenship is to be approached and addressed, ensuring that the Company's efforts in this regard are in compliance with all applicable laws, leading standards and its own codes of conduct and policies. The oversight and monitoring of the Company's corporate citizenship is performed against measures and targets agreed with management in terms of the workplace, the economy, society and the environment.

9.4 ***The Board of Directors should appreciate that the Company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process***

Responsibility for the organisation performance of the Company lies with the Board of Directors, who steer and set the direction of the group for the realisation of its core purpose and values through its strategy. The formulation and development of the group's short, medium and long-term strategy, including policies and operational plans to give effect to this strategy, has been delegated to management, for approval by the Board of Directors. Actual implementation and execution of approved policies and operational plans has also been delegated to management, with ongoing oversight against agreed performance measures and targets.

9.5 ***The Board of Directors should ensure that reports issued by the Company enable stakeholders to make informed assessments of the Company's performance and its short, medium and long-term prospects***

The Board of Directors approves management's determination of the group's reporting frameworks and reporting standards to be used, taking into account legal requirements and the intended audience and purpose of each report. In particular, the Board oversees that annual financial statements, sustainability reports, social and ethics committee reports and other information or reports that are issued comply with legal requirements and meet the legitimate and reasonable information needs of material stakeholders.

The Board accepts its accountability to Shareholders for the group's performance and activities. Sagarmatha Technologies communicates with Shareholders principally through its website, Annual Report and announcements. The annual general meeting and any other general meetings give the Directors the opportunity to inform Shareholders about current, and proposed, operations and enables them to express their views on business activities.

The Board of Directors also ensures the integrity of external reports.

9.6 ***The Board of Directors should serve as the focal point and custodian of corporate governance in the Company***

The Board of Directors exercises its leadership role by:

9.6.1 steering the organisation and setting its strategic direction;

9.6.2 approving policy and planning that gives effect to the direction provided;

9.6.3 overseeing and monitoring implementation and execution by management; and

9.6.4 ensuring accountability for organisational performance by means of, amongst others, reporting and disclosure.

The roles, responsibilities, membership requirements and procedural conduct of the Board of Directors are documented in the Board charter, which is regularly reviewed in order to guide its effective functioning.

The Board aims to meet formally at least quarterly. There are no external advisors who will regularly attend, or be invited to attend, Board committee meetings. Company policies and procedures will be adopted by all subsidiaries.

The Board is confident that the group has established an effective framework and processes for compliance with laws, codes, rules and standards.

9.7 ***The Board of Directors should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively***

The Board of Directors comprises a majority of non-executive Directors, all of which are independent. There are 2 executive Directors, being the chief executive officer and the chief financial officer, ensuring multiple points of direct interaction with management.

Paul Lamontagne is the chairman of the Board of the Company and leads the Board of Directors in the objective and effective discharge of its governance roles and responsibilities. Rosemary Mosia is the Lead Independent Director,

The Board of Directors will at all times maintain an appropriate balance of power, skills and experience (including business, commercial and industry experience), diversity and independence to objectively and effectively discharge its governance role and responsibilities. In determining the make-up of the Board of Directors, factors considered include the appropriate mix of executive, non-executive and independent non-executive Directors, regulatory requirements, and diversity targets.

The Board of Directors promotes diversity in its membership across a variety of attributes relevant for promoting better decision-making and effective governance. The group supports the principles of race and gender diversity at Board level and has a race and gender diversity policy in place. No voluntary target has yet been set, however the Board will annually review the composition of the Board taking into account the balance of skills, experience, background, culture, race and gender of Board members. The Board will continuously evaluate the progress and the effect of the efforts made in promoting diversity on the Board and will continually evaluate the criteria for nomination and appointment of Directors on the Board.

9.7.1 Nomination, election and appointment of Directors

Directors are appointed by the Board or at the Company's annual general meeting ("**AGM**"), with Board appointed Directors re-appointed by Shareholders at the Company's next AGM. The longest serving third of the Directors must be reappointed by the Shareholders annually. Board appointments are conducted in a formal and transparent manner by the entire Board following recommendations made by the remuneration and nomination committee.

9.7.2 Independence and conflicts

Each director is required to submit to the Board a declaration of all financial, economic and other interests held by that director and related parties at least annually, or whenever there are significant changes.

Directors are required to declare whether any of them has any conflict of interest in respect of any matter on the agenda of any meeting of the Board or Board committee. Conflicts of interest are managed as set out under Principle 1 above.

9.8 ***The Board of Directors should ensure that its arrangements for delegation within its own structures promote independent judgment, and assist with balance of power and the effective discharge of its duties***

The Board has delegated particular roles and responsibilities to the committees set out below, each of which has the collective knowledge, skills, experience and capacity to execute its duties effectively. Such delegation is subject to formal terms of reference that are approved and renewed annually by the Board. The delegation by the Board of Directors of its responsibilities to any committee does not by or of itself constitute a discharge of the Board's accountability, and the Board will continue to apply its collective mind to the information, opinions, recommendations, reports and statements presented by any committee or director.

Executive Directors and senior management will be invited to attend committee meetings on an *ad hoc* basis to provide pertinent information and insights in their areas of responsibility. Every director is entitled to attend any committee meeting as an observer.

9.9 ***The Board of Directors should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness***

The Board is responsible for evaluating its own performance, that of its committees, chair and individual members, and determines how such evaluation is to be approached and conducted in terms of a formal process undertaken at least every two years where performance is considered, reflected on and discussed so as to ensure that performance and effectiveness is always improving.

Rosemary Mosia has been appointed to lead the evaluation of the chairman's performance.

9.10 ***The Board of Directors should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibility***

The Board has appointed Grant Fredericks and Gary Hadfield as joint chief executive officers, to be responsible for leading the implementation and execution of the group's approved strategy, policy and operational planning, and to serve as a link between management and the Board. The joint chief executive officers are accountable and report to the Board of Directors.

The Board has access to professional and independent guidance on corporate governance and its legal duties, as well as support to coordinate the functioning of the Board and its committees. All Directors have access to the advice of the company secretary, who provides professional corporate governance services and guidance to the Board and to individual members regarding how to properly discharge their responsibilities. The Board has considered and endorsed the company secretary's ability to perform his duties, including his qualifications, experience, competence, effectiveness, gravitas and objectivity, and will continue to do so on an annual basis. While the company secretary has unfettered access to the Board, the Directors have concluded that the relationship with the company secretary, who is not be a member of the Board of Directors and who is not involved in the day to day management of the Company, is at arm's length and that there is no conflict of interests. The Board is also satisfied that the office of the company secretary is empowered and carries the necessary authority.

The company secretary reports to management on all duties performed and administrative matters.

The direction and parameters for the powers of the Board of Directors, and those delegated to management via the chief executive officer, including a delegation of authority framework that contributes to role clarity and the effective exercise of authority and responsibilities, are set out in a Board charter. The Board is responsible for ensuring that key management functions are headed by an individual with the necessary competence and authority and adequately resourced.

While there is currently no succession planning in place, succession planning for the chief executive officer position, executive management and other key positions is reviewed by the Board of Directors periodically, providing for succession in emergency situations and continuity of leadership over the longer term. The performance of the chief executive officer is formally evaluated against agreed performance measures and targets at least annually.

The chief executive officer does not have any other professional commitments or membership of governing bodies outside of the group.

9.11 ***The Board of Directors should govern risk in a way that supports the Company in setting and achieving its strategic objectives***

The Company treats risk as integral to the way it makes decisions and executes its duties. The group's risk governance encompasses both the opportunities and associated risks in developing strategy and the potential positive and negative effects of such risks on the achievement of its organisational objectives. While the Board exercises ongoing oversight of risk management, the group's risk governance function is delegated to the audit and risk committee on the terms of reference set out above, with the responsibility for implementing and executing effective risk management delegated to management.

9.12 ***The Board of Directors should govern technology and information in a way that supports the Company setting and achieving its strategic objectives***

The Board is responsible for the governance and ongoing oversight of technology and information and the management thereof, and confirms that processes exist ensuring timely, relevant, accurate and accessible reporting, communication and data storage. Management is in turn responsible for implementing and executing effective technology and information management.

9.13 ***The Board of Directors should govern compliance with applicable law and adopted, non-binding rules, codes and standards in a way that supports the Company being ethical and a good corporate citizen***

Compliance with applicable laws and adopted non-binding rules, codes and standards is the responsibility of the Board. Management is in turn responsible for implementing and executing effective compliance management. Where the group incurs material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations, this will be disclosed to Shareholders.

9.14 ***The Board of Directors should ensure that the Company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objects and positive outcomes in the short, medium and long term***

The Board has adopted and oversees the implementation and execution of a policy that articulates and gives effect to fair, responsible and transparent remuneration across the group. Responsibility for the governance of remuneration has been delegated to the remuneration and nomination committee, on the terms of reference set out above. Remuneration policy is aligned with the group's strategic objective of creating long-term sustainable value for Shareholders. Directors receive base pay only. Executive salaries are competitive and increases are determined by reference to individual performance, inflation and market-related factors.

The remuneration policy and implementation report will be table every year for separate non-binding advisory notes by Shareholders at the AGM. The remuneration policy will record the measures that the Board of Directors commits to take in the event that either the remuneration policy or implementation report, or both, are voted against by Shareholders exercising 25% or more of the votes exercised. In order to give effect to the minimum measures referred to in the King Code, in the event that either the remuneration policy or the implementation report, or both, are voted against by Shareholders exercising 25% or more of voting rights exercised, Sagarmatha Technologies will in its voting results announcement pursuant to paragraph 3.91 of the Listings Requirements provide for the following:

- an invitation to dissenting Shareholders to engage with Sagarmatha Technologies; and
- the manner and timing of such engagement.

9.15 ***The Board of Directors should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the Company's external reports***

The Board has delegated responsibility for overseeing that arrangements for assurance services and functions are effective in:

(i) enabling an effective internal control environment;

(ii) supporting the integrity of information used for internal decision-making by management, the Board and its committee; and

(iii) supporting the integrity of external reports

to the audit and risk committee, on the terms of reference set out above. The Board and its committees will assess the output of the Company's combined assurance with objectivity and professional scepticism, and by applying an enquiring mind, form their own opinion on the integrity of information and reports and the degree to which an effective control environment has been achieved.

9.15.1 External audit

The external auditor is required to confirm to the audit and risk committee its independence from the group during each financial year. The committee considers the information pertaining to the external auditor's relationships with the group that might reasonably have a bearing on the external auditor's independence and the audit engagement partner and employees' objectivity, as well as related safeguards and procedures, in order to concluded whether the external auditor's independence is impaired. The committee is also responsible for approving the external auditor's terms of engagement and scope of work.

9.15.2 Internal audit

The group's internal audit function will be performed by an independent, professional firm that will report directly to the chief executive officer and the Chairman of the audit and risk committee. An internal audit manager optimises business processes as well as identifies and mitigates related operational risks. The internal auditor carries out risk-oriented audits of operational and functional activities, based on the guidance of the audit and risk committee. The audit and risk committee also examines and discusses with the auditor the appropriateness of internal controls and the utilisation of the internal auditor and made recommendations to the Board. The Board will conduct an external, independent quality review of the group's internal audit function at least once every five years.

9.16 ***In the execution of its governance role and responsibilities, the Board of Directors should adopt a stakeholder-inclusive approach that balances the needs, interests and expectation of material stakeholders in the best interests of the Company over time***

The Board exercises ongoing oversight of stakeholder relationship management, but responsibility for implementation and executive of effective stakeholder relationship management has been delegated by the Board to management. The Company's main stakeholders are considered to be Shareholders, bond holders, employees, tenants, suppliers, banks and fiscal administrations of the locations where the group carries out its activities. Sagarmatha Technologies has a transparent information communication policy, to enable stakeholders to assess the group's economic value and prospects.

The Company encourages proactive engagement with Shareholders, including at the Company's annual general meetings, where all Directors are available to respond to Shareholders' queries on how the Board has executive its governance duties.

The Board is responsible for governance across the group and ensures that a group governance framework is implemented across the group.

9.17 ***The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it investments***

Not applicable as the Company is not an institutional investor.

RISK FACTORS

Set out below is a summary of potential risks associated with the Listing. The summary is not exhaustive and additional risks may be identified from time to time or post the Listing.

RISKS RELATING TO THE BUSINESS

Compliance with various laws and regulations and changes in such laws and regulations

The failure by the Company to comply with applicable laws or regulations within the jurisdictions in which it operates, either in the past, presently or in the future, could result in increased capital expenditure or operating costs or the imposition of fines, bans or other penalties on Sagarmatha Technologies. These could have a material adverse effect on its business, results of operations and financial standing. Over time, applicable laws and regulations, as well as the interpretation of these, may change. Sagarmatha Technologies may incur significant costs to comply with existing or new legislation. Compliance requirements, together with any changes or alterations going forward, may have a material adverse effect on Sagarmatha Technologies' business and results of operations.

The applicable laws and regulations and the interpretations thereof may change, sometimes dramatically, as a result of a variety of factors, including political, economic or social factors, changes in regulators and rulings by the courts. The Company may incur significant costs to comply with existing or new legislation, which applies to its operations going forward, and may be subject to liability to the extent there is a change in law or interpretation of law applicable to past practices, or a failure to comply with law.

Sagarmatha Technologies' interpretation of applicable laws or regulations may differ from those of applicable regulators, or the courts. If Sagarmatha Technologies' interpretation of any such laws or regulations is challenged by a regulator or any other person with legal standing, there is no certainty that Sagarmatha Technologies' interpretation will prevail.

Reliance on key service providers

Reliance on key service providers could put Sagarmatha Technologies at risk should such service providers either fail to deliver the level of service required or no longer be able to provide the service required due to staff constraints, skills shortages or losses or business failure or otherwise.

Risk relating to investments and new projects

The investment return of Sagarmatha Technologies' investment in new projects may not meet Sagarmatha Technologies' strategic and financial objectives. Delays in the completion of platform development, cost escalations, lack of market acceptance of final product and loss of revenue may impact negatively on the Company. Customer requirements may change and Sagarmatha Technologies may either not anticipate these changes in requirements or not be able to adapt appropriately to the changes.

Business disruption

Unforeseen or unusual events may disrupt Sagarmatha Technologies' business. These may include an attack on the Company's cyber infrastructure, viruses, hardware failure and/or loss of data. Cyber-attacks could have a material adverse effect on Sagarmatha Technologies' financial condition and results of operations, as well as reputation. A data breach could expose Sagarmatha Technologies to liabilities and penalties.

Political, social or economic risks in the regions in which Sagarmatha Technologies operates

Changes to, or increased instability in, the economic, political, legal or regulatory, or social environment in jurisdictions in which Sagarmatha Technologies operates could create uncertainty which discourages investment in the region and adversely impact economic growth or consumer confidence. This may restrict the Company's future access to funding and/or manner of operation or investment and could have a material adverse effect on Sagarmatha Technologies' financial performance.

Operating in a particular jurisdiction may have unique social, political, regulatory and economic risks. There can be no assurances that Sagarmatha Technologies will be able to identify, anticipate or prepare for any or all of the risks inherent in operating in certain jurisdictions and the occurrence of some risks are not within the Company's control.

The Company's strategy includes expanding its business in Africa by establishing its presence in markets where it expects medium to long-term business opportunities to develop and where it considers early entry to be a competitive advantage. The Company's growth strategy will require a significant investment of capital and other resources and it entails various risks. These include, amongst others, risks attendant to obtaining any required governmental approvals, the construction, where necessary, and maintenance of facilities in a timely manner and within cost estimates, the establishment of logistics channels and the acceptance of the Company's products and platforms by its customers, in addition to general risks associated with operating in certain African markets.

Sagarmatha Technologies' ability to execute its strategy in a jurisdiction may also depend upon the development of the necessary infrastructure to support its business. There can be no assurances that the necessary infrastructure will be implemented at the pace or in the manner expected or at all. If the infrastructure in these jurisdictions fails to develop as expected, Sagarmatha Technologies may not be able to operate successfully or may incur significant costs attempting to do so, which may have a material adverse effect on its business, results of operations and financial performance.

Retention of key management

The future performance of the Company is highly dependent on key management members and their continued involvement in Sagarmatha Technologies. Remuneration is structured to encourage retention of key personnel, but this comes at a cost and there is no guarantee that employees will not leave. Loss of key personnel or a deterioration in their performance could disrupt the business operations and or involve significant costs to hire suitable replacements.

Integrating various businesses

The company's strategy is to integrate the operations of various businesses, where practical by generating niche content to attract audiences and then drive those audiences to monetizable platforms like e-commerce.

Sagarmatha Technologies has a limited operating history. The main operating businesses comprise ANA, Loot and, subject to the implementation of the Acquisitions, Independent Media. Independent Media will only be acquired by Sagarmatha on listing subject to the conditions precedent being met. Sagarmatha Technologies has not operated all three businesses together although they have formed part of the same group. Integrating the various businesses may prove challenging, take longer than expected and result in higher costs of integration than expected.

The envisaged linkages between the operating business may not materialise or may have an adverse effect on the performance of one or more of the businesses. Any decline in usage on one platform may have an effect on the usage of another platform. Balancing the needs of the various businesses may prove challenging and could result in one business being favoured over another, which may have an adverse effect on one or more of the businesses within the Group.

Management time may not be spent on existing and potential businesses in the correct proportions, which could have an adverse effect on both existing and new businesses and platforms.

Future investments or acquisitions may not be successful

In addition to organic growth, the Company may take advantage of opportunities to invest in or acquire additional businesses, services, assets or technologies. However, the Company may fail to select appropriate investment or acquisition targets, or the Company may not be able to negotiate optimal arrangements, including arrangements to finance any acquisitions. Acquisitions and the subsequent integration of new assets and businesses into the Group could require significant management attention and could result in a diversion of resources away from existing business.

Limitations of financial information included in the pre-listing statement

The financial information included in the Pre-listing Statement includes or has been compiled based on historical information only, which may not provide sufficient information from which to assess the future strategy or performance of the Company or to place a valuation on the Company.

Future ability to generate profits

As set out in **Annexure 7** and **Annexure 9** of the Pre-listing Statement, Sagarmatha Technologies has the following profit and loss history:

- for the year ending 31 December 2014, loss after tax of R1.30 million;
- for the year ending 31 December 2015, profit after tax of R294.44 million;
- for the year ending 31 December 2016, loss after tax of R43.97 million; and
- for the six months ending 30 June 2017, loss after tax of R1.43 million.

Sagarmatha Technologies' losses after tax over the last two financial years were primarily due to significant sales and marketing expenses, in particular promotions, which include subsidies for shipping, in order to expand our e-commerce business. As Sagarmatha Technologies seeks to monetize its user base and gradually reduce these promotions, it cannot assure potential investors that doing so will not adversely affect user experience, or that its users will not leave its platforms. Sagarmatha Technologies expects that its operating expenses will continue to increase as it invests in marketing efforts, hires additional local employees, and continues to invest in the development and expansion of its platforms, including offering new content and services. These efforts may be more costly than Sagarmatha Technologies expects and its revenue may not increase sufficiently to offset these expenses. Sagarmatha Technologies may continue to take actions and make investments that do not generate optimal short-term financial results and may even result in increased operating losses in the short term with no assurance that Sagarmatha Technologies will eventually achieve the intended long-term benefits or profitability.

As set out in **Annexure 11** and **Annexure 13** of the pre-listing statement, SIM has the following profit and loss history:

- for the year ending 31 December 2014, total comprehensive loss attributable to owners of the parent of R46.68 million;
- for the year ending 31 December 2015, total comprehensive loss attributable to owners of the parent of R90.17 million;
- for the year ending 31 December 2016, total comprehensive loss attributable to owners of the parent of R316.35 million; and
- for the six months ending 30 June 2017, total comprehensive loss of attributable to owners of the parent R135.04 million.

SIM's losses above were primarily due to the reduced net yields on advertising revenue as a result of increased discounting to maintain and/or grow market share.

Future revenues (and net income) generated will be reinvested in the businesses to fund organic growth through expenditure in marketing, promotion and human resources.

There is no guarantee that the Company will generate sufficient revenue from its investment and operating activities to generate future profits or that any profits will generate cash flows.

Sagarmatha Technologies intends, in addition to relying on organic growth, to invest in or acquire additional businesses, platforms or technologies. In investing in or acquiring additional businesses, Sagarmatha Technologies may not always be able to negotiate the most advantageous terms, pricing or funding arrangements. New investments and acquisitions may absorb significant amounts of the Company's cash resources, and there may be impairments of goodwill and other intangible assets. New investments and acquisitions may not generate the anticipated financial benefits. In addition, integrating new acquisitions into the existing business may divert management attention away from the existing businesses of the Group, to the detriment of the Group.

Size of customer base

The Company's strategy is to grow its audience and customer base and generate revenue from this audience and customer base (monetisation) directly and indirectly through advertising, subscriptions and/or transactionally across its e-commerce, content distribution and online and offline media businesses. There is a risk that existing customers are not retained and that the Company's efforts and expenditure to grow its customer base do not have the desired result. The Company may therefore not be able to sufficiently monetise its existing or anticipated future customer base to generate profits.

Sagarmatha Technologies may not succeed in managing or expanding its business within its target markets and jurisdictions.
As the Company expands the number of platforms that it operates, the markets in which it operates and the overall scale of its operations, the business of the Group will become increasingly complex and diverse. As its operations continue to expand, the Company's technology infrastructure systems and corporate support structures will need to be adapted to support operations. A failure to adapt appropriately may impact negatively on the business and financial performance of Sagarmatha Technologies.

Sagarmatha Technologies may fail to compete effectively in the markets in which it is operating or is planning to operate.
Sagarmatha Technologies faces competition in each of its business lines and the failure to compete effectively in any of them could materially and adversely affect the business, financial performance and/or results of operations.

Sagarmatha Technologies may fail to maintain or improve its technology infrastructure.
Sagarmatha Technologies is a technology-focused business and as such needs to remain up-to-date with the latest developments, platforms and offerings. Integrating new technologies into existing offerings may present unforeseen challenges, take longer than originally anticipated and require additional resources. In addition, the Company may experience system disruptions, security breaches, computer virus attacks, slower response times, impaired quality of experiences for customers and other technical issues. These issues could adversely affect the retention of customers and the financial performance of the Company.

The Company may fail to obtain, maintain or renew the requisite licenses and approvals
As the Company expands its businesses, it may be required to obtain licenses and may be subject to additional laws and regulations in the markets it plans to operate in. If the Company fails to obtain, maintain or renew any required licenses or approvals or make any necessary filings, the Company may be subject to various penalties, such as confiscation of the revenue or assets that were generated through the unlicensed business activities, imposition of fines, suspension or cancelation of the applicable license, written reprimands, termination of third-party arrangements, criminal prosecution and the discontinuation or restriction of the Company's operations. Any such penalties may disrupt the business operations of the Company and materially and adversely affect its business, financial condition and results of operations.

Claims that items listed on the Group's e-commerce platform are pirated, counterfeit or otherwise inappropriate or illegal could damage the Group's reputation or even result in regulatory actions against the Company
From time to time the Group receives complaints alleging that items offered on or sold through the Group's platforms infringe third-party copyrights, trademarks and patents or other intellectual property rights, or contain obscene, defamatory or libellous contents. Although the Group has adopted measures to verify the authenticity of and minimise infringements or offence by product listings on the Group's platforms before they appear on the marketplace, these efforts may not always be successful. Any public perception that counterfeit, pirated, or otherwise inappropriate or illegal items are commonplace on the platforms of the Company, even if factually incorrect, or perceived delays in the removal of these items could damage the Company's reputation and result in regulatory action and diminish the value of the Company's brand name. Further, the Company may be subject to allegations of civil or criminal liability based on allegedly unlawful activities carried out by third parties through its platforms. The Group may also be subject to sanctions by local authorities for infringing products offered on the Group's marketplace, including removal of the infringing products or a temporary or permanent block of the Group's marketplace.

The Company may implement further measures in an effort to strengthen efforts to protect users and the Company against these potential liabilities that could require the Company to spend substantial additional resources or discontinue certain service offerings. In addition, these measures may reduce the attractiveness of the Group's e-commerce platform to buyers, sellers or other users. A seller whose listings are removed or suspended, regardless of the Group's compliance with the applicable laws, rules and regulations, may dispute the Group's actions and commence action against the Group for damages based on breach of contract or other causes of action or make public complaints or allegations. Any costs incurred as a result of such liability or asserted liability could also harm the business of the Company.

Industry data, projections and estimates contained in this Pre-listing Statement are inherently uncertain and subject to interpretation. Accordingly, you should not place undue reliance on such information
Certain facts, forecasts and other statistics relating to the industries in which the Company competes contained in this Pre-listing Statement have been derived from various public data sources.

Industry data, projections and estimates are subject to inherent uncertainty as they necessarily require certain assumptions and judgments. Moreover, geographic markets and the industries the Company operates in are not rigidly defined or subject to standard definitions, and are the result of subjective interpretation. Accordingly, the use of the terms referring to the geographic markets and industries of the Company such as, Syndicated Content Distribution, e-commerce (B2C, B2B/SCB2C) and Digital Media Online markets may be subject to interpretation, and the resulting industry data, projections and estimates may not be reliable. For these reasons, you should not place undue reliance on such information as a basis for making your investment decision.

Intellectual property rights may not be enforceable.
Sagarmatha Technologies relies on a wide range of intellectual property to operate its businesses and it may not be able to protect its intellectual property rights effectively against infringement, or efforts to safeguard intellectual property may be costly.

The Company relies on a combination of trademark, fair trade practice, copyright and trade secret protection laws in South Africa and other jurisdictions, as well as confidentiality procedures and contractual provisions, to protect its intellectual property rights. The Company also enters into confidentiality agreements with its employees and any third parties who may access proprietary information of the Company, and rigorously controls access to proprietary technology and information.

Intellectual property protection may not be sufficient in South Africa or in the other jurisdictions in which the Company operates. Confidentiality agreements may be breached by counterparties, and there may not be adequate remedies available for any such breaches. Accordingly, the Company may not be able to effectively protect its intellectual property rights or the intellectual properties licensed from third parties, or to enforce contractual rights. In addition, policing any unauthorised use of the Company's intellectual property is difficult, time-consuming and costly, and the steps taken by the Company may be inadequate to prevent the misappropriation of intellectual property. If the Company resorts to litigation to enforce its intellectual property rights, such litigation could result in substantial costs and a diversion of managerial and financial resources of the Company. The Company can provide no assurance that it will prevail in such litigation. In addition, the trade secrets of the Company may be leaked or otherwise become available to, or be independently discovered by, its competitors. Any failure in protecting or enforcing intellectual property rights could have a material adverse effect on the business, financial condition and results of operations of the Company.

Sagarmatha Technologies relies on internet infrastructure, data centre providers and telecommunications networks which are provided by third parties.

The Company relies on third parties to provide the technical infrastructure on which its platforms operate. Sagarmatha Technologies has no control over quality of service, network coverage and signal strength within the markets in which it operates. Poor quality of service, limited or no network coverage and poor signal strength may have a negative effect on customers' experience, which may result in a loss of customers and impact upon financial performance.

Impact of currency fluctuations and restrictions on currency remittances

Sagarmatha Technologies reports in ZAR. With the planned expansion into the rest of Africa, it is anticipated that an increasing portion of its revenues and expenses may be derived in foreign currency, predominantly USD. Fluctuations in foreign currency exchange rates may affect the Company's financial performance, position and cash flows. Restrictions on currency remittances (or shortages with regard to the availability of foreign currency) from markets in which the Company does or may operate in the future may restrict the Company's ability to expatriate cash from certain jurisdictions.

Sagarmatha Technologies may be negatively impacted by increases in its effective tax rate

Sagarmatha Technologies' effective tax rate can fluctuate from period to period as a result of changes in tax laws, treaties or regulations or their interpretation in any country in which Sagarmatha Technologies operates, the varying mix of income earned in the jurisdictions in which Sagarmatha Technologies operates, the realisability of deferred tax assets, including Sagarmatha Technologies' inability to recognise a tax benefit for losses generated by unprofitable operations, cash repatriation decisions, changes in uncertain tax positions and the final outcome of tax audits and related litigation. Any increase in Sagarmatha Technologies effective tax rate could have a material adverse effect on the Group's business and results of operations.

Interest rate fluctuations could affect the Group's cash flow and financial condition

The Group may in the future incur significant amounts of debt. Post the acquisition of Sekunjalo Independent Media the Group will be exposed to interest rate risk primarily in relation to its long-term borrowings issued at floating interest rates. Movements in interest rates could have material adverse effects on the Group's cash flow and financial condition.

A further downgrade of South Africa's local credit rating may have an adverse effect on Sagarmatha Technologies' ability to secure financing.

The slowing economy, rising debt, escalating labour disputes and the structural challenges facing the mining industry and other sectors and political uncertainty have resulted in the downgrading of South Africa's sovereign credit rating to one level above speculative investment grade, or non-investment grade. On 3 April 2017, Standard & Poor's ("**S&P**") downgraded South Africa's local currency credit rating to non-investment grade (BBB-) with a negative outlook due to, among other things, political and economic uncertainty caused by changes in the government cabinet in South Africa. S&P set South Africa's foreign currency credit rating one notch above non-investment grade (BB+) and the long-term local currency rating from BBB – to BBB. In addition, S&P lowered the short-term foreign currency rating from A-3 to B and the short term local currency rating from A-2 to A-3. S&P indicated that the outlook on all long-term ratings is poor. On 7 April 2017, Fitch Ratings Limited ("**Fitch**") followed with a downgrade of South Africa's local currency credit rating from Baa2 to Baa3, to one level above non-investment grade (BB+) with a stable outlook, citing the recent cabinet reshuffle by the president as being likely to cause a change in policy direction. In addition, Fitch downgraded the short-term foreign and local currency issuer default ratings from B to F3. On 9 June 2017, Moody's downgraded South Africa's local currency credit rating to one level above non-investment grade, and assigned a negative outlook. Both Fitch and Moody's have South Africa's foreign currency credit rating at one level above non-investment grade (BB+).

On 24 November 2017, Moody's placed South Africa's local currency debt on review, and Standard & Poor's downgraded South Africa's local currency debt to "junk" status, lowering its rating on debt from BB+ to BB, although it did change its outlook on South Africa's local and foreign currency ratings to "stable".

Further downgrading of South Africa's local credit ratings to non-investment grade status by Moody's or Fitch Ratings may adversely affect Sagarmatha Technologies' business, operating results, financial condition and prospects by making it more difficult to obtain external financing or could result in any such financing being available only at greater cost or on more restrictive terms than might otherwise be available. A further downgrade could also have adverse consequences for the South African economy by resulting in the exclusion of South Africa from global bond indices, which could result in significant outflows of foreign capital and impact consumer demand.

Use of proceeds

The Company has set out the proposed use of the proceeds of the Private Placement in paragraph 17. However, management has considerable discretion and will be using their judgement in applying the proceeds. The use of proceeds is not specific and the Company may change the intended use of proceeds and/or not be able to utilise the proceeds for the purpose intended (for example a potential acquisition may not materialise). The use of proceeds may not be used in a way that would improve the financial performance, position or cash flows of the Company or result in an increase in the Company's share price.

A change to Sagarmatha Technologies' Broad-Based Black Economic Empowerment contributor status may adversely affect Sagarmatha Technologies' businesses

At the date of this Pre-listing Statement Sagarmatha Technologies and the major subsidiaries listed in **Annexure 3**, save to the extent required under any regulatory licence conditions, are not legislatively required to implement initiatives under the South African Broad-based Black Economic Empowerment Act, 53 of 2003, as amended ("**B-BBEE Act**") and are not legislatively subject to a mandatory broad-based black economic empowerment ("**B-BBEE**") compliance threshold.

The Group's significant operations in South Africa, however, mean that its ability to compete for a substantial number of major contracts (including contracts from organs of state and/or public entities, as well as contracts from other private entities that are required to demonstrate transformation progress) or obtain or maintain any regulatory licences in South Africa and thus its ability to operate sustainably is dependent on its transformation progress as measured by their B-BBEE contributor status. The B-BBEE contributor status of the major subsidiaries listed in **Annexure 3** may depend to a greater or lesser extent on the black-ownership status of Sagarmatha Technologies.

Sagarmatha Technologies' relative competitiveness in the market may be adversely impacted by the B-BBEE contributor status levels or black-ownership levels achieved by its competitors. In addition, its own B-BBEE contributor status or measured black-ownership levels, or those of the major subsidiaries listed in **Annexure 3**, may be impacted by legislative or other regulatory changes, or changes to the black ownership status of the holders of Shares. There can therefore be no assurance that Sagarmatha Technologies' current (or prospective) B-BBEE contributor status or black-ownership level is such that it will necessarily enable it to maintain, or improve, its levels of business. Sagarmatha Technologies may incur additional costs to maintain or improve its rating under the B-BBEE Codes or may be restricted from pursuing certain initiatives, or change existing initiatives, which may negatively impact the Group's contributor status, business, or results of operations, and, as such, its financial condition.

RISKS RELATING TO THE PRIVATE PLACEMENT AND/OR SHARES

Liquidity and instability risk

Although the Private Placement Shares will be listed on the JSE, there is no guarantee that an active trading market for the Shares will develop and be sustained after listing. This could have a material adverse effect on the liquidity and consequently the market price of the Shares.

The market price of the Shares may prove to be volatile and is subject to fluctuations, including significant decreases.

The market price of the Shares could be volatile and subject to significant fluctuations due to a variety of factors, some of which do not relate to Sagarmatha Technologies' fundamentals, including changes in general market conditions, the general performance of the JSE, changes in sentiment in the market regarding the Shares (or securities similar to them), regulatory changes affecting Sagarmatha Technologies' operations, variations in Sagarmatha Technologies' results, business developments of Sagarmatha Technologies or its competitors, the operating and share price performance of other companies in the property market, speculation about Sagarmatha Technologies' business in the press, media or the investment community, or changes in the political, social or economic conditions in South Africa and other African countries, as well as other emerging markets. Investments in emerging markets, including in African countries may be subject to unique risks. Furthermore, Sagarmatha Technologies' results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the Shares.

RISKS RELATING TO FUTURE CAPITAL RAISING

Inability to obtain access to additional capital on favourable terms

Sagarmatha Technologies may require additional capital in order to fund future growth and acquisitions. If the Company has insufficient cash from operations, it may seek to issue additional Shares or obtain other forms of funding. The ability of the Company to obtain future additional funding is subject to a number of future uncertainties, including but not limited to the financial performance of the Company, results of operations, cash flows, share price performance, liquidity of international capital markets, government regulations and the state of the industries in which the Company operates.

INDEPENDENT EXPERT OPINION

March 22, 2018

Board of directors
Sagarmatha Technologies Limited
10th Floor, Cape Town Convention Centre
Heerengracht Street
Foreshore
8001

Dear Ladies and Gentlemen,

INDEPENDENT VALUATION REPORT ON SAGARMATHA TECHNOLOGIES LIMITED

1. INTRODUCTION

Sagarmatha Technologies Limited ("**Sagarmatha**" or the "**Company**") has applied to list on the main board of the Johannesburg Stock Exchange ("**JSE**") and in this regard the JSE has requested that an independent valuation of the Company, its subsidiaries, the underlying business units, as well as Sekunjalo Independent Media (Pty) Ltd ("SIM"), which will be acquired on listing date (collectively, the "**Group**"), be undertaken and included in its Pre-Listing Statement ("**PLS**").

Redwood Valuation Partners, LLC ("**Redwood**"), a valuation consultancy based in San Francisco, United States, has been engaged by the board of directors of Sagarmatha ("**Board**") to undertake a valuation of the Group.

Full particulars of the listing of the Group are contained in the PLS to be dated on or about Wednesday, 28 March 2018, of which this report forms part.

2. SCOPE

Sagarmatha is an investment holding company that intends to complete an initial public offering ("IPO") on the JSE and, in connection with these activities, has sought our advice to provide an opinion on the Group's Fair Market Value as defined by IFRS 13 as 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.' Our opinion has been prepared solely for the purpose of assisting you in your compliance with the regulatory requirements of the JSE.

The information set forth herein is as of March 22, 2018. Except as otherwise noted, Redwood assumes no obligation to advise the Group of changes which may subsequently be brought to our attention.

3. RESPONSIBILITY

We understand that the results of our work will be used by the Board for inclusion in the Pre-Listing Statement as required by the JSE.

4. DEFINITION OF FAIR MARKET VALUE

Fair Market Value is defined by IFRS 13 as the "price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

5. SOURCES OF INFORMATION

During our analyses, we were provided with historical, pro-forma and/or forecast financial and operational information regarding the Group. Without independent verification, we have relied upon this data as accurately reflecting the operational results and financial position of the Group. We, as the independent valuation expert, have not audited this data and express no opinion or any other form of assurance regarding their accuracy.

The principal sources of information used in performing our valuation of the Group included:

- The management accounts of the Group for the years ended 31 December 2015 to 2016;
- The audited annual financial statements of the Group for 31 December 2015 to 31 December 2016 financial years;
- The management accounts of the Group for the 12-month period ended 31 December 2017;
- Management's budget for the Group for the year ending 31 December 2018 and the forecast for the financial years ending 31 December 2018 to 2026;
- The Group's listing investor presentation;
- Other financial and non-financial information and assumptions made by management;
- Discussions with management regarding the Group operations, as well as prevailing market, economic, legal and other conditions which may affect the underlying value of the underlying business units;
- Comparative publicly available financial information on suitable peer-listed companies; and
- Publicly available information relating to the industries in which the underlying business units operate that we deemed relevant, including company announcements, analysts' reports and media articles.

6. ASSUMPTIONS

We have arrived at our opinion based on the following assumptions:

- That reliance can be placed on the historical and forecast financial information of the Group;
- The current economic, regulatory and market conditions will not change materially;
- The Group is not involved in any material legal proceedings;
- The Group has no outstanding disputes with any regulatory body, including the South African Revenue Service;
- There are no undisclosed contingencies that could affect the value of the Group; and
- Reliance can be placed on the representations made by management during the course of forming this opinion (extensive engagement with management was undertaken during this process).

7. APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- Considering the historical trends of information and assumptions of the Group and underlying business units;
- Comparing and corroborating such information and assumptions with external sources of information, including *inter alia*, market and industry comparatives, global industry surveys and reports; and
- Determining the extent to which representations from management and other industry experts were confirmed by documentary evidence as well as our understanding of the subsidiaries and the related business units and the economic environment in which the entities and business units operate.

8. PROCEDURES

In arriving at our opinion, we relied upon financial and other information, obtained from management together with industry-related and other information in the public domain. Our conclusion is dependent on such information being accurate in all material respects.

In arriving at our opinion, we have, *inter alia*, undertaken the following procedures:

- Reviewed and analysed the aforementioned financial information on the Group;
- Reviewed the reasonableness of the information made available by and from discussions held with management;
- Where relevant, corroborated representations made by the respective management teams to source documents;
- Reviewed certain publicly available information relating to the business unit that we have deemed relevant; and
- Considered other relevant facts and information relevant to concluding this opinion.

9. VALUATION METHODOLOGY

For our valuation of the Group, we have applied both the discounted cash flow ("**DCF**") and market multiple valuation method as both primary valuation methodologies for the Group.

Key internal value drivers identified in the valuation of the Group include, inter alia:

- revenue growth, earnings before interest, taxation, depreciation and amortization ("**EBITDA**") margins, net profit/loss margins, expected growth rates in revenue and EBITDA, capital expenditure requirements, acquisitions, working capital requirements and optimal weighted average cost of capital.

Key external value drivers identified in the valuation of the Group include, inter alia:

- gross domestic product ("**GDP**") forecasts for the various markets in which the Group operates (and intends to operate), interest rates, inflation forecasts and population demographics and associated income levels ; and
- changes in technology platforms used by consumers could affect the Group's outlook.

The key value drivers as set out above are influenced by various factors, including, *inter alia*:

- the growth opportunities in the industry in which the Group operates; and
- the ability of the subsidiaries (including the underlying business units) and SIM to achieve the forecasted revenue and EBITDA growth. and
- established industry benchmarks were considered and applied to the key value drivers and taken into account in the overall valuation of the Group's business units.

Various sensitivity analyses were conducted, where practical, utilising key value drivers and applying these to the two main valuation methodologies, which included, *inter alia*:

- applying various valuation weightings to the DCF and market multiple approach and considering the impact of this on the overall valuation of the Group;
- applying a range to the discount rates and the exit multiples; and
- applying various key benchmark multiples.

Sensitivity analyses were conducted, where practical, utilising key value drivers, which included, inter alia, a variance range of a 5.0% (up and down) relative change in the discount rate applied and a variance range of a 5.0% (up and down) relative change in the exit multiple and the long-term growth rates applied in the DCF. The analysis resulted in a variation range on the calculated value of the Group of a negative 5.1% (on the downward adjustment) and a positive effect of 5.4% (on the upward adjustment) based on adjustments to the discount rate, and a variation range on the calculated value of the Group of a negative 1.9% (on the downward adjustment) and a positive effect of 2.0% (on the upward adjustment) based on adjustments to the exit multiples and long-term growth rates. For clarity sake and as a hypothetical example, a sensitivity analysis using a 5.0% relative change on a 20.0% discount rate would test the discount rate at 19.0% and 21.0%. Likewise, a sensitivity analysis using a 5.0% relative change on a 10.0x Enterprise Value ("EV")/Revenue exit multiple would test the exit multiple at 9.5x EV/Revenue and 10.5x EV/Revenue.

The results of the sensitivity analyses and deviation metrics are reflected in the valuation range for the Group as set out in section 11 below.

10. REASONABILITY

We believe that the valuation to be reasonable. Our valuation has taken into account applicable valuation factors and was performed by persons with significant, appropriate and applicable knowledge, experience and training.

Any events subsequent to the valuation may modify or render inapplicable the valuation.

The valuation shall not be considered to be reasonable if it is i) more than six (6) months old or ii) if a material event has occurred that has impacted the underlying value of the Group. A material event, for example, in the context of an early stage company, may be a round of funding with new terms, a technological breakthrough or setback, the signing of a significant contract or loss of a customer, or the addition or mitigation of the risk listed in this letter.

11. OPINION

Our opinion is based on the current economic, market, regulatory and other conditions and the information made available to us up to 28 February 2018. Accordingly, subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm, as stated herein.

Based upon the analysis described in this letter it is our opinion that the Fair Market Value of the Group is within the range of R38.14 per share and R42.16 per share.

12. LIMITING CONDITIONS

This opinion is provided to the Board in connection with its listing on the JSE

The forecasts relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently, this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely actual results will correspond to those forecasted for the Group.

We relied upon the accuracy of the information used by us in deriving our opinion, albeit that, where practicable, we have corroborated the reasonableness of such information and assumptions through, amongst other things, reference to historic precedent and our knowledge and understanding. Whilst our work has involved an analysis of the annual financial statements, forecasts and other information provided to us, our engagement does not constitute nor does it include an audit conducted in accordance with applicable auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us.

The opinion expressed is necessarily based upon information available to us, the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us as at the date hereof. Subsequent developments may affect our opinion; however, we are under no obligation to update, revise or re-affirm such.

Very truly yours,

David Pezeshki, CFA, CPA
Redwood Valuation Partners, LLC
Managing Partner

SAGARMATHA

Sagarmatha Technologies Limited
(formerly African Technology and Media Holdings Proprietary Limited)
(Incorporated in South Africa)
(Registration number 2013/181904/06)
JSE share code: SGT
ISIN: ZAE000252334
("**Sagarmatha Technologies**" or "**the Company**")

PRIVATE PLACEMENT APPLICATION FORM

*The definitions and interpretations commencing on page 10 of the pre-listing statement to which this Application Form is attached ("**Pre-listing Statement**") apply mutatis mutandis to this Application Form.*

This Application Form should be read in conjunction with the Pre-listing Statement.

TO BE COMPLETED BY INVITED INVESTORS ONLY

Sagarmatha Technologies is, in conjunction with the Listing, undertaking the Private Placement, involving an offer to Invited Investors to subscribe for Private Placement Shares in Sagarmatha Technologies at the Private Placement Price of R39,62 per Private Placement Share, such placement to be implemented by issuing up to 189 298 334 new Shares to Invited Investors.

Successful applicants will be advised of their allocations of Private Placement Shares by Tuesday, 3 April 2018, with the allocated Private Placement Shares thereafter being transferred, on a "delivery-versus-payment" basis, to successful applicants on the settlement date, which is expected to be Friday, 6 April 2018.

Invited Investors are referred to the terms of the Private Placement, as detailed in section four of the Pre-listing Statement.
In addition, please refer to the instructions overleaf before completing this Application Form.

Dematerialised Shares

The allocated Private Placement Shares will be transferred to successful applicants in Dematerialised form only. Accordingly, all successful applicants must appoint a CSDP directly, or a Broker, to receive and hold the Dematerialised Shares on their behalf. Should a Shareholder wish to obtain a physical share certificate for its Shares, it may do so following the Listing and should contact its CSDP or Broker in this regard.

As allocated Private Placement Shares will be transferred to successful applicants on a "delivery-versus-payment" basis, payment will be made by your CSDP or Broker on your behalf.

Invited Investors should complete this Application Form in respect of the Private Placement and hand deliver or email it to:

If delivered by hand or by courier:	*If emailed:*
Attention: Shaun Naidoo **Vunani Capital Proprietary Limited** 3rd Floor, Wesbank Centre 9 Long Street Cape Town 8001	snaidoo@vunanicapital.co.za

This Application Form must be received by no later than 17:00 on, Thursday, 29 March 2018.

Invited Investors must contact their CSDP or Broker and advise them that they have submitted the Application Form as instructed above. Pursuant to the application, Invited Investors must make arrangements with their CSDP or Broker for payment to be made as stipulated in the agreement governing their relationship with their CSDP or Broker, in respect of the Private Placement Shares allocated to them in terms of the Private Placement by the settlement date, expected to be Friday, 6 April 2018.

Conditions Precedent to which the Private Placement and the Listing is subject:

The Private Placement is subject to the Company having satisfied the Listings Requirements regarding the spread of public shareholders, being a minimum of 20% of the issued Shares being held by public shareholders; a minimum of R3 billion being raised in terms of the Private Placement and to the publication of the reviewed provisional financial statements of Sagarmatha Technologies for the year ended 31 December 2017 on SENS prior to the Listing Date.

If the conditions fail, the Private Placement shall not be of any force or effect and no person shall have a claim whatsoever against the Company, the Company's advisors, their respective affiliates or any other person as a result of the failure of the condition.

Reservation of rights

a) The Board reserves the right to accept or refuse any application for Private Placement Shares, either in whole or in part, or to reduce any or all application(s) (whether or not received timeously) in such manner as it may in its sole and absolute discretion determine. Furthermore, the Board may accept or reject, in whole or in part, any application should the terms contained in the Pre-listing Statement, of which this Application Form forms part, and the instructions herein not be properly complied with.

b) Only persons who fall within any of the categories envisaged in section 96(1)(a) of the Companies Act or who purchase or subscribe for Private Placement Shares, the acquisition cost of which is not less than R1 000 000 per single addressee acting as principal (as contemplated in section 96(1)(b) of the Companies Act), are entitled to participate in the Private Placement.

c) The Board will have a sole discreation in the allocation of Private Placement Shares.

To the Directors:

SAGARMATHA TECHNOLOGIES LIMITED

1. I/We, the undersigned, confirm that I/we have full legal capacity to contract and, having read the Pre-listing Statement, hereby irrevocably apply for and request you to accept my/our application for the undermentioned value to subscribe for Private Placement Shares at the Private Placement Price under the Private Placement set out below to which this Application Form is attached and in accordance with the terms and conditions set out therein and that may, in your absolute discretion, be allocated to me/us.
2. I/We wish to receive my/our allocated Private Placement Shares in Dematerialised form and will deliver this Application Form to Vunani and will provide appropriate instructions to my/our CSDP or Broker, as the case may be, with regard to the application herein and the payment thereof, as stipulated in the agreement governing my/our relationship with my/our CSDP or Broker, as the case may be. I/We accept that payment in respect of this application will be, in terms of the Custody Agreement entered into between me/us and my/our CSDP or Broker, as the case may be, on a "delivery-versus-payment" basis.
3. I/We understand that the Listing and Private Placement are subject to the Conditions Precedent detailed in the Pre-listing Statement and in this Application Form and that, should any of the Conditions Precedent fail, the Private Placement and any acceptance thereof shall not be of any force or effect and that I/we will not have any claim whatsoever against Sagarmatha Technologies or any other person as a result of the failure of the conditions.
4. I/We hereby declare that the information furnished in the Application Form is true, complete and accurate to the best of my/our knowledge and belief and I/we undertake to inform Sagarmatha Technologies forthwith should any changes thereto occur prior to the Listing Date. I/we further understand that Sagarmatha Technologies will rely on the information provided by me/us in the Application Form.

Signature	Date 2018
Telephone number ( )	Cell phone number
Assisted by (where applicable)	
Surname of individual or name of corporate body	Mr
	Mrs
	Miss
	Other title
Full names (*if individual*)	
Postal address (*preferably PO Box address*)	Postal code
Telephone number ( )	
Cell phone number	
Email address	
Number of Private Placement Shares applied for	
Total value of Private Placement Shares applied for (*calculated by multiplying the number of Private Placement Shares applied with the Private Placement Price of R39,62 per Private Placement Share*)	R

Required information must be completed by CSDP or Broker* with their stamp and signature affixed hereto

CSDP name	
CSDP contact person	
CSDP contact telephone number	
SCA or bank CSD account number	
Scrip account number	
Settlement bank account number	
Stamp and signature of CSDP or Broker	

Note: * *If an applicant has more than one account, please attach a separate schedule with all relevant details.*

Instructions

1. **Applications are irrevocable and may not be withdrawn once submitted.**
2. CSDP's and Brokers will be required to retain a copy of this Application Form for presentation to the Directors, if required.
3. Applicants should consult their Broker or other professional advisor in case of doubt as to the correct completion of this Application Form.
4. Applicants need to have appointed a CSDP or Broker and must advise their CSDP or Broker in terms of the Custody Agreement entered into between them and their CSDP or Broker. Payment will be made on a "delivery-versus-payment" basis.
5. No payment should be submitted with this Application Form to Sagarmatha Technologies or Vunani.
6. If payment is dishonoured, or not made for any reason, Sagarmatha Technologies may, in its sole discretion, regard the relevant application as invalid or take such other steps in regard thereto as it may deem fit.
7. No receipts will be issued for Application Forms, application monies or any supporting documentation.
8. All alterations on this Application Form must be authenticated by full signature of the applicant and his CSDP or Broker.
9. As allocated Private Placement Shares are being transferred to successful applicants on a "delivery-versus-payment" basis, no payment will be required to be made if the Private Placement or the Listing is not successful.

PLEASE REFER TO THE DETAILED TERMS AND CONDITIONS OF THE PRIVATE PLACEMENT, AS SET OUT IN SECTION FOUR OF THE PRE-LISTING STATEMENT.