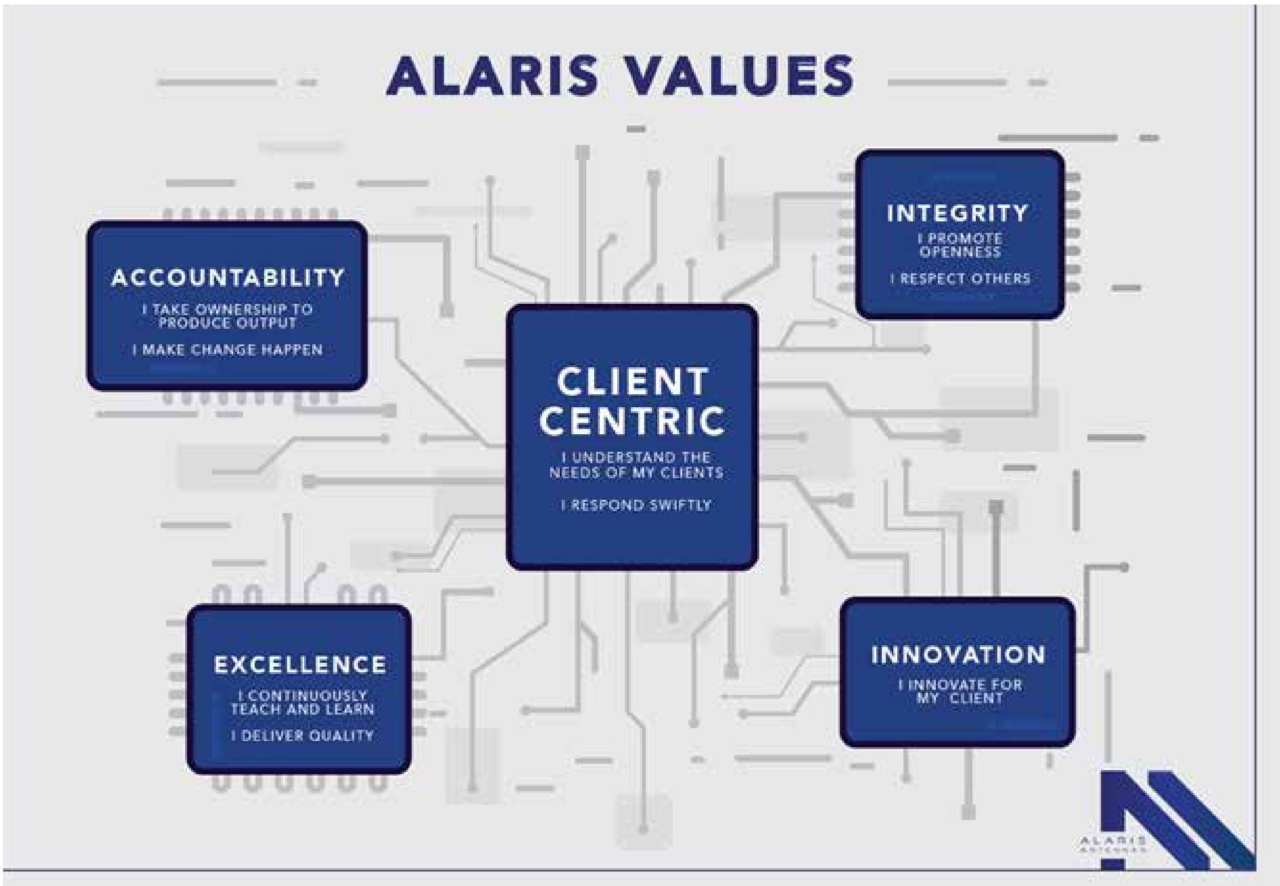
ALARIS
HOLDINGS

intergrated annual report 2016

Our Vision

Be a leading global radio frequency (RF) technology holding Group by investing in RF related technology companies.
Extracting the core aspects from Alaris' vision statement best describes the nature and **VALUES** of the Company:



Our Mission

The mission of Alaris Holdings is to invest and grow in global RF technology companies, which inter-operate as innovative bespoke product and solution design factories for their partners and apply common business models.

What we are all About

Alaris Holdings Limited is a technology holding company listed on the JSE AltX since July 2008.

The Alaris Group consists of:
Alaris Antennas which designs, manufactures and sells specialised broadband antennas as well as other related radio frequency products. Its products are used in the communication, frequency spectrum monitoring, test and measurement, electronic warfare and other specialised markets. Clients are located across the globe, mostly outside of South Africa (the Americas, Europe and Asia). Its clients are system integrators, frequency spectrum regulators and players in the homeland security space.

COJOT was founded in 1986 and is located in Espoo, Finland. The company has 30 years of experience in the design, development and manufacture of innovative antenna products, serving military and public safety markets globally. The Company develops innovative broadband antennas to improve connectivity, coverage and competitiveness of radio equipment which is deployed to save lives and protect property.

Aucom which provides end–to–end turnkey solutions for radio and TV broadcasters. It designs, sells, implements and maintains integrated broadcasting systems. It has specific expertise in digital compression platforms for Digital Terrestrial Television (DTT), Direct to Home (DTH) and Internet Protocol Television (IPTV), signal distribution, multiscreen as well as over-the-top (OTT) systems. It is well positioned to assist broadcasters with the migration to digital television and radio services and has implemented several conversions to date.

About this Report

Alaris Holdings Limited's 2016 integrated annual report provides relevant information relating to the economic, environmental, social activities and financial issues of the Group for the year ended 30 June 2016. The content and structure of this report conforms to the recommendations and the principles laid out in the King III report, and complies with the South African Companies Act, 2008 (Act 71 of 2008), as amended ("Companies Act"), the Listings Requirements of JSE Limited ("JSE") and the International Financial Reporting Standards. Commentary has been provided to explain the reasons for certain principles in King III not being fully complied with.

It provides an account of the Group's progress to date and offers a forward-looking perspective in terms of future goals, targets and strategies. It aims to provide a transparent, balanced and holistic view of the Group's performance.

The report summarises key aspects of the Group and provides a strategic overview of the activities within the Group. The underlying strength of the report is the commitment to corporate governance and ethical behaviour.

Board responsibility for integrated annual report

The board of directors of Alaris ("The Board") acknowledge responsibility for the integrity of the integrated annual report. The directors have applied their minds to the report and believe that it covers material issues and fairly presents the consolidated performance of the Group, with the understanding that further work is needed to identify, describe and measure key performance indicators in each area of its activities.

The Board therefore approves the release of the 2016 integrated annual report.

An electronic version of this integrated annual report is available on the Alaris website:

www.alarisholdings.co.za

Client Centric

Integrity
Pages 4 - 11

Business Processes 4
Governance Team 10

Innovation
Pages 11 - 25

Strategic Review 12
Chairman's Review 14
CEO's Review 16

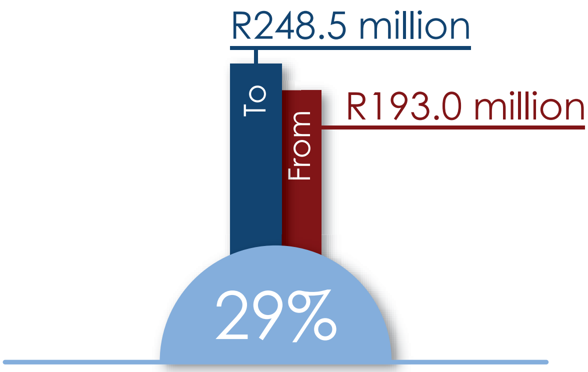
Excellence
Pages 26 - 35

Corporate Governance 18
King III application 25
CFO Review 28
Financial Overview 32
Shareholders Analysis 35
Assurance 37

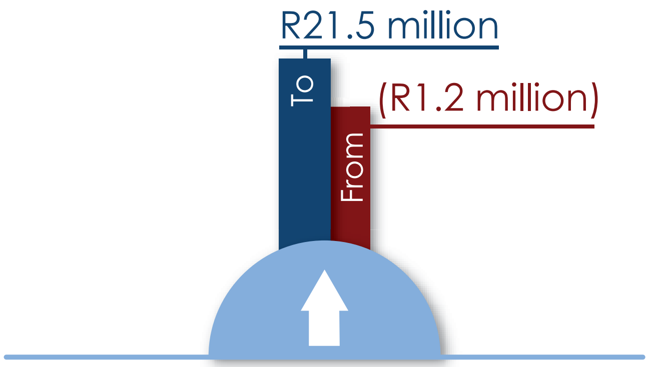
Accountability
Pages 36 - 112

Annual Financial Statements 38
Notes to the Annual Financial Statements 64
Notice of Annual General Meeting 96
Form of Proxy (Attached)
Election Form (Attached)
Corporate Information IBC

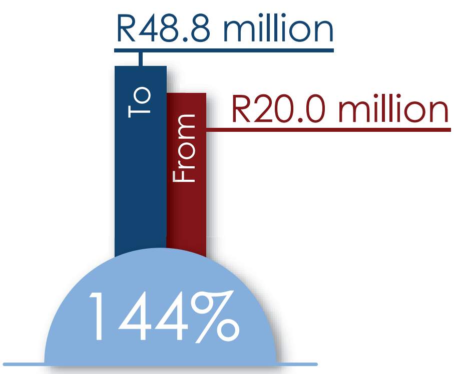
Highlights



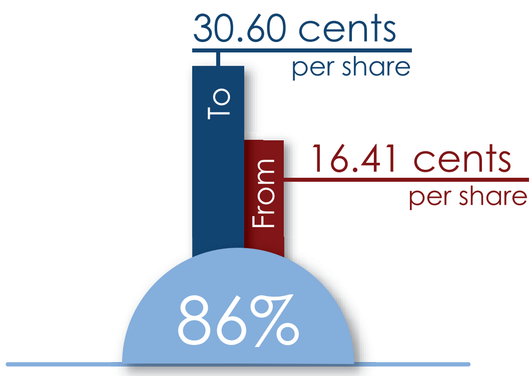
REVENUE FROM CONTINUING OPERATIONS



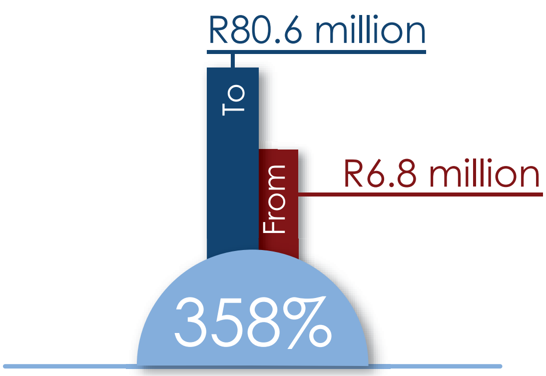
PROFIT AFTER TAX FROM CONTINUED OPERATIONS



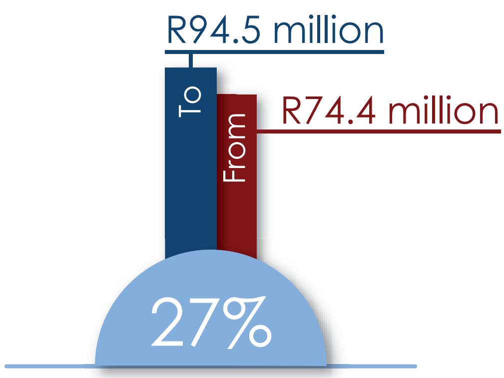
NORMALISED EARNINGS



NORMALISED EARNINGS PER SHARE



CASH GENERATED FROM OPERATIONS



CASH AND CASH EQUIVALENTS

Overview

ALARIS
HOLDINGS

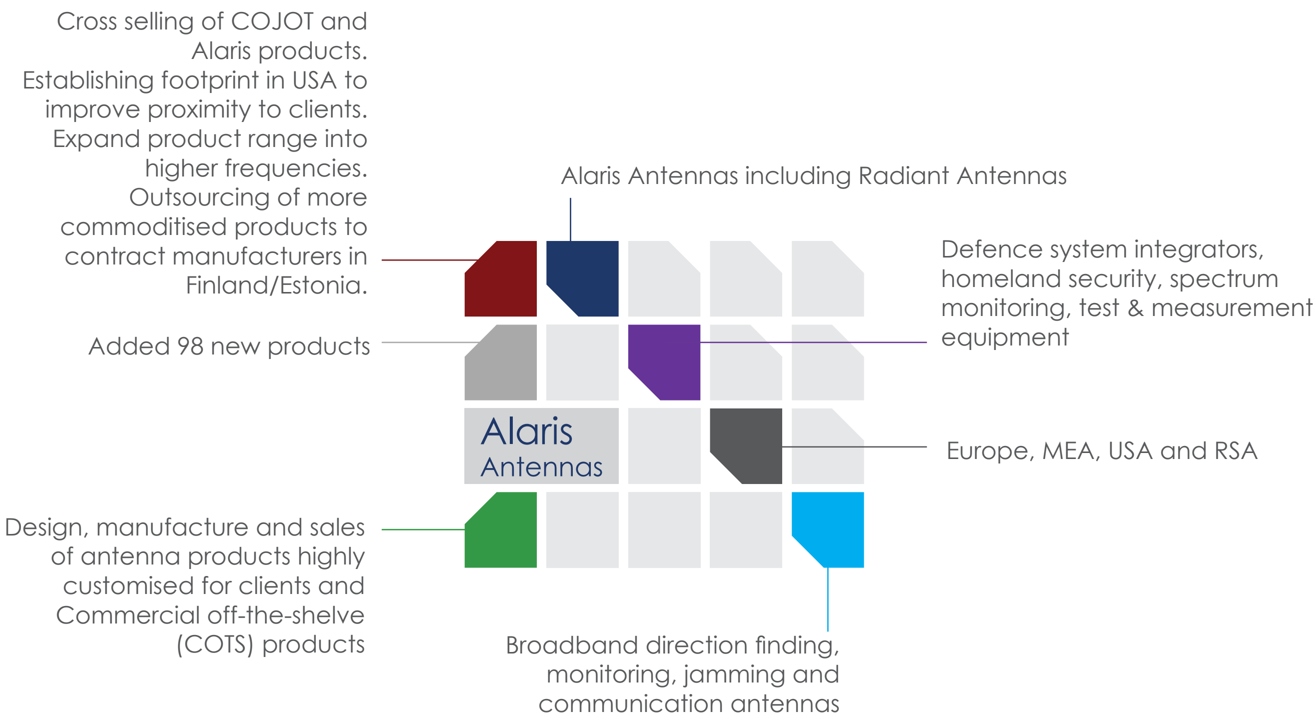
Alaris Antennas	African Union Communications	COJOT
ALARIS ANTENNAS	AFRICAN UNION COMMUNICATIONS	COJOT MORE THAN ONE WAVELENGTH

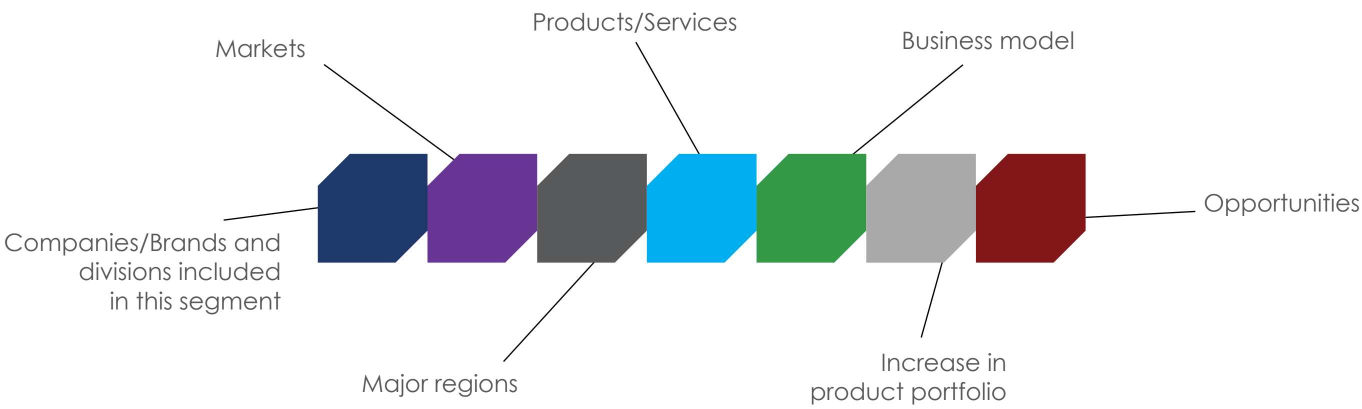
Business Processes

What we do

The Group simplified its structure by disposing of the Compart businesses, which specialise in commercial antennas, in December 2014, resulting in a more profitable and focused Group. It is important to note that the remaining businesses have the DNA and innovation which the Group is known for and in which we have built a track record of innovating profitably. The Group is now positioned around what it is good at. The Group remains focused on achieving growth (organic and acquisitive) and improving profitability in the near term.

The continuing operations are divided into four operating segments, namely Alaris Antennas, COJOT, Aucom and "Corporate and consolidations"



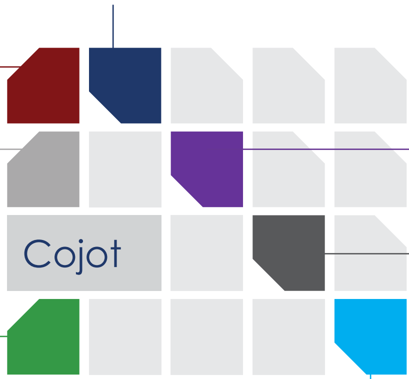


Larger product portfolio to offer to customers.
Cross selling of COJOT and Alaris products.
New product development released into market.

Product portfolio integration on a Group level contributed 124 products.

Design, manufacture and sales of antenna products highly customised for clients and COTS products

COJOT



Defence system integrators, homeland security, spectrum monitoring, test & measurement equipment

Europe, MEA and USA

Broadband antennas with improved connectivity, coverage and competitive performance.

Assist broadcasters with migration to digital TV and radio across Africa.
Target private content providers and broadcasters.
Increase SLA contracts to improve annuity revenue.

Added 2 new product suppliers

Design system, source equipment and implement/integrate for customers

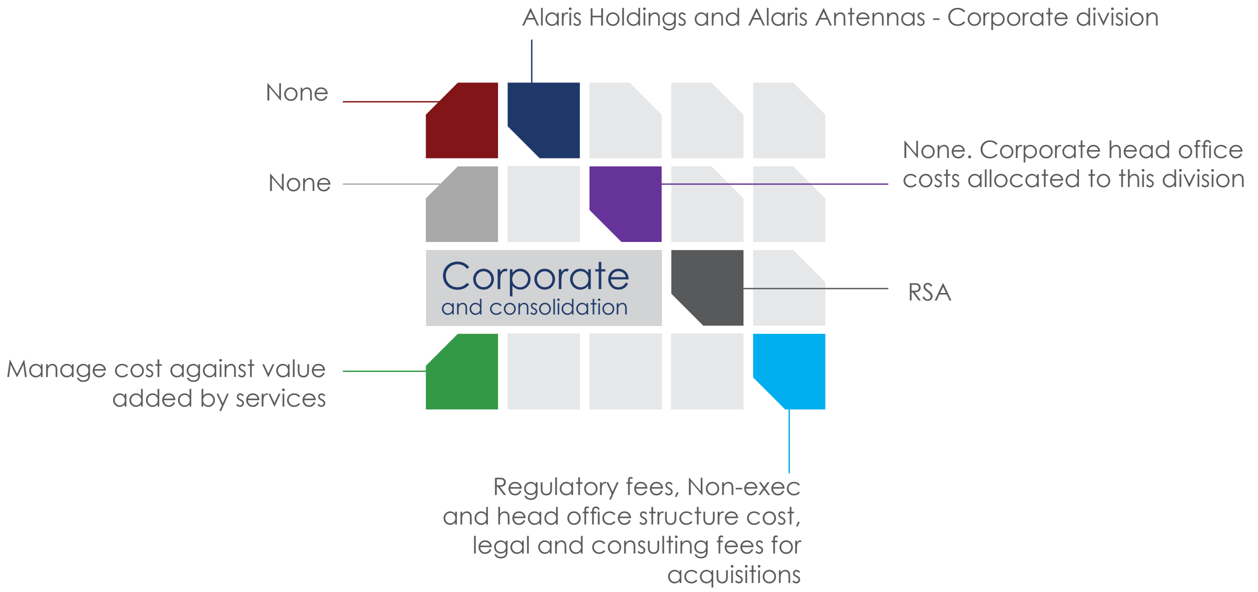
African Union Communications (Aucom)

TV and Radio Broadcasters, telecommunications and IP platform operators

RSA and rest of Africa

Supply and integration of end-to-end turnkey systems for digital multimedia platforms

Business Processes



WHERE WE OPERATE

Alaris' corporate offices are currently in the Gauteng province of South Africa.

The Alaris Antennas business has numerous distributors based around the world. We supply system houses with specialised antennas. This is primarily through systems integrators and manufacturers who use custom-designed antennas as part of their product offering, and these constitute a valuable sales channel with good sustainability.

The COJOT offices are located in Espoo, Finland. The company outsources its manufacturing to companies in Finland and Estonia.

The Aucom business has relationships with a number of world leading equipment manufacturers and acts as a system integrator for broadcasters throughout Africa.

Major operations

Alaris Antennas 1 Travertine Avenue N1 Business Park Centurion, 0157 South Africa	**COJOT** PL 59 02271 Espoo Finland	**African Union Communications (Aucom)** 394 Cliff Avenue Waterkloof Ridge X2 Pretoria South Africa

UNDERSTANDING OUR STAKEHOLDERS' INTERESTS

Stakeholder	Requirements	Engagement	Challenges	Status
Investors and shareholders	Generate sustainable returns for investors	Investor relations Financial results reporting and discussions Annual general meeting Individual engagements Clear strategy	Continuously delivering profitable growth	Substantial growth in earnings and increase in global footprint which should enable future growth opportunities
Clients	Our clients expect speedy response to requests by offering technical knowhow of innovative system solutions and system components, giving them the competitive edge	Understand client requirements by regular engagement with the client and offering applicable technical solutions that address the needs of the customer through product / solution development	Providing top quality innovative antennas and integrated multimedia systems at a market related price and within reasonable timeframes and at the desired quality	COJOT customer list adds potential cross selling opportunities for both companies' teams. Large opportunities in Africa for digital migration projects have been identified
Partners	The distributors of our products require innovative solutions and technical support	High level communications and active day to day support	Ensuring that the distributors remain the leaders in the market place and expanding our global footprint	The Group has shown a steady increase in distributors and partners who actively promote our products
Employees	Ensuring personal growth	Strong emotional support and leadership interaction	Retaining key employees and scarcity of engineering skills in South Africa	Competency and company culture campaign. Regular internal and external training programs including supervisor and management training. Product training on COJOT and Alaris products across the teams
	Inspiring and innovative platform for individuals to grow	Schedule training programs and social interaction		
	Being the employer of choice in our industry	Offer employee benefits, job security and internal career advancement		
Industry players	Being the preferred antenna and broadcasting company	Attending worldwide trade shows, offering effective and innovative antenna designs and system solutions	Ensuring that we are the leaders in the market	Attending worldwide trade shows and adding various products to both companies' portfolio
Suppliers	Ensuring accurate orders and timely payments	Quality engineers visiting supplier premises and engaging in discussions when new materials are required	Ensuring that suppliers supply quality products at reasonable prices timeously	Quality team expanded to include focus on supplier audits to ensure quality products delivered on time

Business Processes

Stakeholder	Requirements	Engagement	Challenges	Status
Community	Uplifting the community with social development programs	Staying abreast of community concerns and providing a platform for education	Ensuring that the community experience our company as a responsible citizen; adding value to the community and environment	Involved in "giveITback" PC lab and setting up a solar powered training college for rural youth development. Donated food to Jacobs Well.
Government and regulators	Complying with regulations	Meeting with relevant officials and regulators on a regular basis and actively staying involved in discussions regarding changes in regulations	Ensuring compliance as well as keeping abreast of developments	The Group is audited on a regular basis by independent third parties to ensure the required levels of compliance are maintained

WHAT IS OUR DNA?

Alaris Holdings

1. Technology holding that invests horizontally to exploit its knowledge in terms of "more of the same":
    - Offering of services / products.
    - Focus on system houses.
    - Focus on client intimacy.
    - Technology innovation to stay ahead of market and support clients (give our clients a competitive edge).

Alaris Antennas

1. Provide customer solutions through innovative bespoke product design.
2. Provide competent technical advice by understanding our clients' needs
3. Excellent service through rapid response
4. Wide product offering with flexibility to customer needs

COJOT

1. Provide customer solutions through innovative bespoke product design
2. Provide competent technical advice by understanding our clients' needs
3. High quality of products designed for outsource manufacturing
4. Excellent service through rapid response

Aucom

1. Design end-to-end turnkey system solutions.
2. Provide competent technical advice and excellent service.
3. Involved in product specification process with partners (shaping opportunities).

MODERATING OUR BEHAVIOUR

Ethics

Alaris has always employed a multi-cultural employee team and engaged with customers and suppliers from a variety of cultures. Alaris considers racism, sexism and other forms of discrimination entirely unacceptable. This is communicated via our company policies and culture. Management ensures prompt reaction to eliminate any contradictory behaviour.

The Board constantly considers the short and long-term impacts of Alaris' strategy on the economy, society and the environment. Where possible our products are designed to ensure that the natural environment is not compromised.

All employees of the Group are required to maintain the highest ethical standards in ensuring that the Group's business practices are conducted in a manner which, in all circumstances, is above reproach. The responsibility of the Social and Ethics committee is to ensure that Alaris and its employees act in a responsible manner so as to be a good corporate citizen. Strict codes of conduct are in place to ensure that an honest and credible working environment is created and sustained.

Executive directors of the Group and its subsidiaries are required to confirm in writing on an annual basis that they are not aware of any corruption or bribery that transpired in the day-to-day operations of the Group.

Employees are regularly reminded that any suspicions of fraud or unethical behaviour can be reported to the chairman of the board or the Audit & Risk committee chairperson. Such concerns can also be reported to the Group CEO and Group CFO.

The impact of Alaris' decisions on internal and external stakeholders is monitored on a constant basis and feedback is investigated and resolved where possible.

Risk

The Board is ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong controlled environment. To enable the Board to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner.

Risks are assessed on an on-going basis by management and any significant changes are discussed. Pre-emptive decisions are taken when risks are identified to minimise the impact of these risk factors on the economic, social and environmental responsibilities of Alaris.

Remuneration

The Group's remuneration policy is in-line with Alaris' strategies. Target incentives, which are reviewed and approved by the remuneration committee, are in place to ensure that exceptional employees are rewarded for their efforts in a controlled and authorised manner.

A new Share Incentive Trust was created during the previous financial year where share options are allocated to certain staff as a mechanism to retain key staff.

Governance

The Company is committed to on-going and effective communication with stakeholders. It subscribes to a policy of sound corporate governance and open and timeous communication in line with JSE Listings Requirements

Governance Team

1 - Coenraad Petrus Bester

2 - Juergen Dresel

3 - Pieter Nicolaas de Waal

4 - Villiers Joubert

5 - Richard Charles Willis

6 - Gisela Therese Heyman

7 - Andries Mellet

Coenraad Petrus Bester (60)

BSc Eng (Elec) (UP) BSc Eng (Elec) Hons (Potch)
MBA (UP), OPM (Harvard Business School)
Independent Non-executive Chairman

Coen initially lectured in the faculty of Electronic Engineering at Potchefstroom University. From there he went on to become the founder and CEO of two companies. Following the sale of the second company to a listed entity, he founded BrainWorks Management in 1999. Amongst his responsibilities, he acts as mentor to a number of high-technology companies in the information, communications and electronics markets and serves on the boards of a number of such companies. Coen earned an Electronic Engineering Degree from the University of Pretoria and an Honours Degree in Electronic Engineering at the University of Potchefstroom. He completed an MBA at Pretoria University and an OPM course at Harvard Business School.

Juergen Dresel (49)

Diplo.Ing. (TU Munich) MSc Eng (Elec) (Wits)
Chief Executive Officer

Executive Director: Managing Director Alaris Antennas Juergen completed his IT and Telecommunication studies with a Dipl. Ing degree at the Technical University of Munich, Germany in 1993. In 2000, he completed an MSc in electrical engineering at Wits University. Juergen started his engineering career with work that comprised antenna design and development in the frequency range from 10 kHz up to 6 GHz, antenna placement simulations, and project management. In 2005, Juergen took over the management of the defence section of Alaris Antennas where he concentrated his efforts on management and sales of large Defence-related projects.

Pieter Nicolaas de Waal (41)

BScEng(Mech) (Stell) MBA (Navarre)
Non-Executive Director

Nico began his career as an engineer with Baker Hughes Inc. (USA) in Scotland and the Middle East in the oil and gas exploration industry (1998-2000). He then specialised in strategy and operations work as a management consultant at McKinsey & Co. (2001-2007) and at SAB Miller (2008-2010). Nico joined the PSG Group in 2011 and is currently the Chief Executive Officer of PSG Private Equity.

Villiers Joubert (54)

BIng (Elec) (UP)
Executive Director : Managing Director Aucom

Villiers has over 27 years of experience in the broadcast and satellite communication industry. Villiers is currently the Managing Director of African Union Communications Proprietary Limited, a major subsidiary of Alaris. After qualifying with a B Ing Electronics from the University of Pretoria, he worked for the SABC and proceeded to hold management positions in some of the leading private sector companies in the broadcast and satellite communication industry in South Africa.

Richard Charles Willis (47)

CA (SA)
Non - Executive Director

Richard qualified as a Chartered Accountant in 1994 after having completed his articles at Deloitte. Since then Richard has occupied various positions, both locally and internationally, including chief operating officer of Standard Private Bank and Melville Douglas and financial director of Virgin Money South Africa. Currently Richard is chief operating officer at Clive Douglas Investments Proprietary Limited.

Gisela Therese Heyman (37)

CA (SA)
Executive Director: Financial Director

Gisela qualified as a Chartered Accountant in 2005 after completing her articles with Deloitte. She started her corporate career as group accountant with Datacentrix, a complete ICT systems integrator, listed on the JSE. She spent the last three of the seven years with Datacentrix as the Group Financial Manager in charge of the full financial function. Subsequently, she was appointed as Financial Director of G4S Secure Solutions, a multinational UK listed organisation in the security industry. Her responsibility spanned from finance with strict working capital management to IT – and ERP systems, legal, company secretarial, procurement and logistics. She brings with her experience in finance, information systems and operations.

Andries Mellet (33)

CA (SA)
Alternate Non-Executive Director

Dries qualified as chartered accountant after completing his articles with PWC and has been working for the PSG Group since 2010. Dries was Financial Director of mCubed Holdings Limited from October 2010 to February 2011 and Capevin Holdings Limited from April 2012 to November 2013. Dries is part of the PSG Private Equity team that invested in Alaris in December 2013. Dries has since been involved as Alaris non-executive board member, Group COO and joined the Board again on 8 October 2015 as alternate non-executive director.

Strategic Review

Alaris Antennas' clients require products that are designed to their specifications, which are often integrated into systems offered by leading international system houses, and as such offer long-term secure revenues. Alaris' vision is to be the global, world class trusted antenna and RF subsystem partner to its customers, and its mission is to deliver innovative, customised, high quality antenna and related RF product solutions to global RF system integrators speedily through technical and service excellence.

COJOT is a well-respected and long established Finnish company that designs and develops omnidirectional VHF/UHF/SHF wideband antennas and accessories for mobile tactical communication, electronic warfare and spectrum monitoring applications. COJOT has established a first class reputation for delivering field proven quality equipment on time. It is the expertise and experience in wideband antennas that has made COJOT a recognised and trusted source for supplying reliable and durable antenna equipment to some of the most demanding environments throughout the globe.

With communication needs intensifying, the requirement for wider bandwidth in both military and civilian RF systems is increasing. Motivated by this need, COJOT's years of design, development and manufacturing experience has enabled the company to offer the highest technological excellence to protect lives and property in the most hostile environments throughout the globe.

Aucom's vision is to render advanced digital multimedia systems to South Africa and Africa at competitive pricing and establish itself as the market leader in Sub-Saharan Africa. Its mission is to deliver cost effective end-to-end turnkey system solutions by providing competent technical advice and excellent service.

The Group is striving to ensure that it is recognised as the preferred supplier of innovative RF products and multimedia system solutions both locally and internationally.

The Group and its employees are committed to act honestly, fairly, ethically and with integrity and to conduct themselves in a professional, courteous and respectful manner, as well as to create an environment of responsibility and accountability.

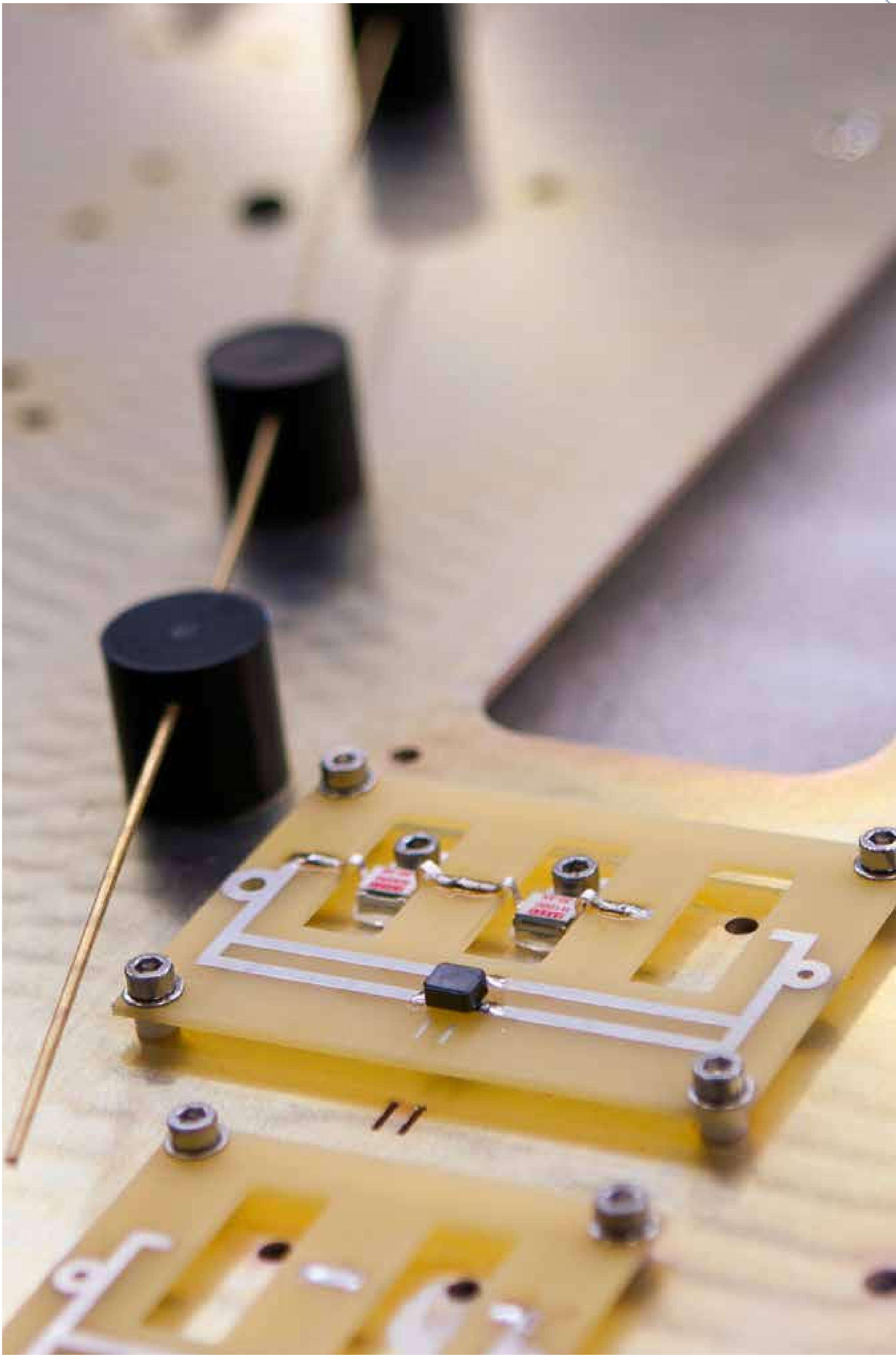
International acceptance and demand for our products is growing and we are developing a broader customer and product base.

The turnover of the Group has grown significantly with Alaris Antennas providing revenue growth of 33% and Aucom increasing revenue by 11%. COJOT was consolidated into the Group results for 2 months adding R14.8 million to the revenue for the year. The focus will be on internal efficiencies and profitability and cross selling of COJOT and Alaris products to existing and new customers.

The Board is of the opinion that we can continue to grow through the investment in new products, mergers and acquisitions and the expansion of international market access and/or product areas.

The following strengths and opportunities will give us an advantage over our competitors and will give us the opportunity to grow:

STRENGTH Need to capitalise on	**WEAKNESS** Need to shore	**OPPORTUNITY** Need to invest in	**THREAT** Need to identify
JSE AltX listed since 2008 resulting in steadily maturing organisation	Subsidiaries not operating in same market space, resulting in misaligned strategies impacting focus	Territorial growth and existing market intensification	Not very liquid share
Strong Balance sheet – Cash available for investment	Low return on investment of R51million preference share held by PSG due to delay in acquisitions	Improved investor relations	Market perception of performance of Aucom vs accounting treatment of investment
Aucom brings different market and strategy – diversifying the market risk of the Group		Technological innovation to stay ahead of market	Share price weakness could impact on acquisition deal structures
Profit growth of Alaris Antennas (CAGR 25% for the past 10 years)		Blueprint Alaris Antennas to acquisitions (more of the same)	Economic unstable environment i.e. Rand fluctuations, junk status, supply chain
Territorial diversification through Acquisition of COJOT		Cross selling and integration of COJOT	



Chairman's Review

"Life is too short to build something nobody wants" - Ash Maurya, author of Scaling Lean.

Why are most of us intrigued, motivated and inspired to be involved in business? When we consider the extraordinary amount of time we spend on business matters versus personal priorities, it is a question that begs an answer to comfort us that we are not completely out of balance (or insane?). The meaningful answer will probably be different to each of us (since we are all insane in our unique ways), but when I reflect about Alaris in this context, the dynamic nature of the business is certainly part of this equation. No two years are the same; no two half-years are the same (recall our half-year results?), and every week brings new challenges and opportunities. You have to be on your toes to thrive here!

The great news to stakeholders of Alaris is that on balance, by far, most of what happened during the recent financial year, was good for our business - we won more opportunities than we lost, signed up more new customers than we bid farewell to, and grew the business significantly. Our global physical footprint further expanded through the successful acquisition of Cojot in Finland, and our new products grew almost exponentially. We settled past differences with possible acquisition candidates and are in the best cash position we have ever been. Due to our global focus, we were on the winning side of the volatility of the Rand.

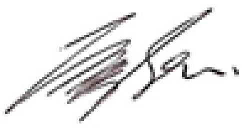
This may sound like a fairy tale, and we are certainly humbled by how privileged we are to have experienced a year like this. However it did not just come our way. It took an above average effort from each and every employee. When leaders lead from the front and walk their talk, followership takes on a new dimension. This was the first full financial year for Juergen Dresel as Group CEO, and I would like to congratulate him with the excellent set of results. He was amply supported by the MD of Aucom, Villiers Joubert, and their respective executive teams.

With the acquisition of Cojot under the belt and Aucom fully on board after its earn-out period, we can now place new emphasis on our strategy of further globalising the business. Both our vertical markets, specialised antennas and digital broadcasting, offer significant growth opportunities via organic growth and niche acquisitions.

Make no mistake - we face our own set of challenges. Recruiting and keeping the best talent is a global headache. The relentless pressure on margins requires that we optimise our supply chains, while the "zero defect" expectation of modern day customers demand of us to set quality standards ever higher. We are a proudly South African company, and are committed to social transformation. This is especially challenging in the high-tech space. We are in business to win, and we are confident in our people to find solutions to meet these demands.

It has been an absolute pleasure to work with the Alaris Holdings board. We are now reaping the benefits of having been together for a relatively long time and are aware of each other's strengths and weaknesses. We engage in open, direct and honest debate, and always focus on the best interests of the Group.

Reflecting on the above, I conclude that my excitement about Alaris lies in the fact that we are indeed building something that a lot of people want, and according to Ash Maurya, that is a sure indicator that this business can scale. I proudly invite you to read our annual report and decide for yourself.



Coen Bester
Alaris Chairman

“This may sound like a fairy tale, and we are certainly humbled by how privileged we are to have experienced a year like this. However it did not just come our way. It took an above average effort from each and every employee”

Ceo's Review

The Alaris Group is well on its way in transforming into a global and client centric organisation which offers services and products, based on RF technology, from component to subsystem level. The Group's underlying businesses differentiate themselves from their competition through technical competency, excellent service and bringing new cutting edge products to market. Excellent service and speed are part of our DNA which makes Alaris a very fast moving and dynamic environment.

Alaris Antennas designs and develops technical IP in South Africa, it manufactures in South Africa but sells 80% of its products overseas. Our main market is Europe.

It is hence with great excitement that we see the Group concluding its first overseas acquisition by acquiring COJOT. COJOT is a Finnish niche market antenna company which develops, designs and sells products and RF subsystems to system integrators. Its manufacturing is outsourced. The most important synergies are product cross selling opportunities, sharing of engineering resources and access to a more competitive supply chain located in Europe. This might include manufacturing at a later stage.

Aucom has unlocked several sizeable opportunities in Africa which we will endeavour to convert into orders in the coming year.

Strong performance of the business

Aucom and Alaris Antennas enjoyed strong organic growth in revenue and profitability when compared to the previous year.

Despite a slow first half, Aucom managed to deliver healthy growth on last year's results with revenue increasing by 11% from R104.6 million to R116.4 million and Profit after tax ("PAT") increasing by 155% from R7.3 million to R18.6 million.

Alaris Antennas revenue increased by 33% to R117.3 million (2015: R88.4 million) and PAT increased by 62% from R20.9 million to R33.9 million.

All conditions precedent of the COJOT acquisition as per the agreement were fulfilled and the results of COJOT were included in the Group results from 1 May 2016. Revenue of R14.8 million and PAT of R5.2 million was consolidated for the two months to year-end. These two months contributed a significantly higher profit margin than anticipated due to a few larger orders being delivered in these months. These profit margins are not indicative of the historical average margins and therefore could not be reflective of the longer term margins of the business.

Challenges and positive developments

During the reporting period the South African Rand experienced extreme volatility. Alaris revenue is dominated by international markets as most of our products, projects and services are quoted in major currencies. Despite the group's hedging policy which provides partial coverage against the currency's volatility, the weakening of the Rand contributed significantly to our results. Further, cash reserves were held in foreign currency due to the anticipated COJOT acquisition, which contributed majorly to our profitability.

The local supply chain is continuously shrinking and does not offer competitive rates for the components we are sourcing. The shortage of talented engineers (brain drain) is becoming increasingly challenging and is growth prohibitive. Most first world country clients expect a South African supplier to be very price competitive, assuming that Alaris operates in a low-cost environment, which is difficult to realise considering challenges in the supply chain.

The above factors together with the need of a client centric organisation to be in the vicinity of our clients, urges us on to seek further globalisation.

The acquisition of COJOT will enable us to mitigate some of the above challenges, in particular by being able to tap into an additional supply chain and talent pool. Also, currency exposure could be reduced when contemplating producing in Finland.

Cross selling opportunities for COJOT and Alaris Antennas shows early stages of success. We will persistently pursue this as a low hanging synergy benefit.

Legal matters resulting from past transactions absorbed a lot of management's time during the financial year. These matters have been concluded and management will have more time to pursue more productive matters in the new year.

Aucom has completed its 3 year earn-out period following its acquisition in 2013. Accounting principles applied in the previous year to reflect the conditions of the deal based on expected profits were now reversed due to Aucom achieving the targeted profits. This will simplify the group balance sheet considerably.

Moving Forward

The Group will strive to strengthen its leading position in RF technology by investing in related technology companies and strive to capitalise on synergies through introduction of our proven business models into the acquired businesses.

Led by this vision the following building blocks are vital:

Thank you

I would like to thank all Alaris employees for their dedication and contribution to our excellent business performance this year. A big thank you to all our executives who have supported the business formidably. It is exciting to notice that we are diversifying our staff through a European footprint, which is essential when being a global player. A heartfelt "thank you" to all our board members whose invaluable input enabled the group to conclude another successful year. The board has been operating in this constellation for some time now and has developed into a cohesive and effective team, for this I would like to voice my appreciation.

I would like to especially thank our shareholders (new and long standing) for your trust and commitment to our company. And last but not least, I would like to thank our customers around the world for their confidence in our company, people, and technologies and services. You are the foundation of our client centric organisation.

Jürgen Dresel
Group CEO

Corporate Governance

The Board has led the Company in an ethical and responsible manner and remains committed to the principles of accountability, fairness and transparency. The Board recognises the need to conduct the affairs of the Company in compliance with the King Code of Governance Principles, as set out in the King III Report ("King III"). The Board is of the opinion that the Group has complied with King III in the past year, except where otherwise indicated. The Board will ensure that the principles and best practice recommendations that are applicable to the Group are implemented and complied with in the new financial year, while taking into account the practicalities of the environment in which the Group operates, the financial cost of compliance and the need to take action as appropriate.

Financial statements

In terms of the Companies Act, the Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, the Listing Requirements of the JSE and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

To enable the Board to fulfil its responsibilities, management sets standards and implements systems of internal control designed to provide certainty that assets are safeguarded, and that transactions are performed and recorded in accordance with the Company's policies and procedures. These standards and controls include proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

Board of directors

Alaris retains a unitary Board structure. The Board consists of three executive directors, three non-executive directors (two of them being independent) and one alternate non-executive director. The non-executive directors are experienced professionals who make a significant contribution towards the Board's deliberations and decisions.

The roles of the Chairman and Chief Executive Officer (CEO) are separate with a clear division of responsibilities to ensure a balance of power and authority between them. The Board is of the opinion that this structure is effective and believes that an appropriate policy is in place to ensure that a balance of power and authority exists amongst directors, so that no one director has unfettered powers of decision-making. The Chairman is an independent non-executive director who, together with the CEO, provides leadership and guidance to the Board and encourages proper deliberation on all matters requiring the Board's attention while obtaining input from the other directors. The Board also has a policy detailing the procedures for appointments to the Board. Such appointments to the Board are formal and transparent and a matter for the Board as a whole. The Board is responsible for effective control over the affairs of the Company, including strategic and policy decision-making, financial control, risk management, communication with stakeholders, internal controls and the asset management process. Although the Audit and Risk committee is tasked with identifying, analysing and reporting on risk during the financial year, this was nevertheless part of the everyday function of the directors and was managed at Board level. Directors are entitled, in consultation with the Chairman, to seek independent professional advice about the affairs of the Company, at the Company's expense.

Board and board committee meetings

The Board retains overall accountability for the day-to-day management and strategic direction of the Company, as well as attending to the legislative, regulatory and best practice requirements. The Board ensures that the solvency and liquidity of the Company is continuously monitored and that the Company's performance and interaction with its stakeholders is guided by the Constitution and the Bill of Rights.

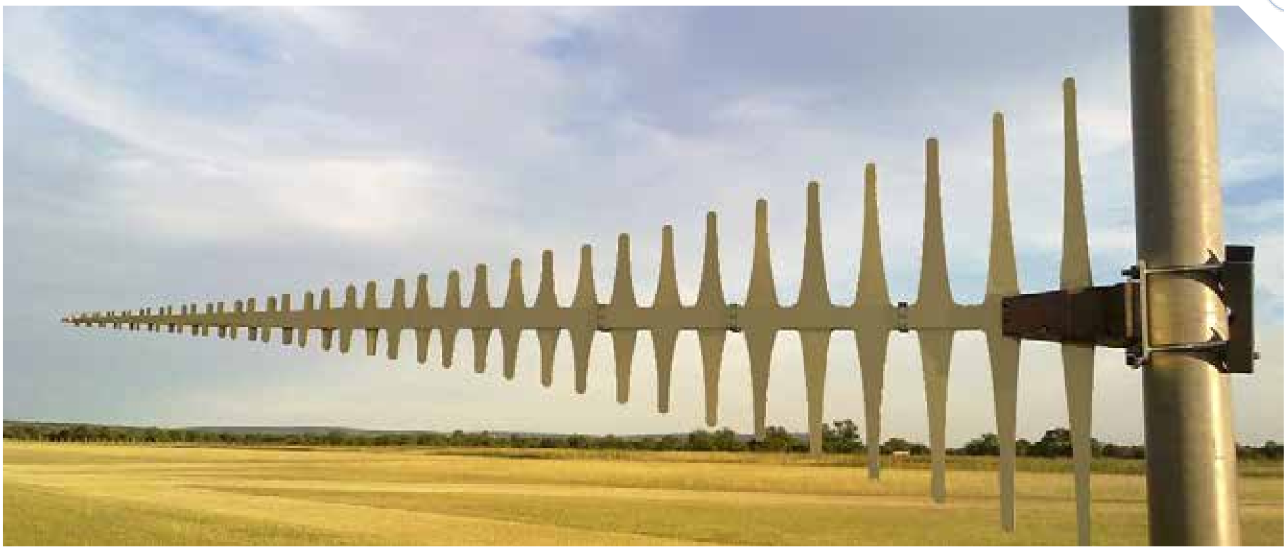
The Board has delegated authority to the CEO and executive management to run the day-to-day affairs of the Company. Accountability to shareholders remains paramount in Board decisions, and this is balanced against the demands of the regulatory environment in which the Company operates and the concerns of its other stakeholders. To assist the Board in discharging its collective responsibility for corporate governance, audit and risk, remuneration, and social and ethics committees have been established, to which certain of the Board responsibilities have been delegated. Although the Board delegates certain functions to its committees, it retains ultimate responsibility for their activities.

Main role and responsibilities of the Directors

The Board has a formal charter setting out, inter alia, its composition, meeting frequency, and powers and responsibilities, particularly with regard to financial, statutory, administrative, regulatory and human resource matters. The charter sets out a clear division of responsibilities at Board level to ensure a balance of power and authority. The Board Charter includes a formal schedule of the matters it oversees, including reviewing and guiding corporate strategy, risk policies, annual budgets and business plans and monitoring corporate performance. The Charter is reviewed annually.

The Chairman

The Chairman of the Board is an independent non-executive director. The roles of the Chairman and Chief Executive Officer remain separate. The Chairman's performance is evaluated annually.



Non-Executive Directors

The non-executive directors are not involved in the day-to-day business of the Company' nor are they full-time salaried employees of the Company and/ or any of its subsidiaries. All non-executive directors' appointments are formalised through letters of appointment. The non-executive directors enjoy no benefits from the Group for their services as directors, other than their fees and potential capital gains and dividends on their interests in ordinary shares.

Independence of directors

The independent non-executive directors are independent in terms of both King III and the JSE Listings Requirements. None of these directors participate in the share incentive scheme.

In addition, the independent non-executive directors:

- Are not representatives of any shareholder who has the ability to control or materially influence management or the Board;
- Are not employed by the Company or the Group in any executive capacity in the preceding three financial years;
- Are not members of the immediate family of an individual who is, or has been in any of the past three financial years, employed by the Company or the Group in an executive capacity;
- Are not professional advisers to the Company or the Group, other than in the capacity as a director;
- Are not suppliers or material suppliers to the Company or Group, or to clients of the Group;
- Have no material contractual relationship with the Company or Group; and
- Are free from any business or other relationship which could be seen to materially interfere with the individual's capacity to act in an independent manner.

Executive directors

The CEO's performance is evaluated annually by the Chairman and the remuneration committee members. The executive directors are individually mandated and are held accountable for:

- The implementation of the strategies and key policies determined by the Board;
- Managing and monitoring the business and affairs of the Company in accordance with approved business plans and budgets;
- Prioritising the allocation of capital and other resources; and
- Establishing the best management and operating practices.

Chief Executive Officer and delegation of authority

The CEO is tasked with the running of the business and the implementation of policies and strategies approved and adopted by the Board. The governance and management function of the CEO is aligned with that of the Board. In the delegation of responsibilities, the CEO confers authority on management and is accountable for doing so. In this sense, the accountability of management is a direct reflection of the CEO's authority. Appropriate measures are in place and are communicated to management. Monitoring levels of authority are applied within the Group, particularly in regards to human resources, capital expenditure, procurement and contracts.

Board selection, appointment and rotation

Directors are appointed by means of a transparent and formal procedure, governed by the remuneration and nomination committee's terms of reference. The nomination committee is responsible for selecting and recommending the appointment of competent, qualified and experienced directors. The Board as a whole appoints directors, who are subject to an induction program. This process of the appointment is in line with the recommendations of King III. In terms of Article 24.7 of the Company's Memorandum of Incorporation, a third of the directors retire by rotation annually. The names of the directors eligible for re-election are submitted at the annual general meeting, accompanied by appropriate biographical details, as set out in the integrated annual report.

All directors are subject to re-election by shareholders at the first opportunity after their initial appointment.

Corporate Governance

Training and updating the knowledge of directors
Directors are supplied with the information necessary to discharge their responsibilities, individually and as a Board and in certain instances as Board committee members. All new directors are engaged in a formal orientation procedure. All directors have unhindered access to management, the Company Secretary and to any Company information (records, documents and property) which may in any way assist them in the responsible fulfilment of their duties. Directors are entitled to seek independent and professional advice relating to the affairs of the Company. The Company Secretary is responsible for providing the Chairman and directors, both individually and collectively, with advice on corporate governance, compliance with legislation and the JSE Listings Requirements.

Company Secretary
The Board of directors has considered the competence, qualifications and experience of the Company Secretary, which is an independent entity. The Company Secretary, Merchantec Proprietary Limited, is an approved Sponsor and Designated Adviser of the JSE. The Board is satisfied with the secretarial function that the relationship is at arms-length as well as with the experience of the senior members of the Company Secretary.

All directors have access to the advice and services of the Company Secretary. As highlighted in the Board Charter, the Company Secretary assists the Board in meeting its fiduciary obligation to the shareholders. In this regard, the Company Secretary's tasks include: developing and implementing policies and processes regarding corporate governance matters, assessing Board membership needs, ensuring the Board is appropriately constituted and proposing director candidates. The Company Secretary is responsible for the functions specified in the Companies Act. All meetings of shareholders, directors and Board sub-committees are properly recorded, as per the requirements of the Companies Act.

Committee structure
The directors have delegated specific functions to committees, to assist the Board in meeting their responsibilities. The Board has established standing committees in this regard. The Board committees are constituted with sufficient non-executive representation. The Board committees are subject to regular evaluation by the Board, so as to ascertain their level of performance and effectiveness.

The committees act in accordance with approved terms of reference, which are reviewed annually.

Group executive committee

Members of the Group executive committee		
J Dresel	Managing Director - Alaris Antennas and Group CEO	
GT Heyman	Group Financial Director	
JSV Joubert	Managing Director - Aucom	
S Lentonen	Managing Director - COJOT	Appointed - 1 May 2016

The responsibilities of the Group executive committee include:

- Monitoring and managing risk;
- Developing and implementing the Group strategic plan;
- Approving human resources policies and practices;
- Approving budgets and monitoring expenditure;
- Monitoring operational performance against agreed targets; and
- Adhering to financial and capital management policies.

Audit and Risk committee

Members of the Audit and Risk committee	
RC Willis (Chairman)	Independent Non-Executive Director
CP Bester	Independent Non-Executive Director
PN de Waal	Non-Executive Director

The independent external auditors, the Designated Adviser, the Group CEO and the Group Financial Director attend the meetings by invitation. In terms of the Companies Act, shareholders are required to elect the members of this committee at each annual general meeting. The appointment of all members of this committee is subject to shareholders re-electing them as members of the committee at the annual general meeting, to be held on 30 November 2016. The committee is aware of the King III requirement to have three independent non-executive members and is striving to comply. The Company's external auditors attend meetings by invitation.

Role of the committee

The audit committee should meet at least twice a year and its role is to assist the Board by performing an objective and independent review of the Company's finance and accounting control mechanisms.

The Company maintains accounting and administrative control systems required for the current levels of operations. The Audit and Risk committee is a statutory committee, outlined by the Companies Act and the recommendations set out in King III. The Audit and Risk committee has an independent role, and is accountable to the Board. The committee's responsibilities include statutory duties prescribed by the Companies Act, activities recommended by King III, and responsibilities assigned by the Board.

The Audit and Risk committee is responsible for considering the following:

- The effectiveness of the Company's information systems and other systems of internal control;
- The effectiveness of the audit function;
- The reports of the external auditors;
- The integrated annual report and specifically the annual financial statements included therein;
- The accounting policies of the Company and any proposed revisions thereto;
- The external audit findings, reports and fees and the approval thereof; and
- The compliance with applicable legislation and requirements of regulatory authorities.

Evaluation of the Annual Financial Statements

The committee also comments on the financial statements, the accounting practices and the internal financial controls of the Company. The committee stays abreast of current and emerging trends in accounting standards.

The committee also reviews and discusses the financial statements with the independent external auditors and the Financial Director. The external auditor has unrestricted access to the Group's records and management.

Expertise and experience of the Financial Director and finance function

The audit committee has executed its responsibility in terms of paragraph 3.84(h) of the JSE Listings Requirements, and confirms that it is satisfied with the expertise and experience of the Financial Director, Mrs GT Heyman. The committee is satisfied with the overall expertise and adequacy of resources in the finance function, as well as the experience of the senior members of management responsible for it.

Internal audit

The internal audit function is an integral part of the corporate governance regime. The primary goal of the internal audit is to evaluate the Company's risk management, internal control and corporate governance processes, and to ensure that they are adequate and functioning correctly. The Audit and Risk committee is currently satisfied that the internal audit function is performed by the Group finance department. The Board also considers internal controls. While considering the information and explanations given by management, as well as discussions held with the external auditor on audit results, the committee is of the opinion that the system of internal financial controls are effective, and form a basis for the preparation of reliable financial statements.

Risk management

The Board is responsible for the risk management process, whilst management is accountable to the Board for designing, implementing and monitoring the process of risk management in the day-to-day activities of the Group.

Remuneration and Nomination committee

Members of the Remuneration and Nomination committee		
PN de Waal (Chairman)	Non-Executive Director	
CP Bester	Independent Non-Executive Director	

Corporate Governance

During the financial year, the Remuneration and Nomination committees were merged into one committee. The committee is aware of the King III requirement and is striving to comply by adding a third independent non-executive member to the remuneration committee. The Board believes that the current structure of the committee still provides the required independent views in terms of the responsibilities associated with both the nomination and the remuneration committee. The nomination component of the Remuneration and Nomination committee meeting is chaired by the chairman of the Board in accordance with the JSE Listings Requirements.

The committee acts in accordance with approved terms of reference. The purpose of the committee is mainly to ensure that appointments to the Board of directors are formal and transparent. Furthermore, the committee is to provide guidance to the Board so as to ensure that the Group's directors and senior executives are fairly rewarded for their individual contributions to the Group's overall performance and to demonstrate to all stakeholders that the remuneration of senior executive members of the Group is set by a committee of Board members who have no personal interest in the outcomes of their decisions and who will give due regard to the interests of all stakeholders and to the financial and commercial health of the Group. Details of the directors' remuneration are set out on note 31 of this integrated annual report. The Company upholds and supports the objectives of the Employment Equity Act 1998 (Act 55 of 1998). The Poynting Empowerment Trust has been wound up during the financial year. Alaris has implemented a new share incentive scheme in May 2015 that allows allocation of share options to management of the Group. The Company's employment policies are designed to provide equal opportunities, without discrimination, to every employee.

Remuneration policy

Alaris' remuneration strategy aims to create sustainable shareholder value by motivating and retaining competent leaders. We aim to attract knowledgeable engineers to grow the intellectual property value of the Group and to invent new ideas. Primary objectives include the need to have credible remuneration policies that enhance key business goals, address needs across the different cultures and drive performance.

Overview of remuneration

Non-executive directors receive monthly or quarterly remuneration as opposed to a fee per meeting. This recognises the responsibility of directors for the efficient control of the Company. A premium is payable to the chairperson of the Board, as well as to the chairpersons of the subcommittees. Remuneration is reviewed annually and is not linked to the Company's share price. The Board annually recommends remuneration of non-executive directors for approval by shareholders in advance.

In remunerating executives, the Group aims to motivate and retain competent and committed leaders in its drive to create sustainable shareholder value. Remuneration is linked to key performance indicators and a portion of the remuneration is not guaranteed.

Alaris structures packages on a total cost-to-company basis. The Group implemented an employee benefit scheme which offers pension fund, death and disability and medical aid benefits. This allows individuals to structure their own pension, medical aid and other benefits. In addition, most executives qualify for individual and/or team performance incentives. The incentive scheme allows for an overperformance bonus if the hurdle rate of 25% growth in normalised earnings per share is exceeded.

Remuneration packages are reviewed annually and are monitored and compared with reported figures for similar positions to ensure they are fair and sensible. Refer to note 31 of the financial statements for detail on directors' remuneration.

Share-based incentive plans

Subsequent to the disposal of the Compart business, shareholders approved at the general meeting held on 7 October 2015, that the existing Poynting Empowerment Trust scheme be wound up, given that it no longer fulfilled its initial intended purpose.

A new share incentive scheme for key executives was approved by the board to incentivise individuals on a share based plan. The intention is to promote the effective participation in the Group of key employees and to incentivise and retain such employees.

Non-executive directors' terms of appointment

Appointments to the Board

The Board has a policy on procedures for the appointment and orientation of directors. The nomination committee periodically assesses the skills represented on the Board by non-executive directors and determines whether these meet the Company's needs. Directors are invited to give their input in identifying potential candidates.

Dealings in securities

In respect of dealings in securities of the Company as applies to the directors and the Company Secretary, the Chairman is required to authorise such dealings in securities, prior to deals being executed. An independent non-executive director is required to authorise the Chairman's dealings in securities, prior to deals being executed. All of the directors and the Company Secretary are aware of the legislation regulating insider trading.

A record of dealings by directors and the Company Secretary is retained by the Company Secretary. In accordance with the Listings Requirements of the JSE, the Company's directors and Company Secretary are prohibited from dealing in securities during closed periods.

Analysis of shareholding

Please see the shareholders analysis report on page 35.

Social and Ethics committee

Members of the Social and Ethics committee	
RC Willis (Chairman)	Independent Non-Executive Director
R Ramnath-Kowlesar	Director of Alaris Antennas

The responsibilities of the Social & Ethics committee is to monitor the Company's activities, with regard to any relevant legislation, other legal requirements or prevailing codes of best practices, with regards to matters relating to:

Social and economic development, The Employment Equity Act; and The Broad-Based Black Economic Empowerment Act;

Good corporate citizenship, including the Company's; and

Promotion of equality, prevention of unfair discrimination and reduction of corruption.

The BBBEE strategy is highlighted as a major risk to the local business and the committee is assessing proposals from management to address the needs of the two local subsidiaries.

Ethics and values

All employees of the Company are required to maintain the highest ethical standards in ensuring that the Company's business practices are conducted in a manner which in all circumstances are above reproach. All executive directors of the Group and its subsidiaries are required to sign an anti-bribery declaration on an annual basis confirming that they are not aware of any circumstances which the Group participated in that would bring our ethics and values in dispute.

Employees

Alaris' employment policies allow for individuals, including individuals from historically disadvantaged backgrounds, to apply for bursaries. Employees are encouraged to improve their personal qualifications and several previously disadvantaged employees are currently on study courses financed by Alaris. We also promote a healthy, secure and participative social and working environment for our staff and business associates.

Social responsibility

Through our community social investment initiative, this year, the Group contributed food, clothes, blankets and toys to Jacobs Well Children's Village as part of the 67 minutes for Mandela day. The home looks after children with mental disabilities. The Group continues to support the home through various donations in support of our ongoing initiative to make a difference in the community. The Group encourages employee participation through their involvement in donations to social development issues.

E-learning is the future of education and therefore a contribution was made to "giveITback" for the development of the first Solar Powered Training College and for Rural Youth Development. Not only will it shape how students learn for years to come, it impacts the workforce, their personal and professional journey, and how they interact with the world around them. Currently, over 30 000 underprivileged and

Corporate Governance

disabled children across South Africa are benefiting from a giveITback PC lab. As a result of the project increasing an extension to the pc lab room was funded to accommodate children and not to have to mix with the adults. Smaller projects include support to families in need by assisting with basic nutritional needs and school fees.

Political donations and affiliations
As a proudly South African concern, the Alaris Group supports the democratic system in South Africa and we do not make donations to individual political parties.

Going concern
The Board is satisfied that the Group has adequate resources to continue operating for the next 12 months and into the foreseeable future. The financial statements presented have been prepared on a going concern basis. The audit committee evaluates the Group's going concern status at each meeting and reports the findings to the Board.

Investor relations and communication with stakeholders
The Group communicates with shareholders, investors, analysts and regulators on a constant basis and public presentations are held when needed. Alaris believes that such communication is essential and endeavours to keep an open door policy with relevant stakeholders. Alaris outsourced the investor relations function to a company who assists with the stakeholder relations and Group communications.

Designated Adviser
Merchantec Capital

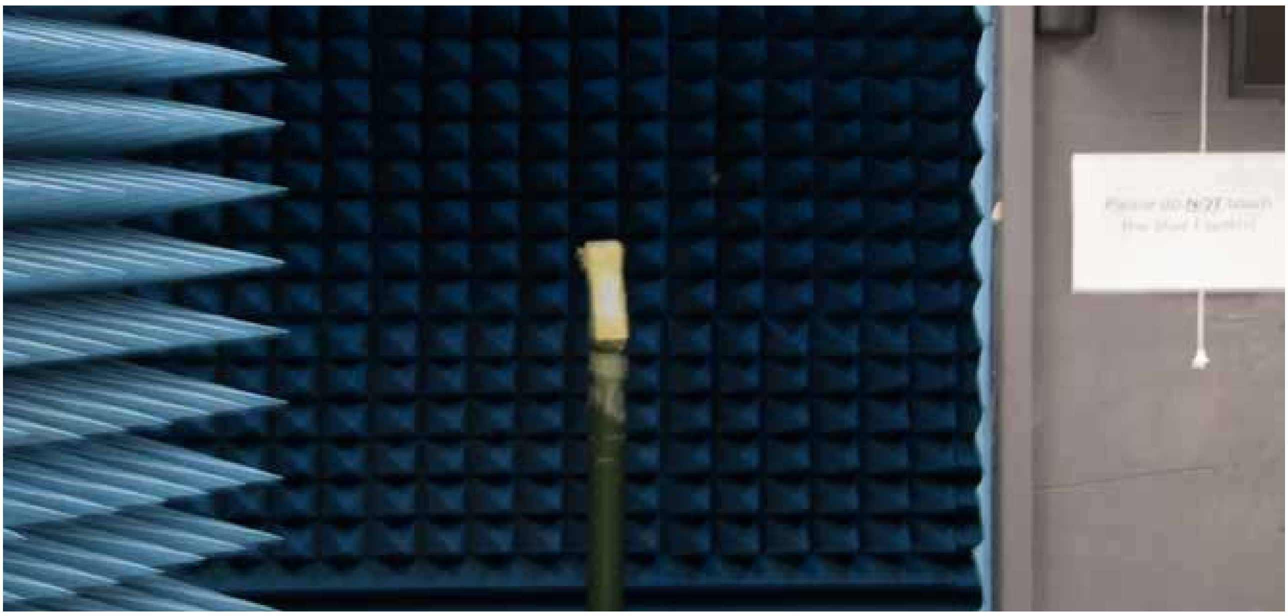
Transfer Secretary
Computershare Investor Services Proprietary Limited

Shareholders can address shareholding related queries to: PO Box 61051, Marshalltown, South Africa, 2107.

Summary of meetings held

	Board meetings	Audit & Risk committee	Remuneration & nomination committee	Social & Ethics committee
CP Bester	5/5	4/4	2/2	-
RC Willis	5/5	4/4	-	2/2
PN De Waal	5/5	4/4	2/2	-
J Dresel	5/5	4/4 invitee	2/2 invitee	2/2 invitee
GT Heyman	5/5	4/4 invitee	2/2 invitee	2/2 invitee
JSV Joubert	5/5	2/4 invitee	-	-

Changes during the year:
A Mellet was appointed as Alternate Non-Executive Director on 8 October 2015.



King III Application

In recognition of the need to conduct the affairs of the Group according to the highest standards of corporate governance and in the interests of investor protection, the Group's commitment to good governance is formalised in charters, policies and operating procedures. The Board is committed to achieving high standards of corporate governance, business integrity and ethics across all its activities.

The Board is satisfied that the Group complies in all material aspects with the principles and spirit of King III. Based on the size of the company and after considering cost implications of the below, the Group has elected not to apply the following recommendations contained in King III:

KING III PRINCIPLE AND RECOMMENDED PRACTISE	STATUS	EXPLANATION
The Board should ensure that there is an effective risk-based internal audit. The Audit Committee should be responsible for overseeing of internal audit.	Under review Under review	The Audit and Risk committee agreed that the internal audit function would be performed by the group finance department. The Board, as a whole, also considers internal controls. While considering the information and explanations given by management, as well as discussions held with the external auditor on audit results, the committee is of the opinion that the system of internal financial controls are effective, and forms a basis for the preparation of reliable financial statements.
The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	Under review	The Board consists of three non-executive directors of which two non-executives are independent and three executive directors. The Board agreed at this point that even with the above status a balance of power exists and due to the size of the Company will not appoint a third Independent non-executive director at this stage. This will be reviewed on an ongoing basis as and when the remuneration and nominations committee finds a suitable candidate.
Chairman of the board not a member of the audit committee.	Under review	The Chairman of the Board is currently a member of the Audit and Risk committee. The Chairman is one of the two Independent non-executives of the Board. To achieve majority of independent representation at the committee level this has been agreed by the Board at this point in time and will be reassessed at the time when a further independent non-executive is appointed to the Board.

The full KING III compliance list is available on the Alaris website at www.alarisholdings.co.za.

Risk Management Report

Our ability to deliver on Alaris' business strategy depends on us being able to take calculated risks in a manner that does not jeopardise the interests of our stakeholders. Alaris has established a culture of managing existing, emerging or unpredictable risks. Various embedded processes and structures are in place to address our risk management needs. We have adopted an enterprise-wide approach to risk management, with every identified material risk included in a structured and systematic process of risk management.

The Board is responsible for the governance of risk by ensuring that an appropriate system and process of risk management is implemented and maintained. The Board has appointed and is assisted by the Audit & Risk committee which operates in terms of a formal charter. Its duties and activities include considering the risk management policy and plan, reviewing the effectiveness of the risk management activities, identifying the key risks facing the Group and ensuring appropriate responses to address these key risks.

Corporate Governance

Risks are tabled and quantified according to a risk matrix at each of the Audit and Risk Committee meetings, and at its meeting of 28 June 2016 main risks considered were the following:

RISKS	IMPACT	PROBABILITY	MITIGATION ACTIONS	RESIDUAL RISK
BBBEE strategy for local business	MAJOR	LIKELY	New proposal to address BBBEE rating for Aucom under review. Revised strategy in the process of assessment in line with draft defense rating codes.	Major
Lumpy nature of underlying businesses could result in inconsistent earnings growth	MAJOR	POSSIBLE	Drive and monitor rolling order forecast. Diversify risk by adding more companies to the Group.	Moderate
African market is high value and high risk if not de-risked from financial and delivery point of view	MAJOR	LIKELY	Part upfront payments or letter of credits. Comprehensive review of legal agreements and implementation of these contracts.	Major
Unreliable supply chain and electricity and water supply risks	MAJOR	LIKELY	Strengthen the quality team by appointing a person that will manage supplier quality through audits, consider outsourcing production.	Major

- Events that may lead to risks materialising are identified within the generic risk framework.
- Events are then assessed to quantify probability and potential financial impact on the business if they materialise.
- Preventative actions (probability) and contingent actions (impact) are identified to mitigate these, as well as critical action plans (to be managed at the executive committee level).
- The overall assessment of risk is compared against the level of risk deemed acceptable by the Group.

The executive committee reports to the Audit and Risk committee on overall risk processes, identified events and mitigation action plans. The Audit and Risk committee, in turn, presents to the Board an overview of these potential risks, processes and critical actions.

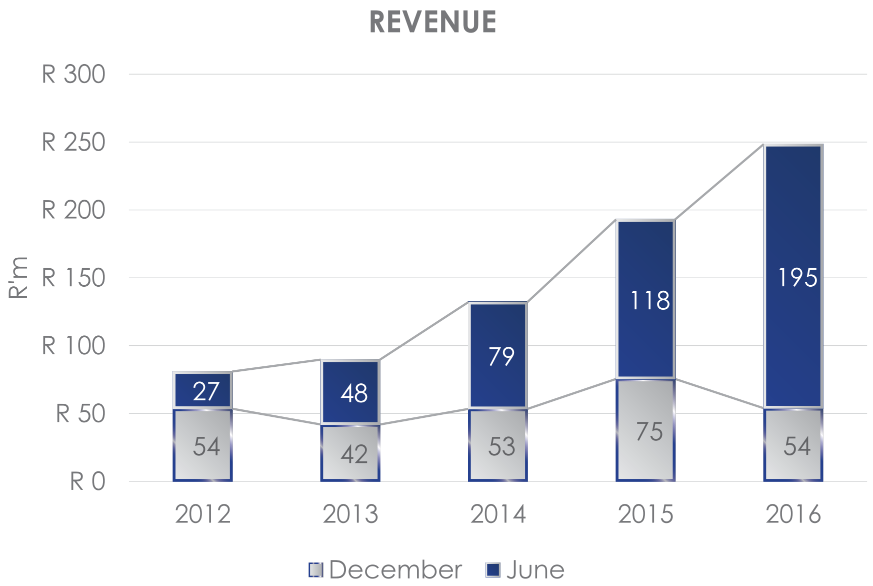
The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

CFO's Review

"If everyone is moving forward together, then success takes care of itself." - Henry Ford

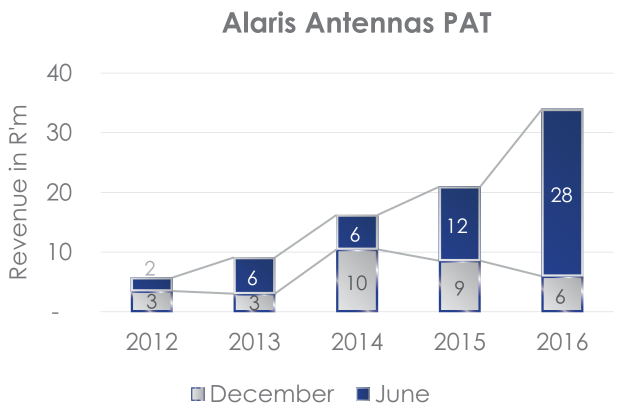
During the first half of the 2016 financial year the management teams of the underlying subsidiaries and the Group executive team refreshed the strategy and focus points of the Group. Through this process the focus was reinforced and the team was able to deliver a successful 2016 financial result.

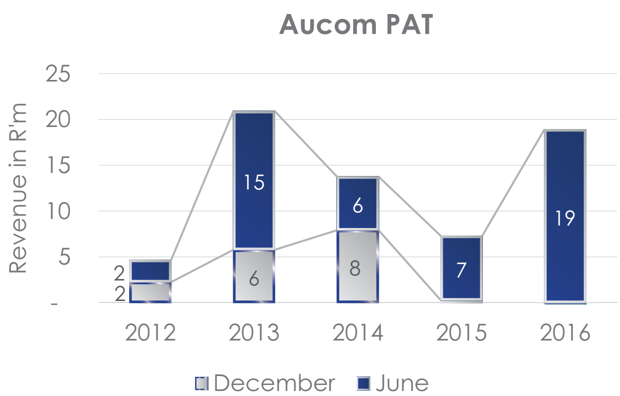
Overview of the year
Considering the slow start to the first half of the financial year, the underlying businesses performed well for the second half resulting in robust profit and revenue growth.



Revenue from continued operations increased by 29% from R193.0 million to R248.5 million.

The sales cycle consists of the generation of an order book followed by the execution and delivery thereof to the end customer. The recognition of revenue takes place when the order is executed. The recognition of revenue in any given financial year is therefore dependent on the timing of orders executed on, which is characterised by the size and complexity of the order. The business commenced the financial year with a lower order book value, impacting the half year results. The improvement in the order book as well as the execution and delivery thereof is evident in the improvement in the second half results. Both the Alaris Antennas and Aucom business delivered a high value order in the second half of the year.





The overall results were boosted by a net foreign exchange gain of R12.5 million. Foreign currency was accumulated to pay for the COJOT acquisition. The Group benefitted from a weakening Rand resulting in a net profit recognised in the year-end financial results. Foreign currency gains and losses are treated as part of normalised earnings due to the fact that foreign currency fluctuations are part of the daily operations of the Group and have been consistently treated with the prior year.

Turnover is vanity, profit is sanity but cash is reality

The above saying played a significant role during this past financial year. Last year the Group committed to focus more on working capital management and improving the cash generated from operations. The Group's cash position increased by R20.1 million to R94.5 million despite the COJOT investment being paid for in cash. With the increased focus on improving the investment in net working capital the cash flow from operating activities improved to R54.2 million (2015: outflow of R0.9 million).

The Group's cash position increased by R20.1 million to R94.5 million despite the COJOT investment being paid for in cash.

Cash generation through the management of working capital is challenging in the Aucom environment with approximately 50% of the revenue generated in Africa and a large portion of the local revenue coming from Government institutions. This often causes delays in payment on invoices. Suppliers are mainly based internationally resulting in foreign exchange risk playing a role if customer payments are delayed. This risk is mitigated through negotiating upfront payment and maintaining close relationships with customers to ensure payment on completed projects are forthcoming and back to back payment arrangement with suppliers. The Group's policy is to evaluate the net foreign exposure on a monthly basis together with the hedging and the net unhedged exposure and ensure it is limited to a maximum of R5 million. Refer to page 94 for more detail on the policy.

The management of working capital will remain a focus point for the team across all businesses to ensure that our reality in business is cash generating.

- Legal and consulting fees in relation to the potential acquisitions that did not materialise, finalisation of prior transactions like Aucom and Compart and settlements reached in respect of these cases.
- Legal fees, consulting fees and transfer taxes incurred as part of the finalisation of the COJOT acquisition.
- The contingent consideration asset value of R22.2 million raised in the prior year was reversed through the profit and loss based on the Aucom earnings of R18.6 million for the current year. The cumulative three year performance of R38.5 million versus the target of R38 million resulted in no shares being recallable. Refer to note 8 of the financial statements for further details.

Financial Director's Review

Aucom earnout
After a period of three years the Aucom earnout period came to an end on 30 June 2016. Aucom achieved cumulative earnings of R38.5 million over the three year period putting them slightly ahead of the earn-out target of R38 million, as stated in the sale of share agreement signed in 2014. Therefore, no shares are recallable as at 30 June 2016 and the contingent consideration asset of R22.2 million was adjusted through profit and loss.

Global footprint
Alaris was able to secure its first international acquisition by purchasing 100% of COJOT in Finland. This addition to the Group brings on a huge learning curve for all parties involved in the integration of the business and aligning of processes in financial accounting, taxation, sales and engineering.

Post-merger integration processes to capitalise on synergies between Alaris and COJOT, as well as cross selling opportunities, will remain a focus area in the next twelve months. The two businesses are complimentary and the combined operations will allow existing customers to receive an improved service as well as an expanded product portfolio through cross-selling. With both companies historically strongly focused on research and development and both holding exploitable patented technologies, it is expected that the fostering of design innovation and continued pursuit of novel technologies will be enhanced through the sharing of ideas and talent in both organisations. As such, the design and development of new products resulting from the combined skill sets of the two companies will provide more competitive features, thus enabling increased performance for end users.

International expansion is an important part of the Group's global strategy and management will remain on the lookout for further opportunities to increase the global footprint

Human resources
Adding a global business into the Group also required us to look into ways to harmonise remuneration policies and incentive schemes where possible. A competency framework was implemented to assist with recruiting the right people for our teams to enable us to deliver quality service globally.

Based on feedback from the staff survey and interactive sessions with staff, specific actions have been implemented to do more regular training and improve communication throughout the group.

Dividends vs growth
One of the growth strategies of the Group is to establish an international footprint through acquisition. Due to this, Alaris is conserving its cash resources and therefore the Board has decided against declaring a dividend for the financial year ended 30 June 2016.

Gisela Heyman
Group CFO

Summary Financial Information

STATEMENT OF COMPREHENSIVE INCOME

R'000	2012	2013	2014	2015	2016
Continuing operations*					
Revenue	80 970	89 743	132 126	193 034	248 499
Cost of sales	(27 489)	(30 010)	(61 989)	(103 300)	(111 395)
Gross profit	53 481	59 733	70 137	89 734	137 104
GP%	66.05%	66.56%	53.08%	46.49%	55.17%
Other income	1 342	985	1 061	898	18 131
Operating expenses	(46 349)	(53 911)	(78 133)	(72 880)	(87 678)
Operating profit	8 474	6 807	(6 935)	17 752	67 557
Investment income	448	488	1 014	3 312	1 532
Impairment of goodwill & fair value adjustment	-	-	(95 046)	(33 342)	-
Contingent consideration asset	-	-	-	22 206	(22 206)
Finance costs	(387)	(58)	(162)	(4 851)	(5 211)
Profit before taxation	8 535	7 237	(101 129)	5 077	41 672
Taxation	(1 302)	(277)	3 375	(6 317)	(20 181)
Profit from continuing operations	7 233	6 960	(97 754)	(1 240)	21 491
Discontinued operations					
Loss from discontinued operations	-	-	-	(3 884)	-
Profit/(loss) for the year	7 233	6 960	(97 754)	(5 124)	21 491
Other comprehensive income	-	-	-	-	(299)
Total comprehensive income	7 233	6 960	(97 754)	(5 124)	21 192
Total comprehensive income attributable to:					
Owners of the parent	7 241	6 960	(97 754)	(5 124)	21 192
Non-controlling interest	(8)	-	-	-	-
	7 233	6 960	(97 754)	(5 124)	21 192

* discontinued operations removed from effective date of transaction.

STATEMENT OF CASH FLOWS

R'000	2012	2013	2014	2015	2016
Net cash from / (used in) operating activities	21 085	6 451	7 922	(927)	54 177
Net cash used in investing activities	(7 203)	(14 321)	(16 354)	(10 242)	(35 819)
Net cash (used in) / from financing activities	(1 817)	2 823	75 804	(2 469)	638
Total cash and cash equivalents movement for the year	12 064	(5 047)	67 372	(13 638)	18 996
Cash disposed/acquired as part of business disposal/combination			6 626	2 332	-
Cash and cash equivalents at the beginning of the year	4 836	17 398	13 585	85 821	74 386
Effect of exchange rate movement on cash balances	498	1 234	(1 762)	(129)	1 099
Total cash and cash equivalents at end of the year	17 398	13 585	85 821	74 386	94 481

STATEMENT OF FINANCIAL POSITION

R'000	2012	2013	2014	2015	2016
Assets					
Non-Current Assets					
Plant and equipment	2 857	4 976	6 778	6 221	7 904
Goodwill	-	2 207	55 457	22 115	47 101
Intangible assets	9 986	11 767	24 707	13 408	17 486
Other financial assets	87	-	2 964	2 647	-
Contingent consideration asset	-	-	-	22 206	-
Deferred tax	-	-	280	1 541	5 420
	12 930	18 950	90 186	68 138	77 911
Current Assets					
Inventories	7 638	12 427	23 641	9 236	18 040
Other financial assets	326	171	5 630	8 165	6 969
Current tax receivable	13	413	3 191	1 665	1 617
Trade and other receivables	11 738	18 141	30 994	43 428	78 819
Cash and cash equivalents	17 398	14 402	85 871	74 386	94 481
	37 113	45 554	149 327	136 880	199 926
Total Assets	50 043	64 504	239 513	205 018	277 837
Equity and Liabilities					
Equity					
Share capital & premium	24 380	27 020	232 049	232 162	227 266
Share based payment reserve	150	123	123	406	2 430
FCTR	-	-	-	-	(299)
(Accumulated loss) / Retained income	14 514	21 474	(76 279)	(117 242)	(95 751)
	39 044	48 617	155 893	115 326	133 646
Non-controlling interest	-	-	-	-	-
	39 044	48 617	155 893	115 326	133 646
Liabilities					
Non-Current Liabilities					
Loans and borrowings	158	300	114	-	581
Finance lease obligation	45	-	-	-	-
Other financial liability	-	4 000	-	911	-
Preference share liability	-	-	50 111	50 111	50 111
Deferred tax liability	1 359	900	1 957	2 146	2 941
	1 562	5 200	52 182	53 168	53 633
Current Liabilities					
Bank overdraft	-	817	50	-	-
Loans from shareholders	-	-	1 716	-	-
Loans and borrowings	115	245	192	-	-
Finance lease obligation	83	39	-	96	153
Trade and other payables	9 018	8 969	27 168	29 906	81 348
Current tax payable	-	-	9	1 138	3 264
Provisions	221	617	2 303	1 741	3 576
Other financial liability	-	-	-	3 643	2 217
	9 437	10 687	31 438	36 524	90 558
Total Liabilities	10 999	15 887	83 620	89 692	144 191
Total Equity and Liabilities	50 043	64 504	239 513	205 018	277 837

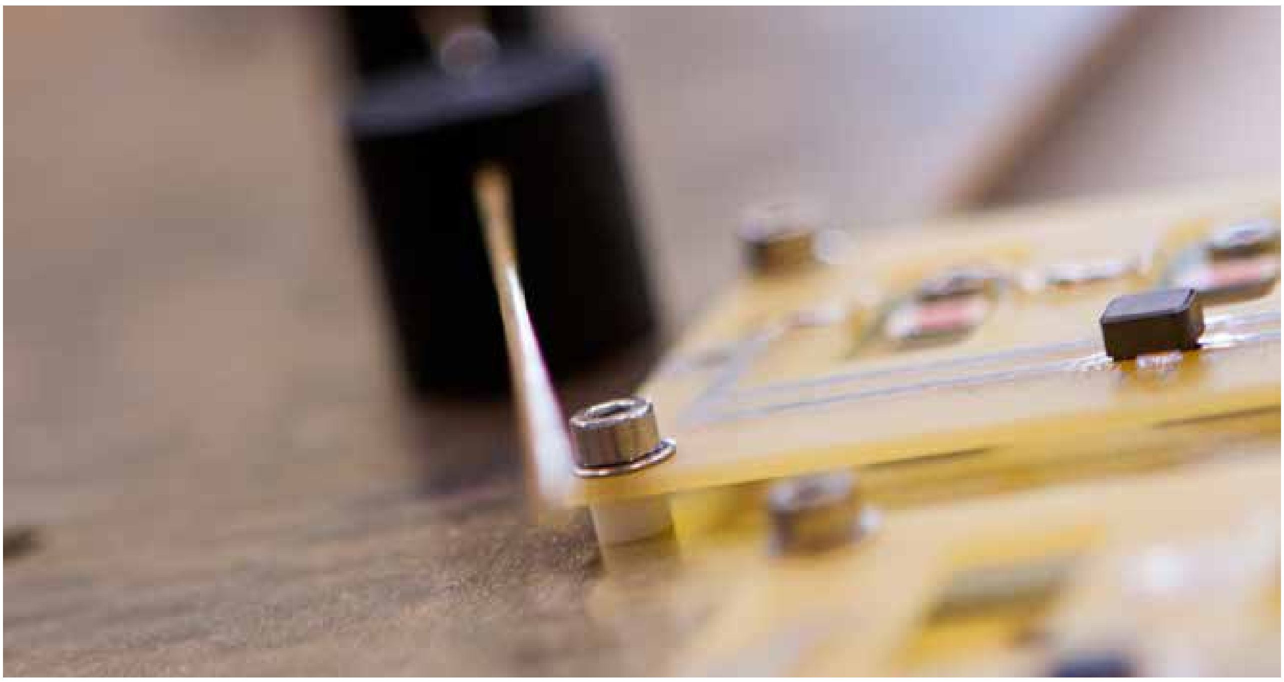
Summary Financial Information

CONSOLIDATED VALUE ADDED STATEMENT

R'000	2015	2016
Revenue	193 035	248 499
Net cost of raw materials, goods and services	(103 300)	(111 395)
Wealth created by trading operations	89 734	137 104
Other income	898	18 131
Finance income	3 312	1 532
Total wealth created	**93 944**	**156 767**
Distributed as follows		
Employees		
Salaries and other employee benefits	**54 643**	**54 039**
Providers of capital		
Finance cost	**4 851**	**5 211**
Providers of services		
General operating expenses	**11 292**	**25 850**
Government		
South African tax	**6 317**	**20 181**
Retained for growth	**16 842**	**51 486**
Amortisation on intangible assets	8 931	5 190
Depreciation on property, plant and equipment	1 898	2 601
Net profit after dividend	6 013	43 695
	93 944	**156 767**

Empowerment
The Group is assessing a change in the BBBEE strategy in Aucom to address ownership scores and to improve from a level 4 to a level 2 over the next two years.

The strategy of Alaris Antennas Proprietary Limited is being revised in line by taking into account the new defence codes. The current certificate has expired and a rating will be done based on the new codes.



Shareholder Analysis

	Number of share-holders	%	Number of shares	%
Shareholder spread				
1 – 1 000 shares	291	25.13%	162 904	0.10%
1 001 – 10 000 shares	370	31.95%	1 784 759	1.11%
10 001 – 50 000 shares	363	31.35%	7 983 774	4.97%
50 001 – 100 000 shares	62	5.35%	4 348 613	2.71%
100 001 – 1 000 000 shares	57	4.92%	13 492 229	8.41%
1 000 001 shares and over	15	1.30%	132 732 451	82.70%
Totals	1 158	100.00%	160 504 730	100.00%
			-	
Public/non-public shareholders				
Non-public shareholders				
Directors and associates	7	0.60%	96 430 938	60.08%
Share trust	1	0.09%	2 387 959	1.49%
Public shareholders	1 150	99.31%	62 310 833	38.82%
Totals	1 158	100.00%	160 504 730	100.00%

Directors and associates

				2016		2015	
THE MAS TRUST (Villiers Joubert)	*	Director Subsidiary Aucom	Indirect	33 865 876	21.10%	33 865 876	20.83%
PSG PRIVATE EQUITY	*	Associated Holding (PN De Waal)	Indirect	30 815 237	19.20%	30 815 237	18.95%
T RASHAMA	**	Associate (Aucom)	Direct	15 350 000	9.56%	15 350 000	9.44%
J DRESEL	**	Executive Director	Direct	8 171 151	5.09%	8 136 726	5.00%
R RASHAMA	**	Director Subsidiary Aucom	Direct	8 123 899	5.06%	8 123 899	5.00%
CP BESTER	**	Non-Executive Director	Direct	100 000	0.06%	100 000	0.06%
GT HEYMAN	**	Executive Director	Direct	4 775	0.00%	-	0%
				96 430 938	60.08%	96 391 738	59.28%

			2016		2015	
Beneficial share-holders holding 5% or more						
THE MAS TRUST	*	Director Subsidiary Aucom	33 865 876	21.10%	33 865 876	20.83%
PSG PRIVATE EQUITY	*	Associated Holding (PSG)	30 815 237	19.20%	30 815 237	18.95%
ANDRIES PETRUS CRONJE FOURIE TRUST	*	Previous CEO (APC Fourie)	18 340 186	11.43%	19 340 186	11.89%
T RASHAMA	**	Prescribed Officer (Aucom)	15 350 000	9.56%	15 350 000	9.44%
DR DC NITCH	**	Founder investor	9 834 098	6.13%	9 834 098	6.05%
J DRESEL	**	Executive Director	8 171 151	5.09%	8 136 726	5.00%
R RASHAMA	**	Director Subsidiary Aucom	8 123 899	5.06%	8 123 899	5.00%
			124 500 447	77.57%	125 466 022	77.16%

Shareholder Analysis

Directors' interests in securities
No securities have been furnished by Alaris or its subsidiaries for the benefit of any director (other than above) or any other associate of any director.

A new share incentive scheme was implemented on 6 May 2015 where options have been allocated to certain directors of the Company. These options will vest equally from 2017 to 2020:

		Number of shares
J DRESEL	Executive Director	3 800 000
GT HEYMAN	Executive Director	500 000

A further allocation to a director of the Company and a director of a subsidiary company was made subsequent to year end on 12 September 2016. These options will vest equally from 2018 to 2021:

		Number of shares
GT HEYMAN	Executive Director	500 000
S LENTONEN	Executive Director - COJOT	600 000

Refer to note 16 - Share based payments, for details of the scheme.

The following changes have occurred in the directors' interests between 30 June 2016 and the date of approval of this integrated annual report:

		Shares sold
T RASHAMA	**Prescribed Officer (Aucom)	1 534 060
R RASHAMA	**Director Subsidiary Aucom	500 000
THE MAS TRUST	*Director Subsidiary Aucom	502 650

The Poynting Empowerment Trust

Share Option Group 2016	2016	2015
Shares outstanding at the beginning of the year	778	955
Forfeited during the year	-	(23)
Exercised during the year	(778)	(154)
Shares left for distribution at year end	-	778

Options forfeited during the year
The initial option was offered to the employees effective 10 June 2010. In terms of the trust agreement employees are entitled to ownership of the shares if the option has been fully paid up and the following period has expired:

- 2 (two) years after the acceptance date, in respect of 33 1/3% (thirty three and a third percent) of the scheme shares, or part thereof
- 3 (three) years after the acceptance date, in respect of 33 1/3% (thirty three and a third percent) of the scheme shares, or part thereof
- 4 (four) years after the acceptance date, in respect of the balance of the scheme shares.

As some of the employees left the employment of Alaris Antennas prior to the 4th year they have forfeited the portion of the shares as per the trust agreement.

Termination of the Trust
The Poynting Empowerment Trust was terminated based on a resolution passed at the general meeting held on 7 October 2015. The unissued shares were repurchased by the Group and cancelled on the 30th of October 2015.

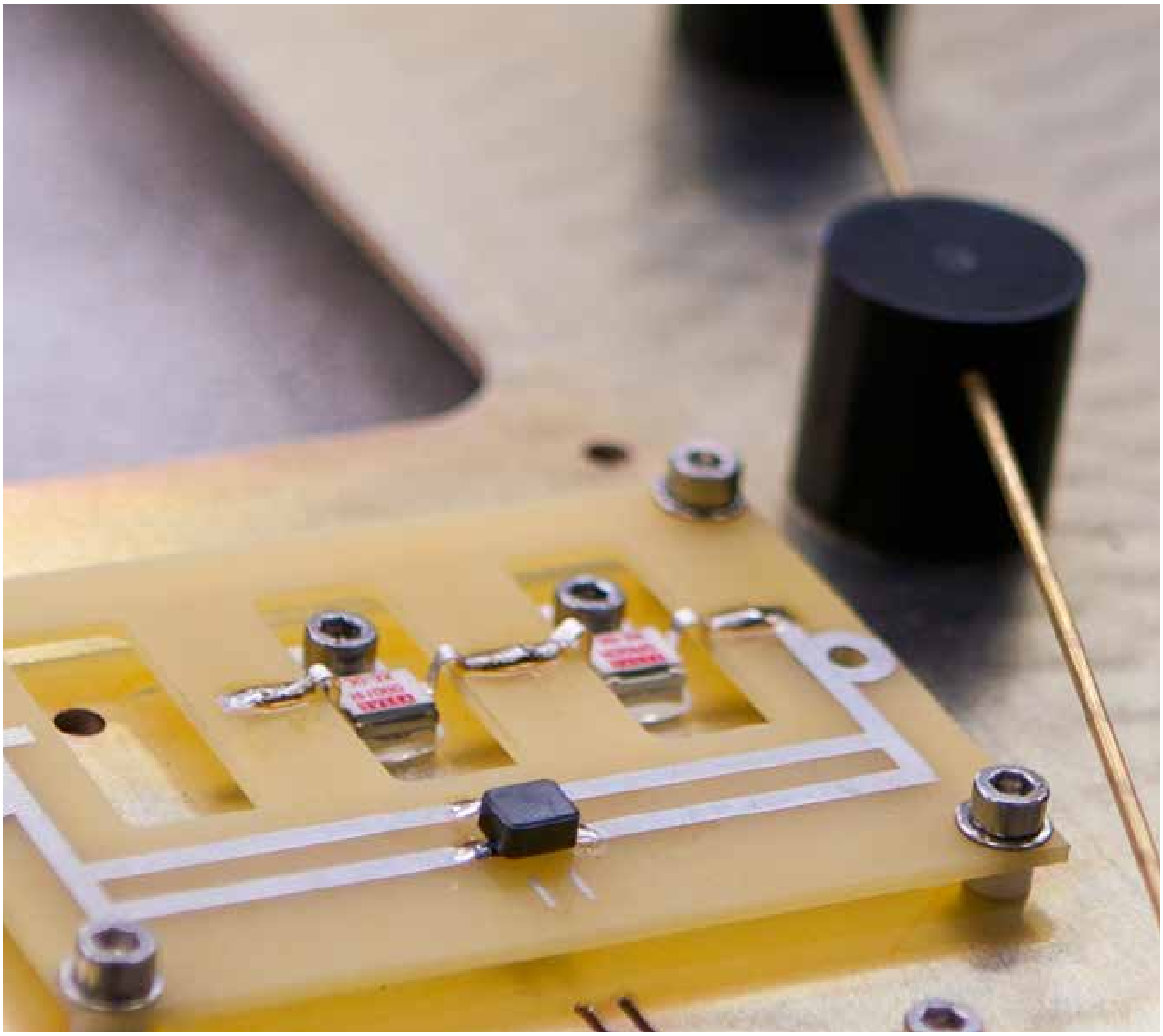
Assurance

Introduction
In respect of the level of assurance on information included in the integrated annual report and annual financial statements as set out below: The Audit and Risk committee ensures that a combined assurance model is applied to and provides a co-ordinated approach to all assurance activities. The level of assurance obtained in the integrated annual report was approved by the Audit and Risk committee and the Audit and Risk committee will continue to evaluate the level of assurance obtained taking into account the factors and risks identified that may impact on the integrity of the integrated annual report and regulatory requirements.

Financial information
Our consolidated financial statements were audited by our external auditor, KPMG Inc.

Non-financial information: Sustainability
No assurance was obtained on our sustainability measures. The Audit and Risk committee reviewed the disclosure of sustainability issues that may be commented on in the integrated annual report to ensure that it is reliable and does not conflict with the financial information and concluded that no additional external assurance are required on material sustainability issues.

Non-financial information: B-BBEE
The South African Broad-Based Black Economic Empowerment information for 2016 was verified by Empowerdex.



General Information

Country of incorporation and domicile
South Africa

Nature of business and principal activities
The Group is engaged in the manufacture of antennas and software and system integration.

Directors
CP Bester*^ (Chairman)
PN de Waal^
J Dresel # (CEO)
A Mellet @
JSV Joubert
RC Willis*^
GT Heyman (Financial Director)

*Independent
^Non-executive
#German
@ Alternate

Registered office
1 Travertine Avenue
N1 Business Park
Centurion
0157

Postal address
Private Bag X4
The Reeds
Pretoria
0166

Bankers
Standard Bank

Auditors
KPMG Inc.
Chartered Accountants (S.A.)
Registered Auditor

Company Secretary
Merchantec Proprietary Limited

Company registration number
1997/011142/06

Level of assurance
These consolidated financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Preparer
The consolidated annual financial statements were independently compiled by Gisela Heyman, Group CFO, CA(SA).

Published
4 November 2016

Index

The reports and statements set out below comprise the consolidated financial statements presented to the shareholders:

Index	Page
Audit Committee Report	39
Directors' Responsibilities and Approval	41
Certificate by Company Secretary	41
Directors' Report	42
Independent Auditor's Report	45
Consolidated Statement of Financial Position	46
Consolidated Statement of Profit or Loss and Other Comprehensive Income	47
Consolidated Statement of Changes in Equity	48
Consolidated Statement of Cash Flows	49
Accounting Policies	50 - 63
Notes to the Consolidated Financial Statements	64 - 95

Audit Committee Report

Members of the Audit and Risk Committee
RC Willis (Chairman),
CP Bester
PN de Waal

This report, of the Audit and Risk committee, is presented to shareholders in compliance with the requirements of the Companies Act as amended. The independent external auditors and the designated advisors attend the meetings as and when required and J Dresel,Group CEO, and G Heyman,Group Financial Director, attend the meetings by invitation.

In terms of the Companies Act 2008, (Act 71 of 2008) as amended, shareholders are required to elect the members of this committee at each annual general meeting. The appointment of RC Willis, CP Bester and PN de Waal were subject to shareholders re- electing them as members of the committee at the annual general meeting, held in January 2016. The members were re-elected accordingly.

Meetings held by the Audit and Risk Committee
The audit committee performs the duties laid upon it by Section 94(7) of the Companies Act as amended by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors and the designated advisors. The chairman of the committee reports to the board after every Audit and Risk committee meeting held.

The committee's role
The Audit and Risk committee is a statutory committee, outlined by the Companies Act and the recommendations set out in King III. The Audit and Risk committee has an independent role, and is accountable to the board. The committee's responsibilities include statutory duties prescribed by the Companies Act, activities recommended by King lll, and responsibilities assigned by the board.

External auditor independence
The committee, under section 90 of the Companies Act, has to consider the independence of the external auditors, as well as nominate a registered auditor for appointment by the Company. The committee is mandated to ensure that the appointment of the auditor complies with the provisions of the Companies Act, and any other legislation relating to the appointment of auditors. The committee was satisfied with the independence of the external auditors and it has recommended the reappointment of KPMG Inc. as the independent registered audit firm. The individual registered auditor was NH Southon. It was confirmed that the audit firm, and the designated auditor, are accredited as appearing on the JSE list of accredited auditors.

The committee determines the fees to be paid to the auditor, as well as the auditor's terms of engagement and authorises the fee, after a clearly defined scope was agreed upon by the Company and the auditors. During the external audit evaluation process, the committee considered various criteria including audit planning, technical abilities, audit processes, quality control, business insight, independence and other relevant factors.

Non-Audit Services
The committee is to determine the nature and extent of any non-audit services that the auditor may provide to the Company. The non-audit related services provided were a SENS review and the review of the Johannesburg Stock Exchange correspondence primarily with regards to the accounting treatment of the African Union Communications Proprietary Limited acquisition and the restatement thereof in the comparative financial year. KPMG Finland also provided due diligence services for the COJOT acquisition.

Evaluation of the annual consolidated financial statements
As part of its report to the board, the committee commented on the consolidated financial statements, the accounting practices and the internal financial controls of the Company. The committee stays abreast of current and emerging trends in accounting standards.

The committee confirms that they have reviewed and discussed the consolidated financial statements with the independent external auditors and financial director. The external auditor has unrestricted access to the Company and its subsidiaries' records and management. The auditor furnishes a written report to the committee on significant findings arising from the annual audit and is able to raise matters of concern directly with the chairman of the committee. There were no limitations imposed on the scope of the external audit.

The committee has reviewed the consolidated and separate financial statements of the Company, and is satisfied that they comply with International Financial Reporting Standards and the Companies Act of South Africa.

Audit Committee Report

The committee did not receive any concerns or complaints, within or outside the Company, relating to the accounting practices of the Company, the content or auditing of the Company's financial statements, the internal financial controls of the Company, or any related matter.

Expertise and experience of the financial director and finance function
The audit committee has executed its responsibility in terms of paragraph 3.84(h) of the JSE Listings Requirements, and confirms that it is satisfied with the expertise and experience of the financial director. The committee is satisfied with the overall expertise and adequacy of resources in the finance function, as well as the experience of the senior members of management responsible for it.

Internal audit
The internal audit function is an integral part of the corporate governance regime. The primary goal of the internal audit is to evaluate the company's risk management, internal control and corporate governance processes, and to ensure that they are adequate and functioning correctly.

The position of the Audit and Risk committee was that the internal audit function would be performed by the Group finance department. The board, as a whole, also considers internal controls. While considering the information and explanations given by management, as well as discussions held with the external auditor on audit results, the committee is of the opinion that the system of internal financial controls is effective, and forms a basis for the preparation of reliable financial statements.

Risk management
The board is responsible for the risk management process, whilst management is accountable to the board for designing, implementing and monitoring the process of risk management in the day-to-day activities of the Group.

Responsibility of the audit committee

- Review risk management policies and processes
- Review risk philosophy, strategies and policies
- Ensure risk management is integrated into business operations
- Ensure management considers and implements appropriate risk responses
- Evaluate the basis and adequacy of insurance cover
- Ensure internal audit is aligned with risk management processes
- Identify emerging areas of risk
- Ensure compliance with legislation, regulation and governance codes, including King III, and
- Identify areas of governance non-compliance and propose remedial action after considering the risk matrix, the committee has nothing material to report.

Annual consolidated financial statements
Following the review of the annual consolidated financial statements the audit committee recommend board approval thereof.

Approval of the Audit and Risk committee report
The committee confirms that it has functioned in accordance with its terms of reference for the 2016 financial year, and that its report to shareholders has been approved by the Board.

RC Willis
Chairman Audit and Risk Committee

12 September 2016

Directors' Responsibilities and Approval

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements of Alaris Holdings Limited, comprising the consolidated statement of financial position at 30 June 2016, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the accounting policies and notes to the financial statements, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and the Directors' Report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of consolidated annual financial statements
The consolidated annual financial statements of Alaris Holdings Limited, as identified in the first paragraph, were approved by the board of directors on 12 September 2016 and signed by

J Dresel
Authorised Director

GT Heyman
Authorised Director

Certificate by Company Secretary

In our capacity as Company Secretary, we hereby confirm, in terms of section 88(2)(e) of the Companies Act, 2008 (Act No.71 of 2008), as amended ("the Act"), that for the year ended 30 June 2016, the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a company in terms of the Act and that all such returns are true, correct and up to date.

Merchantec Proprietary Limited
Company secretary

12 September 2016

Directors' Report

The directors submit their report on the consolidated financial statements of Alaris Holdings Limited and its subsidiaries for the year ended 30 June 2016.

1. Incorporation
The Company was incorporated on 11 July 1997 and obtained its certificate to commence business on the same day.

2. Nature of business and principal activities
The Group designs and manufactures specialised antennas and other related radio frequency (RF) products and provides end to end solutions for radio and TV broadcasters.

3. Review of financial results and activities
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS's), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the Listing Requirements of the JSE. The accounting policies have been applied consistently compared to the prior year except where new Standards were adopted.

Full details of the financial position, results of operations and cash flows of the Group are set out in these consolidated financial statements. The operating results and state of affairs of the Group are fully set out and in our opinion do not require any further comment.

4. Share capital

	2016	2015	2016	2015
	R'000	R'000	Number of shares	
Issued shares - ordinary shares	**8**	8	**160 504 730**	162 604 275
Issued shares - preference shares	**889**	889	**20 400 000**	20 400 000

Refer to note 15 of the consolidated financial statements for detail of the movement in authorised and issued ordinary share capital. Refer to note 18 of the consolidated financial statements for more detail on the issued preference shares.

5. Accounting policies
The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial reporting Standards Council and the requirements of the Companies Act of South Africa and are consistent with those applied in the prior year. For new policies adopted during the current year refer to note 2.1 of the financial statements.

6. Dividends
The Company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the Board may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the Board may decide not to declare dividends.

Given the current strategy regarding mergers and acquisitions, the Board believes that it would be more appropriate for the Company to conserve cash to ensure that the Company is best placed to implement its growth strategy. Therefore, the Board has resolved not to declare a dividend for the financial year ended 30 June 2016 (2015: R0).

7. **Directorate**
The directors of the Company during the year and in office at the date of this report are as follows:

Directors	Office	Designation	Changes
CP Bester	Chairperson	Independent non-executive	
PN de Waal	Non-independent	Non-executive	
J Dresel (German)	Group CEO	Executive	
A Mellet	Alternate non-independent	Non-executive	Appointed 8 October 2015
GT Heyman	Group CFO and Financial Director	Executive	
RC Willis	Independent	Non-executive	
JSV Joubert	Non-independent	Executive	

8. **Interests in subsidiaries and trusts**

Name of subsidiary/trust	2016 %	2015 %
African Union Communications Proprietary Limited	100	100
Poynting Empowerment Trust	-	100
Alaris Holdings Limited Share Incentive Trust	100	-
Alaris Antennas Proprietary Limited	100	100
Alaris Investment Holdings UK Limited	100	-
COJOT Oy	100	-

The repurchase of 2 099 544 shares from the Poynting Empowerment Trust was approved at the general meeting held on 7 October 2015. The repurchase was effective on 30 October 2015 and the Trust has been subsequently wound up.

A new share incentive trust, the Alaris Holdings Limited Share Incentive Trust, was set up on 17 April 2015. This trust was created as a long term incentive for retention of key staff. Refer to note 16.

A new investment sub-holding company called Alaris Investment Holdings UK Limited was incorporated in London on 23 March 2016. The intention is to hold all foreign investments in this company. The latest acquisition of the company based in Finland, COJOT Oy was finalised on 1 May 2016. Refer to note 7 for more detail.

9. **Borrowing powers**
In terms of the Memorandum of Incorporation of the Company, the borrowing powers of the Company are unlimited and the directors may exercise all powers to borrow money as they consider appropriate. However all borrowings by the Group are subject to board approval as required by the board delegation of authority.

Directors' Report

10. Events after the reporting period
The directors are not aware of any material even which occurred after the reporting date and up to the date of this report.

11. Going concern
The consolidated 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.

12. Auditors
KPMG Inc. continued in office as auditors for the Company for 2016 in accordance with section 90 of the Companies Act as amended.

13. Company secretary
The secretary of the Company is Merchantec Proprietary Limited.

Postal address: PO Box 41480, Craighall, 2024

Business address: 2nd Floor, North Block, Hyde Park Office Tower, Cnr. 6th Road and Jan Smuts Avenue Hyde Park, 2196

The Company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act and such returns are true, correct and up to date.

Independent Auditor's Report

To the Shareholders of Alaris Holdings Limited

Report on the financial statements
We have audited the consolidated financial statements of Alaris Holdings Limited, which comprise the consolidated statement of financial position at 30 June 2016, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the accounting policies and notes to the financial statements as set out on pages 46 to 95.

Directors' responsibility for the financial statements
The company's directors are responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, these financial statements present fairly, in all material respects, the consolidated financial position of Alaris Holdings Limited at 30 June 2016, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act
As part of our audit of the financial statements for the year ended 30 June 2016, we have read the Directors' Report, the Audit Committee Report and the Certificate by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on Other Legal and Regulatory Requirements
In terms of the IRBA Rule published in the Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Alaris Holdings Limited for 10 years.

KPMG Inc.
Registered Auditor

Per NH Southon
Chartered Accountant (SA)
Registered Auditor
Director

12 September 2016

85 Empire Road
Parktown
Johannesburg

Consolidated Statement of Financial Position

at 30 June

R'000	Note	Audited 2016	Audited 2015
Assets			
Non-Current Assets			
Plant and equipment	4	**7 904**	6 221
Goodwill	5	**47 101**	22 115
Intangible assets	6	**17 486**	13 408
Contingent consideration asset	8	**-**	22 206
Deferred tax assets	9	**5 420**	1 541
Other financial assets	10	**-**	2 647
		77 911	**68 138**
Current Assets			
Other financial assets	10	**6 969**	8 165
Inventories	12	**18 040**	9 236
Current tax receivable		**1 617**	1 665
Trade and other receivables	13	**78 819**	43 428
Cash and cash equivalents	14	**94 481**	74 386
		199 926	**136 880**
Total Assets		**277 837**	**205 018**
Equity and Liabilities			
Equity			
Equity attributable to owners of the Company			
Share capital	15	**8**	8
Preference share capital	18	**889**	889
Share premium	15	**226 369**	231 265
Share-based payment reserve	16	**2 430**	406
Foreign currency translation reserve		**(299)**	-
Accumulated loss		**(95 751)**	(117 242)
Total equity		**133 646**	**115 326**
Liabilities			
Non-Current Liabilities			
Deferred tax liabilities	9	**2 941**	2 146
Loans and borrowings	17	**581**	-
Preference share liability	18	**50 111**	50 111
Other financial liabilities	19	**-**	911
		53 633	**53 168**
Current Liabilities			
Loans and borrowings	17	**153**	96
Trade and other payables	20	**81 348**	29 906
Current tax payable		**3 264**	1 138
Provisions	21	**3 576**	1 741
Other financial liabilities	19	**2 217**	3 643
		90 558	**36 524**
Total Liabilities		**144 191**	**89 692**
Total Equity and Liabilities		**277 837**	**205 018**
Number of ordinary shares legally in issue, less treasury shares		**158 116 771**	160 241 950
Net asset value per ordinary share (cents)		**84.52**	71.97
Net tangible asset value per ordinary share (cents)		**43.68**	35.94

Net asset value is calculated by dividing total equity, by the number of ordinary shares legally in issue, being number of shares in issue less treasury shares.

Net tangible asset value is calculated by dividing total equity less contingent consideration asset less goodwill and intangible assets, by the same number of ordinary shares legally in issue.

Consolidated Statement of Profit or Loss and other Comprehensive Income

for the year ended 30 June

R'000	Note	Audited 2016	Audited 2015
Continuing Operations			
Revenue	23	**248 499**	193 034
Cost of sales		**(111 395)**	(103 300)
Gross profit		**137 104**	**89 734**
Other income		**18 131**	898
Operating expenses		**(87 678)**	(72 880)
Trading operating profit	24	**67 557**	**17 752**
Finance income	25	**1 532**	3 312
Contingent consideration asset	8	**(22 206)**	22 206
Impairment of goodwill	5	**-**	(33 342)
Finance costs	26	**(5 211)**	(4 851)
Profit before taxation		**41 672**	**5 077**
Taxation	27	**(20 181)**	(6 317)
Profit/(loss) from continuing operations		**21 491**	**(1 240)**
Discontinued Operations	7		
Revenue		**-**	25 189
Cost of sales		**-**	(14 871)
Gross profit		**-**	**10 318**
Operating expenses		**-**	(17 639)
Trading operating loss		**-**	**(7 321)**
Finance income		**-**	101
Profit on disposal of discontinued operations		**-**	2 395
Finance costs		**-**	-
Loss before taxation		**-**	**(4 825)**
Taxation		**-**	941
Loss from discontinued operations		**-**	**(3 884)**
Profit/(loss) for the year		**21 491**	**(5 124)**
Other comprehensive income net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation reserve		**(299)**	-
Total comprehensive income		**21 192**	**(5 124)**
Weighted average number of ordinary shares in issue		**159 539 913**	121 697 691
Weighted average number of diluted ordinary shares in issue		**179 939 913**	168 826 622
Total operations - Basic earnings per ordinary share (cents)	29	**13.47**	(2.91)
Total operations - Diluted basic earnings per ordinary share (cents)	29	**14.59**	(13.52)
Total operations - Headline earnings per ordinary share (cents)	29	**13.47**	15.22
Total operations - Diluted headline earnings per ordinary share (cents)	29	**14.59**	5.39
Total operations - Normalised earnings per ordinary share (cents)	30	**30.60**	16.41
Continuing operations - Basic earnings per ordinary share (cents)	29	**13.47**	(0.70)
Continuing operations - Diluted basic earnings per ordinary share (cents)	29	**14.59**	(11.22)
Continuing operations - Headline earnings per ordinary share (cents)	29	**13.47**	18.23
Continuing operations - Diluted headline earnings per ordinary share (cents)	29	**14.59**	8.53
Continuing operations - Normalised earnings per ordinary share (cents)	30	**30.60**	16.41

Consolidated Statement Of Changes In Equity

for the year ended 30 June

R'000	Note	Share capital and preference shares	Share premium	Share based payment reserve	Accumu-lated loss	Foreign currency translation reserve	Total equity
Balance at 01 July 2014		**898**	**231 151**	**123**	**(76 279)**	**-**	**155 893**
Total comprehensive income for the year		-	-	-	(5 124)	-	(5 124)
Shares repurchased - Compart		(1)	-	-	(35 839)	-	(35 840)
Share-based payment - new issue of options		-	-	397	-	-	397
Share options exercised		-	114	(114)	-	-	-
Balance at 30 June 2015		**897**	**231 265**	**406**	**(117 242)**	**-**	**115 326**
Total comprehensive income for the year:		-	-	-	21 491	(299)	21 192
- Profit for the year		-	-	-	21 491	-	21 491
- Foreign currency translation reserve		-	-	-	-	(299)	(299)
Shares repurchased - Poynting Empowerment Trust	15	-	(904)	-	-	-	(904)
Share-based payment - option charge	16	-	-	2 024	-	-	2 024
Movement in treasury shares	15	-	(3 992)	-	-	-	(3 992)
Balance at 30 June 2016		**897**	**226 369**	**2 430**	**(95 751)**	**(299)**	**133 646**

Consolidated Statement of Cash Flows

for the year ended 30 June

R'000	Note	Audited 2016	Audited 2015
Cash flows from operating activities			
Cash generated from operations	32	80 610	6 756
Finance income		1 532	3 413
Finance cost		(5 211)	(4 851)
Tax paid	33	(22 754)	(6 245)
Net cash from/(used in) operating activities		**54 177**	**(927)**
Cash flows from investing activities			
Additions to property, plant and equipment	4	(3 170)	(4 036)
Sale of plant and equipment		-	66
Repurchase of Shares – Poynting Empowerment shares		(904)	-
Movement in treasury shares – Share Incentive Scheme		(3 992)	-
Additions to intangible assets	6	(2 157)	(6 272)
Acquisition of a subsidiary	34	(25 596)	-
Net cash used in investing activities		**(35 819)**	**(10 242)**
Cash flows from financing activities			
Repayment of loans and borrowings		-	(350)
Loss on hedging fund		-	(193)
Repayment of shareholder loan		-	(1 716)
Finance lease payments		638	(210)
Net cash from/(used in) financing activities		**638**	**(2 469)**
Net increase/(decrease) in cash and cash equivalents for the year		**18 996**	(13 638)
Cash disposed as part of business disposal	7	-	2 332
Cash and cash equivalents at beginning of the year		74 386	85 821
Effect of exchange rate movement on cash balances		1 099	(129)
Total cash and cash equivalents at end of the year	14	**94 481**	**74 386**

Accounting Policies

1. Presentation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS's), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the Listing Requirements of the JSE. The 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.

The financial statements of the Company are presented separately from the consolidated financial statements and have been approved by the directors. The separate company financial statements are available on request at the registered office of the Company.

These accounting policies are consistent with the previous period, except for new standards and interpretations, effective and adopted in the current year as presented in note 2.1.

1.1 Reporting entity

Alaris Holdings Limited ("the Company") is a company domiciled in South Africa. The address of the company's registered office is 1 Travertine Avenue, N1 Business Park, Centurion, 0157. The consolidated financial statements for the year ended 30 June 2016 comprise the company and all its subsidiaries (together referred to as "the Group" and individually as "Group entities").

All information has been presented in South African Rand which is the Group's functional currency. Amounts have been rounded to the nearest R1 000.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets acquired, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of assets or liabilities which arise as a result of the contingent consideration are recognised in profit or loss and are not affected against goodwill.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business Combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal group) that are classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the Group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

In cases where the Group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously in other comprehensive income or equity and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest at fair value and less the fair value of the identifiable assets and liabilities of the acquiree.

1.1 Reporting entity (continued)

Goodwill is not amortised but is tested on an annual basis for impairment.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the 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.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the rate of exchange at the reporting date.

Income and expenses of foreign operations are translated at the exchange rates ruling at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and judgements and form assumptions that affect the reported amounts of the assets, liabilities, reported revenue and costs during the periods presented therein, and the disclosure of contingent assets and liabilities at the reporting date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future and the resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the financial results of the financial position reported in the future periods are discussed below.

Contingent consideration asset

Of the 66 million shares issued, 49.5 million shares were held as guarantee, to be released to the sellers as profit warranties are met for the years ended 30 June 2014, 30 June 2015 and ending 30 June 2016, or recalled if warranties are not met in aggregate.

In the 2015 financial year a contingent consideration asset of R22.2 million was recognised equal to that of the estimated claw-back of the original purchase price paid to the Aucom vendors should profit warranties not be achieved.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Aucom achieved cumulative earnings of R38.5 million over the three year period putting them slightly ahead of the earn-out target of R38 million as stated in the sale of share agreement signed in 2014. Therefore no further shares are deemed to be recallable and therefore the asset of R22.2 million was reversed through the statement of profit and loss.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The gross carrying value less impairment allowance of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Provisions

Provisions were raised based on management's best estimate of the expenditure required to settle the present obligation at the reporting date. Additional disclosure of these estimates of provisions are included in note 21- Provisions.

Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 5. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 5).

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 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 company 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 company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are 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 company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Allowance for credit losses

Past experience indicates a reduced prospect of collecting debtors outstanding for longer than three months. Debtor's balances outstanding for longer than three months are regularly assessed by management and provided for at their discretion.

1.3 Plant and equipment

Cost of plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Company; and
- the cost of the item can be measured reliably.

Plant and equipment is initially measured at cost.

1.3 Plant and equipment (continued)

Costs include costs incurred initially to acquire or construct an item of plant and equipment and costs incurred subsequently to add or replace a part of it. If a replacement cost is recognised in the carrying amount of an item of plant and equipment, the carrying amount of the replaced part is derecognised. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the entity.

Costs include expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, as well as capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Day-to-day expenses incurred on plant and equipment are expensed directly in profit or loss for the period.

Depreciation of plant and equipment

Items of plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

These following useful lives have been applied in the current and prior periods.

Item	Average useful life
Plant and machinery	5 years
Furniture and fixtures	10 years
Motor vehicles	4 years
Office equipment	5 years
IT equipment	5 years
Computer software	2 – 3 years
Leasehold improvements	5 years
Production tooling	5 years
Other plan and equipment	5 years

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.

Each part of an item of plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

Depreciation commences when an asset is available for use. Depreciation is charged so as to write off the depreciable amount of items to their residual values, over the estimated useful lives using a method that reflects the pattern in which the asset's future economic benefit is expected to be consumed by the Group. Depreciation ceases at the earlier of the date the asset is classified as held for sale or the date it is derecognised.

Derecognition of plant and equipment

Derecognition occurs when an item of plant and equipment is disposed of, or when it is no longer expected to generate any further economic benefits.

The gain or loss arising from the derecognition of an item of plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

When a decision is made by the directors that an item of property, plant and equipment will be disposed of, and the requirements of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations are met, then those specific assets will be presented separately in the statement of financial position. The assets are measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets ceases.

Accounting Policies

1.4 Intangible assets

An intangible asset is recognised when all of the following are met:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when all the following are met:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are technical, financial and other resources available in order to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

The intangible assets consists of the customer relationships, development expenditure incurred for models, designs and prototypes that are considered to possess the ability to ensure a future economic benefit, on a long-term basis in the future. This development expenditure could be measured reliably.

Development costs, mainly consisting of staff remuneration, are capitalised as incurred. Amortisation of intangible assets commences once the quarterly close out of the projects is completed.

Intangible assets are subsequently measured at cost less any accumulated amortisation and accumulated impairment losses.

The residual value, amortisation period and the amortisation method for an intangible asset is reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values, for both the current and comparative year, as follows:

Item	**Average useful life**
Models, designs and prototypes	5 years
Customer relationships - Aucom	5 years
Customer relationships - COJOT	7 years

The amortisation charge is included under operating expenses in the statement of profit or loss and other comprehensive income.

1.5 Investments in subsidiaries

On acquisition of an entity which is controlled by the Group, the Group recognises the subsidiary's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

The consolidated financial statements incorporate the financial statements of the company, and its subsidiaries from the date that control commences until the date that control ceases. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Non-controlling interest is measured as the proportionate share of the acquirer's identifiable net assets at the acquisition date. Subsequently, any loss applicable to a subsidiary is deducted in proportion to Alaris' non-controlling share of the subsidiary, from the non-controlling interest.

All intra-group transactions, balances, income, expenses and unrealised profit or loss on stock are eliminated on consolidation.

1.6 Financial instruments

Classification

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, loans from shareholders and trade and other payables.

Non-derivative financial instruments are initially measured at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Derivative financial instruments comprise foreign exchange contracts and are designated as held for trading.

Financial assets at fair value through profit and loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit and loss if the group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes thereof are recognised in profit or loss.

Non-derivative financial instruments

All non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses, except for those at fair value through profit or loss.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

On initial recognistion the Group classifies financial instruments, or their component parts, as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable and are subsequently measured at cost and classified as available-for-sale financial assets.

For financial instruments which are not recognised at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

After initial recognition financial assets are measured as follows:

- Loans and receivables are measured at amortised cost using the effective interest method less any impairment losses.

After initial recognition financial liabilities are measured as follows:

- Other financial liabilities are measured at amortised cost using the effective interest method.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- Where financial assets and financial liabilities are carried at amortised cost, a gain or loss is recognised in profit or loss through the amortisation process, as well as when the financial asset or financial liability is derecognised or impaired.
- A gain or loss on a financial asset or financial liability classified as at fair value through profit or loss is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the new amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends to either settle them on a net basis or to realise the assets and settle the liability simultaneously.

Accounting Policies

1.6 Financial instruments (continued)

Derecognition of financial instruments

The Group derecognises financial assets only when the contractual rights to the cash flows from the asset expire; or it transfers the right to receive contractual cash flows in a transaction in which substantially all the risk and rewards of the ownership of the financial asset are transferred.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For amounts due to the Group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered objective indicators of impairment.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. Impairment losses are calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Loans to shareholders

These financial assets are classified as loans and receivables and are measured at amortised cost, using the effective interest rate method, less any impairment loss.

Trade and other receivables

Trade and other receivables are classified as loans and receivables.

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Trade and other payables

Trade and other payables are classified as other financial liabilities and are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalent are measured at amortised cost which approximates their fair value.

Bank overdraft and borrowings

Bank overdraft and borrowings are classified as financial liabilities and 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.

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

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 end of the reporting period.

1.7 Tax (continued)

Deferred tax assets and liabilities

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Dividend withholding tax

Dividends withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends declared.

The Company withholds dividends tax on behalf of its shareholders at a rate of 15% on dividends declared. Amounts withheld are not recognised as part of the Company's tax charge but rather as part of the dividend paid recognised directly in equity.

Where withholding tax is withheld on dividends received, the dividend is recognised at the gross amount with the related withholdings tax recognised as part of tax expense unless it is otherwise reimbursable in which case it is recognised as an asset.

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, in other comprehensive income or equity.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Accounting Policies

1.8 Leases (continued)

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

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.

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.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned by using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories is recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Work in progress

Work in progress consists of unfinished goods measured at the lower of cost and net realisable value. Once goods are completed they are transferred to Finished Goods.

1.10 Impairment of non-financial assets

The Group assesses at each end of the 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 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. This reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

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.

Irrespective of whether there is any indication of impairment, the Group tests goodwill acquired in a business combination for impairment annually. An impairment loss in respect of goodwill is not reversed.

The Group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods 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 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 accumulated amortisation is recognised immediately in profit or loss.

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. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

If the Group reacquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Consideration paid or received is recognised directly in equity.

Shares in the Group held by the Share Incentive Trust are classified as treasury shares. The cost of these shares is deducted from equity. The number of shares held is deducted from the number of issued shares and the weighted average number of shares in the determination of earnings per share. Dividends received on treasury shares are eliminated on consolidation.

The Group's redeemable preference shares are classified as financial liabilities, because they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

1.12 Share-based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions the goods or services received and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received provided that the fair value can be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, or if the services received are employee services, their value and the corresponding increase in equity, are measured, indirectly, by reference to the fair value of the equity instruments granted.

Vesting conditions which are not market related (i.e. service conditions and non-market related performance conditions) are not taken into consideration when determining the fair value of the equity instruments granted. Instead, vesting conditions which are not market related are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted are based on the number of equity instruments that eventually vest. Market conditions, such as a target share price, are taken into account when estimating the fair value of the equity instruments granted. The number of equity instruments are not adjusted to reflect equity instruments which are not expected to vest or do not vest because the market condition is not achieved.

If the share based payments granted do not vest until the counterparty completes a specified period of service, the Group accounts for those services as they are rendered by the counterparty during the vesting period, (or on a straight line basis over the vesting period).

If the share based payments vest immediately the services received are recognised in full.

In circumstances where the company is involved in a share based payment transaction among entities in the Group, the following is applied in the entity's separate financial statements:

- Where the company is the recipient of the goods or services, the transaction is measured as an equity settled share based payment transaction only if the awards are granted in its own equity instruments or if the entity has no obligation to settle the transaction. In all other cases, the transaction is measured as a cash-settled share-based payment transaction.
- Where the company settles the share-based payment transaction and another entity in the company receives the goods or services, the entity recognises the transaction as an equity-settled share based payment transaction only if it is settled in the entity's own equity instruments. In all other circumstances, the transaction is recognised as a cash settled share based payment transaction.

Accounting Policies

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

1.14 Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

These provisions include provisions for warranties.

Product warranties

Alaris warrants certain repairs on its products for 12 and 24 month periods. These warranties are provided for when the initial project is completed. Warranty repairs during the warranty period are monitored and written back against the provision when incurred.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

The present value is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of time value of money and risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. In this case, the reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities not arising on business combinations are not recognised.

1.15 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.

1.15 Revenue (continued)

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 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.

1.16 Other income

Other income is recognised for amounts received or receivable outside the normal course of business when the following conditions have been satisfied:

- the amount of other income can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the Group.

Other income includes profit on foreign exchange, profit on sale of assets and sundry income.

1.17 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.18 Investment income and finance expense

Investment income comprises interest income on funds invested, dividend income, and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise of interest expense on bank overdraft, borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss using the effective interest method.

1.19 Trading operating profit or loss

Trading operating profit or loss comprises sale of goods, rendering of services and directly attributable costs, but excludes investment income, fair value adjustments, impairment of goodwill and finance costs.

Accounting Policies

1.20 Translation of foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Group companies at the exchange rates at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss.

However foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- Available for sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss)
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective;and
- Qualifying cash flow hedges to the extent that the hedges are effective.

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 consolidated financial statements are recognised in profit or loss in the period in which they arise.

The Group policy to manage foreign exchange risk is to net off foreign debtors and bank balances against foreign creditors, and the remaining exposure is hedged via currency futures or options, with a maximum of R5 million of the total exposure left unhedged.

1.21 Earnings per share and headline earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

Headline EPS is calculated by dividing the headline profit or loss by the weighted average number of ordinary shares outstanding during the year.

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

No new standards and interpretations are effective for the current financial year that are relevant to its operations.

2.2 New 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 July 2016 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
IFRS 9: Financial Instruments	01 June 2018	The impact of the standard is not material
IAS 1: Presentation of financial statements	01 January 2016	The impact of the standard is not material
Amendments to IFRS 7 - Financial instrument disclosure: Annual improvement project	01 July 2016	The impact of the standard is not material
Amendments to IAS19 - Employee benefits: Annual improvement project	01 January 2016	The impact of the standard is not material
Amendments to IAS 34 - Interim financial reporting: Annual Improvement Project	01 January 2016	The impact of the standard is not material
IAS 16 an IAS 38 - Clarification of Acceptable Methods of depreciation and amortisation	01 January 2016	The impact of the standard is not material
IFRS 15 - Revenue from contracts with customers	01 January 2018	The impact of the standard is still to be assessed
IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception	01 January 2016	The impact of the standard is not material
IFRS 5 - Non-current assets held for sale and discontinued operations: changes in method of disposal	01 January 2016	The impact of the standard is not material
IFRS 16 - Leases	01 January 2019	The impact of the standard is still to be assessed

Notes to Consolidated Financial Statements

3. Operating segments

The Group had four (2015: three) reportable segments, as described below, which are the Group's strategic divisions. Management has identified the segments based on the internal reports reviewed monthly by the Group's chief operating decision maker (CODM). The CODM at the reporting date is the Executive Committee. The responsibility of the Executive Committee is to assess performance and to make resource allocation decisions related to the individual operations of the Group. The segment financial information provided to and used by the CODM forms the basis of the segment information disclosure in these financial statements.

The business is considered from an operating perspective based on the products manufactured and sold. The operating segments comprise:

- Alaris Antennas: located in Centurion, Pretoria where it designs and manufactures specialised broadband antennas as well as other related radio frequency products.
- COJOT: located in Espoo, Finland where it designs specialised broadband antennas. COJOT was acquired on 28 April 2016. Refer to note 7 for more detail.
- Aucom: located in Waterkloof, Pretoria, the business provides end to end solutions for radio and TV broadcasters. It designs, sells and implements integrated broadcasting systems and has specific expertise in digital television distribution, multiscreen as well as over-the-top (OTT) systems.
- Corporate and consolidation: located in Centurion, is a cost centre where costs relating to shared services and fees associated with being a listed company are included. Net funding costs, including the interest paid on the PSG preference shares are included here.

The Group operates internationally, across all continents. Refer to note 13 for disclosure on major customers.

Performance is measured based on earnings before interest, taxation, depreciation and amortisation, as well as PAT as included in the internal management reports. Management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within the industry.

Notes to Consolidated Financial Statements
for the year ended 30 June

3. Operating segments (continued)

R'000	Alaris Antennas	COJOT	Aucom	Corporate and con-solidation	Total continuing operations	Total dis-continued operations
2016						
Segmental revenue	117 294	14 822	116 383	-	248 499	-
Earnings before interest, tax, depreciation and amortisation (EBITDA) *	51 852	6 822	25 733	(9 058)	75 349	-
Operating profit	46 977	6 553	25 356	(11 329)	67 557	-
Investment income	129		696	707	1 532	-
Finance cost	(20)	-	(258)	(4 933)	(5 211)	-
Contingent consideration asset	-	-	-	(22 206)	(22 206)	-
Profit / (loss) before taxation	**47 086**	**6 553**	**25 794**	**(37 761)**	**41 672**	**-**
Taxation	(13 175)	(1 360)	(7 188)	1 542	(20 181)	-
Profit / (loss) for the year	**33 911**	**5 193**	**18 606**	**(36 219)**	**21 491**	**-**
Normalised earnings profit / (loss) for the year	**34 032**	**5 193**	**18 828**	**(9 240)**	**48 813**	-
** EBITDA excludes the contingent consideration asset*						
Reportable segment assets	74 550	48 764	84 060	70 463	277 837	-
Reportable segment liabilities	(33 590)	(13 099)	(50 448)	(47 054)	(144 191)	-
2015						
Segmental revenue	88 394	-	104 640	-	193 034	25 189
Earnings before interest, tax, depreciation and amortisation (EBITDA) *	30 885	-	8 523	(12 546)	26 862	(1 855)
Operating profit/(loss)	26 108	-	8 371	(16 727)	17 752	(7 321)
Investment income	602	-	575	2 135	3 312	101
Finance cost	(1 914)	-	(262)	(2 675)	(4 851)	-
Profit on disposal of discontinued operations	-	-	-	-	-	2 395
Contingent consideration asset and goodwill impairment	-	-	-	(11 136)	(11 136)	-
Profit / (loss) before taxation	**24 796**	**-**	**8 684**	**(28 403)**	**5 077**	**(4 825)**
Taxation	(3 853)	-	(1 385)	(1 079)	(6 317)	941
Profit / (loss) for the year	**20 944**	**-**	**7 299**	**(29 482)**	**(1 240)**	**(3 884)**
Normalised earnings profit / (loss) for the year	**20 944**	**-**	**7 299**	**(8 277)**	**19 966**	**-**
** EBITDA excludes the contingent consideration asset raised and goodwill impairment*						
Reportable segment assets	93 722	-	38 939	72 357	205 018	-
Reportable segment liabilities	(13 721)	-	(13 933)	(62 038)	(89 692)	-

.

4. **Plant and equipment**

R'000	2016 Cost	2016 Accumulated depreciation	2016 Carrying value	2015 Cost	2015 Accumulated depreciation	2015 Carrying value
Plant and machinery	12 541	(9 216)	3 325	4 791	(1 909)	2 882
Furniture and fixtures	2 101	(567)	1 534	630	(305)	325
Motor vehicles	421	(163)	258	230	(69)	161
Office equipment	89	(72)	17	79	(66)	13
IT Equipment	1 246	(568)	678	1 534	(955)	579
Computer software	4 775	(3 566)	1 209	2 209	(914)	1 295
Leasehold improvements	853	(225)	628	1 074	(453)	621
Production tooling	864	(617)	247	795	(463)	332
Other plant and equipment	45	(37)	8	45	(32)	13
	22 935	**(15 031)**	**7 904**	**11 387**	**(5 166)**	**6 221**

Reconciliation of Plant and Equipment – 2016

R'000	Opening balance	Additions	Disposals	Additions through business combina-tion	FCTR	Depre-ciation	Total
Plant and machinery	2 882	490	-	1 013	16	(1 076)	3 325
Furniture and fixtures	325	1 472	-	--	-	(263)	1 534
Motor vehicles	161	191	-	--	-	(94)	258
Office equipment	13	10	-	-	-	(6)	17
IT Equipment	579	328	-	-	-	(229)	678
Computer software	1 295	459	-	81	3	(629)	1 209
Leasehold improvements	621	152	-	-	-	(145)	628
Production tooling	332	69	-	-	-	(154)	247
Other plant and equipment	13	-	-	-	-	(5)	8
	6 221	**3 171**	**-**	**1 094**	**19**	**(2 601)**	**7 904**

Notes to Consolidated Financial Statements
for the year ended 30 June

4. Plant and equipment (continued)

Reconciliation of Plant and Equipment – 2015

R'000	Opening balance	Additions	Disposals	Disposal of business	Transfers	Depre-ciation	Total
Plant and machinery	2 513	1 387	-	(342)	-	(676)	2 882
Furniture and fixtures	282	142	-	(30)	1	(70)	325
Motor vehicles	197	145	-	(132)	-	(49)	161
Office equipment	28	4	-	(13)	(1)	(5)	13
IT Equipment	723	388	(7)	(303)	-	(222)	579
Computer software	275	1 490	-	(119)	-	(351)	1 295
Leasehold improvements	572	463	(216)	(32)	-	(166)	621
Production tooling	2 171	17	-	(1 501)	-	(355)	332
Other plant and equipment	17	-	-	-	-	(4)	13
	6 778	**4 036**	**(223)**	**(2 472)**	**-**	**(1 898)**	**6 221**

Pledged as security

Plant and equipment with a carrying value of R740 517 (2015: R96 000) was ceded as security, refer note 17.

Assets subject to instalment sale agreements (carrying amount)

	2016 R'000	2015 R'000
Furniture and fittings	-	-
Plant and machinery	474	92
Motor vehicles	267	-
Production tooling	-	4
	741	**96**

A register containing the information required by the Companies Act is available for inspection at the registered office of the Company.

5. Goodwill

	2016				2015		
R'000	Cost	Accumu-lated im-pairment	FCTR	Carrying value	Cost	Accumu-lated im-pairment	Carrying value
Radiant Antennas	2 207	-	-	2 207	2 207	-	2 207
COJOT	24 775	-	211	24 986	-	-	-
African Union Communications (Pty) Ltd	148 296	(128 388)	-	19 908	148 296	(128 388)	19 908
	175 278	**(128 388)**	**211**	**47 101**	**150 503**	**(128 388)**	**22 115**

5. **Goodwill (continued)**

Reconciliation of goodwill – 2016

R'000	Opening balance	Additions through business combination	Impairment	FCTR	Closing balance
Radiant Antennas	2 207	-	-	-	2 207
COJOT	-	24 775	-	211	24 986
African Union Communications (Pty) Ltd	19 908	-	-	-	19 908
	22 115	**24 775**	**-**	**211**	**47 101**

Reconciliation of goodwill – 2015

R'000	Opening balance	Impairment	Closing balance
Radiant Antennas	2 207	-	2 207
African Union Communications (Pty) Ltd	53 250	(33 342)	19 908
	55 457	**(33 342)**	**22 115**

Goodwill related to Radiant Antennas Proprietary Limited

The Company entered into a Sale of Business Agreement, dated 10 July 2012, with Radiant Antennas Proprietary Limited ("Radiant") to acquire the business of Radiant as a going concern in order to expand business opportunities.

The Company acquired all assets of Radiant which include trade receivables, plant and equipment (excluding one motor vehicle), inventory, any prepayments and Radiant's right, title and interest in and to contracts, and assumed all liabilities of Radiant, excluding any shareholder loan accounts.

The Radiant business acquisition was incorporated in the Alaris Antennas cash generating unit effective 01 July 2012.

Goodwill to the value of R2 207 122 was recognised from the Radiant transaction. The recoverable amount was determined as the value in use of the cash generating unit estimated on the net present value of the future cash flows, expected to be derived from the unit, using a pre-tax discount rate of 17.8% and terminal growth rate of 5%. The key assumptions are obtained from the budget for 2017 and business plans for the year thereafter. The recoverable amount was greater than the carrying value and hence no impairment was recognised.

Goodwill related to African Union Communications Proprietary Limited

The Company entered into a purchase of share agreement, effective 1 July 2013 where 100% of the shareholding was purchased from private owners.

The purchase consideration of Aucom (a business operation) was fixed when the transaction became unconditional and was paid for in shares. The purchase consideration was therefore impacted by the change in share price from 75 cents (the price when the transaction was originally negotiated) to 271 cents (the price when the transaction become unconditional and effective) resulting in goodwill being recognised of R148 million. Goodwill relating to the Aucom acquisition was impaired in previous years by R33.3 million (2014: R95 million) in the Corporate and consolidation segment. Based on the annual review of the estimated present value of future cash flows expected to be derived from the Cash Generating Unit (value in use), using a pre-tax rate of 17.8% and a terminal value growth rate of 5% from 2021. The recoverable amount of the CGU was estimated to be higher than its carrying amount and therefore no further impairment was needed for the year.

Notes to Consolidated Financial Statements
for the year ended 30 June

5. Goodwill (continued)

Goodwill related to COJOT Oy

The Group entered into a purchase of share agreement, effective 1 May 2016 where 100% of the shareholding was purchased from private owners.

Goodwill arising from the acquisition has been recognised as follows:	2016 R'000	2015 R'000
Identifiable net assets as at 1 May 2016	30 406	-
Intangible assets (customer relationships)	7 027	-
Deferred tax thereon	(1 405)	-
Goodwill	24 775	-
Total purchase consideration	**60 803**	**-**

The acquisition of COJOT was finalised in this financial year. Goodwill to the value of R24.8 million was recognised from the transaction. The recoverable amount was determined as the value in use of the cash generating unit estimated on the net present value of the future cash flows, expected to be derived from the unit, using a pre-tax discount rate of 16.6% and terminal growth rate of 5%. The key assumptions are obtained from the budget for 2017 and business plans for the year thereafter. The recoverable amount was greater than the carrying value and hence no impairment was recognised.

6. Intangible assets

	2016			2015		
R'000	**Cost**	**Accumulated amortisation & impairment**	**Carrying value**	**Cost**	**Accumulated amortisation & impairment**	**Carrying value**
Model, designs and prototypes	**23 992**	**(18 998)**	**4 994**	20 825	(15 081)	5 744
Customer relationships - COJOT	**7 027**	**(109)**	**6 918**	-	-	-
Customer relationships - Aucom	**10 451**	**(4 877)**	**5 574**	10 451	(2 787)	7 664
	41 470	**(23 984)**	**17 486**	**31 276**	**(17 868)**	**13 408**

Reconciliation of intangible assets – 2016

R'000	Opening balance	Additions	Additions through business combination	Amortisation	FCTR	Total
Model, designs and prototypes	5 744	2 157	17	(2 924)	-	4 994
Customer relationships - COJOT	-	-	7 027	(176)	67	6 918
Customer relationships - Aucom	7 664	-	-	(2 090)	-	5 574
	13 408	2 157	7 044	(5 190)	67	17 486

Reconciliation of intangible assets – 2015

R'000	Opening balance	Additions	Disposal of business	Amortisation	Total
Model, designs and prototypes	14 953	6 272	(8 640)	(6 841)	5 744
Customer relationships	9 754	-	-	(2 090)	7 664
	24 707	**6 272**	**(8 640)**	**(8 931)**	**13 408**

Internally generated intangible assets with finite useful lives
The intangible assets consist of the development expenditure for models, designs and prototypes incurred that is considered to possess the ability to ensure a future economic benefit, on a long-term basis. The expenditure could be measured reliably. The useful live is five years with no residual value.

The amortisation charge of R2.9 million (2015: R6.8 million) is included under operating expenses in the statement of profit or loss.

Total aggregate research and development cost incurred was R13.3 million (2015: R9.1 million).

Customer relationships
Fair value of the customer database was calculated by assessing the consistency of the customers in terms of their existence and value over the last three years. Based on this information an attrition percentage was applied to the expected revenues of the company to determine what value of the future anticipated revenues is estimated to be received from the existing customer database. The lifetime of the COJOT and Aucom customer database was estimated to be 7 years and 5 years respectively.

The amortisation charge of R2.2 million (2015: R2.1 million) is included under operating expenses in the statement of profit or loss.

Additions through purchase of COJOT Oy
Based on the valuation, amortisation of the customer relationships intangible asset of COJOT will be R1 million per year for the remaining period.

7. Interests in subsidiaries and trusts

Name of subsidiary/trust	2016 %	2015 %
African Union Communications Proprietary Limited	**100**	100
Poynting Empowerment Trust	**-**	100
Alaris Holdings Limited Share Incentive Trust	**100**	-
Alaris Antennas Proprietary Limited	**100**	100
Alaris Investment Holdings UK Limited	**100**	-
COJOT Oy	**100**	-

The repurchase of 2 099 544 shares from the Poynting Empowerment Trust was approved at the general meeting held on 7 October 2015. The repurchase was effective on 30 October 2015 and the Trust has been subsequently wound up.

New trust
A new share incentive trust called the Alaris Holdings Limited Share Incentive Trust was set up on 17 April 2015. This trust was created as a long term incentive for retention of key staff. Refer to note 16.

Acquisition of subsidiary
A new investment sub-holding company called Alaris Investment Holdings UK Limited was incorporated in London on 22 March 2016. The intention is to hold all foreign investments in this company.

The Group concluded an agreement to acquire 100% of the issued share capital of COJOT OY and all shareholder loan claims that the Sellers have against the company ("the Acquisition"). All conditions precedent to the Acquisition as per the agreement were fulfilled on the 28th of April and therefore the results of COJOT were included in the Group results from 1 May 2016. Refer note 34 for breakdown of identifiable net assets and liabilities acquired.

Notes to Consolidated Financial Statements
for the year ended 30 June

7. Interests in subsidiaries and trusts (continued)

Disposal of subsidiaries

In the prior year, the Company entered into an implementation agreement ("Implementation Agreement") with, inter alia, its former CEO, Dr Andries Petrus Cronje Fourie ("Dr Fourie") and the trustees for the time being of the Andries Petrus Cronje Fourie Trust ("the Trust"), whereby the Company disposed of its interests in Poynting Antennas Proprietary Limited ("Poynting Antennas") (excluding the profitable Poynting DS and Poynting SS divisions) as well as Poynting Direct Proprietary Limited ("Poynting Direct"), Poynting Hong Kong Limited ("Poynting HK") and a non-controlling interest in CrunchYard Holdings Proprietary Limited ("CrunchYard") ("the Composite Sale") to an entity controlled by Dr Fourie ("NewCo")(the "Composite Transaction").

In terms of the Implementation Agreement, the Composite Sale purchase consideration was settled through the specific repurchase of 14 000 000 Alaris Holdings shares ("the Specific Repurchase").

In terms of the Composite Sale, NewCo acquired all the shares and loan claims in Poynting Antennas, Poynting Direct, Poynting HK and CrunchYard from the Company for a purchase consideration of R35 840 000 (which is equal to the 30 day volume weighted average trading price per share of the Company, on 1 December 2014, being R2.56, multiplied by 14 000 000) ("Purchase Consideration") which Purchase Consideration would remain outstanding on loan account ("NewCo Loan").

NewCo pledged to the Company 14 000 000 ordinary shares which it held in the Company, as security for NewCo's obligations pursuant to the NewCo Loan.

Approval of applicable regulatory bodies and shareholders was received and the Purchase Consideration was settled through the Specific Repurchase by the Company, on loan account, of 14 000 000 shares held by NewCo in the Company ("Alaris Holdings Loan"), where after such shares were cancelled; and the NewCo Loan and the Alaris Holdings Loan were offset.

	Note	2015 R'000
Identifiable net assets and liabilities disposed of		
Plant and equipment		2 472
Intangible assets		8 640
Investments		3 459
Inventories		11 981
Trade and other receivables		7 946
Cash and cash equivalents		(2 332)
Current tax assets		943
Deferred tax assets		1 509
Other financial liabilities		(37)
Trade and other payables		(1 136)
Total identifiable net assets disposed		33 445
Profit on disposal	32	2 395
Total consideration		**35 840**
Net cash outflow from disposal		
Cash disposed		(2 332)
Cash flows attributable to discontinued operations		
Cash flows from operating activities		2 362
Cash flows from investing activities		(2 368)
Cash flows from financing activities		(349)

8. Contingent consideration asset

As per the acquisition agreement of the subsidiary, African Union Communications ("Aucom") in 2013 49.5 million of the 66 million shares issued for the business combination were subject to recall, to be released to the sellers as profit warranties are met for the years ended 30 June 2014, 30 June 2015 and ending 30 June 2016, or recalled if warranties are not met in aggregate.

In the 2015 financial year a contingent consideration asset of R22.2 million was recognised, equal to the estimated claw-back of the original purchase price paid to the Aucom vendors should profit warranties not be achieved. The contingent consideration asset was classified as a level 1 instrument.

Aucom achieved cumulative earnings of R38.5 million over the three year period putting them slightly ahead of the earn out target of R38 million as stated in the sale of share agreement signed in 2014. Therefore, no shares are recallable as at 30 June 2016 and the contingent consideration asset of R22.2 million was adjusted through profit and loss.

	2016 R'000	2015 R'000
Opening balance	22 206	-
Contingent asset adjustment	(22 206)	22 206
Fair value of contingent asset at year end	**-**	**22 206**

9. Deferred tax

	2016 R'000	2015 R'000
Deferred tax liabilities	(2 941)	(2 146)
Deferred tax assets	5 420	1 541
Total net deferred tax assets/(liabilities)	2 479	(605)
Reconciliation of total net deferred tax asset/(liabilities)		
At beginning of year	(605)	(1 677)
Reversing temporary difference on plant and equipment	(90)	(97)
Originating / (reversing) temporary difference on intangible assets	(586)	105
Deductible temporary differences on provisions	2 768	499
Income received in advance and Section 24 C allowance	1 221	(1 786)
Prepaid expenses	(229)	-
Disposal of Compart	-	(1 509)
Prior year adjustment	-	3 860
Closing balance	2 479	(605)
Beginning of year	(605)	(1 677)
Disposal of Compart	-	(1 509)
Acquired through business combination	(1 405)	-
FCTR	(10)	-
Charged through profit or loss	4 499	2 581
Closing balance	2 479	(605)
Deferred tax balances consist of the following		
Temporary difference on plant and equipment	(346)	(256)
Temporary difference on intangible assets	(4 252)	(3 666)
Temporary difference on provisions	5 394	2 626
Income received in advance and Section 24 C allowance	1 912	691
Originating temporary difference on prepaid expenses	(229)	-
	2 479	(605)
Unrecognised deferred tax balances		
Estimated tax losses available to set off against future taxable income	256	-
Recognised as deferred tax asset	-	-
Unrecognised estimated tax losses	256	-

Notes to Consolidated Financial Statements
for the year ended 30 June

10. Other financial assets

	2016 R'000	2015 R'000
Derivatives at fair value through profit or loss - held for trading		
PSG Private Equity Proprietary Limited	-	981
The majority of the Group's transactions are concluded in its functional currency (South African Rand) with the result that its exposure to foreign currency risk from operating transactions is limited. The account was closed and the balance transferred to the main trading account.		
Loans and receivables		
On Demand TV Proprietary Limited	5 576	8 493
The loan to On Demand TV Proprietary Limited, which had 24 months repayment terms attached to the amounts receivable. The loan is secured, bears no interest and is repayable in monthly payments with the final payment on 31 December 2016. A similar agreement was reached with Harmonic International AG (refer to note 19).		
Deco File Interiors Close Corporation	620	620
The loan is unsecured, bears no interest and is repayable in full on 30 June 2017.		
Momentum Investment	773	718
This is a flexible investment option with 24 hour notice period and bearing interest at Money Market rates.		
Total other financial assets	**6 969**	10 812
Non-current assets		
Loans and receivables designated at amortised cost	-	2 647
Current assets		
Fair value through profit or loss - held for trading	-	981
Loans and receivables designated at amortised cost	6 969	7 184
	6 969	10 812

11. Financial assets by category
The accounting policies for financial instruments have been applied to the line items below:

R'000 2016	Loans and receivables at amortised cost	Fair value through profit and loss held for trading	Total
Trade and other receivables	71 713	-	71 713
Cash and cash equivalents	94 481	-	94 481
Other financial assets	6 969	-	6 969
	173 163	**-**	**173 163**

R'000 2015	Loans and receivables at amortised cost	Fair value through profit and loss held for trading	Total
Trade and other receivables	38 602	-	38 602
Cash and cash equivalents	74 386	-	74 386
Other financial assets	9 831	981	10 812
	122 819	**981**	**123 800**

The fair value of the financial assets are equal to their carrying values at year end.

12. Inventories

	2016 R'000	2015 R'000
Raw materials, components	**8 513**	5 027
Work in progress	**6 795**	1 472
Finished goods	**4 120**	3 046
	19 428	9 545
Allowance for obsolescence	**(1 388)**	(309)
	18 040	9 236
Allowance for obsolescence		
Opening balance	**309**	2 514
Disposal of Compart	**-**	(1 232)
Allowance increase/(reversal)	**1 079**	(973)
Closing balance	**1 388**	309

The allowance for obsolescence represents the inventory that has not been sold or used in manufacturing within the past 36 months. The movement in this allowance is based on the sale, usage or lack thereof in case of increase of items in the manufacturing process.

13. Trade and other receivables

	2016 R'000	2015 R'000
Financial assets		
Trade receivables	**70 750**	37 891
Deposits	**136**	615
Other receivables	**827**	96
	71 713	**38 602**
Non-financial assets		
Prepayments	**772**	3 292
VAT	**5 765**	1 534
Other receivable	**569**	-
	7 106	**4 826**
Total trade and other receivables	**78 819**	**43 428**

Notes to Consolidated Financial Statements
for the year ended 30 June

13. Trade and other receivables (continued)

Trade receivables ageing analysis

R'000 2016	Gross amount	Impairment provision	Net amount
Current	54 763	-	54 763
1 month past due	3 267	(20)	3 247
2 months past due	1 120	(87)	1 033
3 months and more past due	14 008	(2 301)	11 707
	73 158	**(2 408)**	**70 750**

R'000 2015	Gross amount	Impairment provision	Net amount
Current	23 660	-	23 660
1 month past due	8 686	-	8 686
2 months past due	1 663	(894)	769
3 months and more past due	9 131	(4 355)	4 776
	43 140	**(5 249)**	**37 891**

The carrying amount of trade receivables (net of impairment) are denominated in the following currencies:

	2016 R'000	2015 R'000
Rand	**17 828**	11 246
US Dollar	**42 044**	13 410
Euro	**10 878**	13 235
	70 750	**37 891**

The carrying amount of trade receivables (net of impairment) based on geographical area:

	2016 R'000	2015 R'000
South Africa	**17 748**	11 369
United kingdom	**2 296**	10 608
Rest of Africa	**35 481**	6 306
USA	**578**	4 195
Europe	**10 427**	3 866
Other	**4 220**	1 547
	70 750	**37 891**

Sales transactions with multinational customers with revenue of more than 10% of group revenue

13. Trade and other receivables (continued)

	2016 R'000	2016 % of group revenue	2015 R'000	2015 % of group revenue
Customer A (Alaris Antennas)	43 456	17%	-	-
Customer B (Aucom)	36 268	15%	129	0%
Customer C (Aucom)	18 761	8%	55 903	29%
Customer D (Alaris Antennas)	15 148	6%	20 052	10%
	113 633		**75 955**	

Trade receivables comprise a widespread customer base. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 69% (2015: 42%) of the Group's revenue is attributable to sales transactions with 104 (2015: 90) international customers. The Group generally deals with corporates who have a sound credit rating. Credit risk is controlled by credit limits being set by experienced personnel. Where credit history has not been established with the Company, upfront payment or Letters of Credit (LC's) are required. Listing of overdue customer balances are reviewed monthly.

It is the policy of the Group to allow for 30-60 day payment terms.

Fair value of trade and other receivables
The fair value of trade and other receivables is equal to their carrying balances as the impact of discounting is not significant.

Reconciliation of provision for impairment of trade receivables:

	2016 R'000	2015 R'000
Opening balance	5 249	4 314
Disposal of subsidiaries	-	(1 865)
(Released)/charged to profit and loss	(2 822)	2 908
Amounts written off as uncollectable	(19)	(108)
	2 408	**5 249**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of trade and other receivables mentioned above, cash and cash equivalents mentioned below and other financial assets in note 10.

14. Cash and cash equivalents

	2016 R'000	2015 R'000
Cash and cash equivalents consist of:		
Cash on hand	81	91
Bank balances	92 707	68 622
Short-term deposits	1 693	5 673
	94 481	**74 386**

The Group has a foreign exchange spot dealing facility of R8 000 000 (2015: R6 000 000)
The carrying value of cash and cash equivalents balance is equal to the fair value.

Notes to Consolidated Financial Statements
for the year ended 30 June

14. Cash and cash equivalents (continued)

Cash and cash equivalents currencies
The carrying amount of cash and cash equivalents are denominated in the following currencies:

2016 R'000	Value in Foreign currency	Value in Rands
USD	1 662	24 185
EUR	2 603	42 701
GBP	1	20
Rands	-	27 575
		94 481

15. Share capital

	2016 R'000	2015 R'000
Authorised share capital		
2 000 000 000 Ordinary shares of R0.00005 each 1 839 495 270 unissued ordinary shares are under the control of the directors. This authority remains in force until the next annual general meeting.	**100**	**100**

Issued share capital	Number of shares 2016	Number of shares 2015	Share capital 2016 R'000	Share capital 2015 R'000	Share premium 2016 R'000	Share premium 2015 R'000
Opening balance	162 604 275	176 604 275	8	9	231 265	231 151
Share options exercised during the year	-	-	-	-	-	114
Shares repurchased	(2 099 545)	(14 000 000)	-	(1)	(904)	-
	160 504 730	162 604 275	8	8	230 361	231 265
Treasury shares	(2 387 959)	(2 362 325)	-	-	(3 992)	-
	158 116 771	**160 241 950**	**8**	**8**	**226 369**	**231 265**

2 099 545 shares were repurchased from the Poynting Empowerment Trust, effective on 30 October 2015.

2 387 959 shares were purchased in the active market by the new Share Incentive Trust during the current financial year for a value of R3.9 million.

16. Share-based payments

R'000 Share Option Group 2016	Number	Weighted exercise price	Total value
Outstanding at the beginning of the year	7 078	0.98	6 936
Exercised during the year	(778)	0.01	(9)
Total options at the end of the year	**6 300**	**2.10**	**6 927**

R'000 Share Option Group 2015	Number	Weighted exercise price	Total value
Outstanding at the beginning of the year	955	0.11	123
Forfeited during the year	(23)	-	-
Exercised during the year	(154)	0.74	(114)
	778	-	9
Number of share options allocated during the year	6 300	2.10	6 927
Total options at the end of the year	**7 078**	**-**	**6 936**

Share based payment reserve

	2016 R'000	2015 R'000
Opening balance	406	123
Share options issued during the year	2 024	397
Share options exercised during the year	-	(114)
Closing balance	**2 430**	**406**

The above reserve reflects the weighted costs of future options that will be incurred by the Group based on issued options to date. Future allocations will be accounted for in a similar manner.

Information on options granted

Share options existing in prior year

Poynting Empowerment Trust

Fair value was determined by reference to publications. The following inputs were used:

- Exercise price of R0.25,
- Spot price of R0.16,
- Expected volatility of 141.63%,
- Option life of four years in total,
- Expected dividend yield of 0%; and
- Risk-free rates of 7.15%, 7.33% and 7.49% for each of the three vesting periods.

Vesting periods were as on 03 June 2012, 03 June 2013 and 03 June 2014.

The board of directors of the Company made an offer to employees on behalf of the Trustees of the Poynting Empowerment Trust ("the Trust") to participate in the Trust. The offer consisted of the right to acquire a number of Scheme Shares in the Company and at the price determined by the Trust Deed provisions. The offer is governed by the provisions of the Trust Deed, the Companies Act and the JSE Listings Requirements.

At the general meeting on 7 October 2015 it was approved to repurchase the remaining unissued shares of the Poynting Empowerment Trust. Subsequently the Trust has been wound up.

Notes to Consolidated Financial Statements
for the year ended 30 June

16. Share-based payments

Alaris Share Incentive Trust

Fair value was determined by the Black - Scholes model. The following inputs were used:

- Exercise price of R2.10,
- Spot price of R2.39,
- Expected volatility of 46.93%,
- Option life of 5 years in total,
- Expected dividend yield of 0%; and
- Risk-free rates of 6.70%, 6.93%, 7.09% and 7.21% for each of the four vesting periods.

The options will vest in four equal tranches ending on 06 May 2017, 06 May 2018, 06 May 2019 and 06 May 2020.

The volatility of 46.93% was obtained by calculating the change in share price based on a 30 day volume weighted average price.

Vesting of shares occurs as follows:	%
2 years after grant date	25
3 years after grant date	25
4 years after grant date	25
5 years after grant date	25
	100

Analysis of outstanding scheme shares by maturity	Weighted average strike price	Number
06 May 2017	2.10	1 575 000
06 May 2018	2.10	1 575 000
06 May 2019	2.10	1 575 000
06 May 2020	2.10	1 575 000

A total expense of R 2 023 842 (2015: R 397 397) related to equity-settled share based payments transactions was recognised in 2016.

17. Loans and borrowings

	2016 R'000	2015 R'000
Instalment sales agreement		
Finance lease liability		
ABSA Bank Limited	-	4
Instalment sale agreement for a generator secured by first covering bond over plant and equipment. Refer to note 4. The loan bears interest at prime rate plus 0.8% and is repayable in instalments of R4 216 per month. The net carrying value of the assets pledged as security R0 (2015: R4 000).		
Standard Bank of South Africa Limited	-	92
Instalment sale agreement for testing equipment secured by first covering bond over plant and equipment. Refer to note 4. The loan bears interest at prime rate plus 2% and is repayable in instalments of R9 700 per month. The net carrying value of the assets pledged as security R0 (2015: R92 000).		
Standard Bank of South Africa Limited	468	-
Instalment sale agreement for an analyser secured by first covering bond over property, plant and equipment. Refer to note 4. The loan bears interest at prime rate and is repayable in 60 instalments of R10 826 per month. The net carrying value of the assets pledged as security R473 915 (2015: R0).		
Standard Bank of South Africa Limited	111	-
Instalment sale agreement for an motor vehicle secured by first covering bond over property, plant and equipment. Refer to note 4. The loan bears interest at prime rate plus 0.75% and is repayable in 48 instalments of R3 493 per month. The net carrying value of the assets pledged as security R111,550 (2015: R0).		
Standard Bank of South Africa Limited	155	
Instalment sale agreement for motor vehicle secured by first covering bond over plant and equipment. Refer to note 4. The loan bears interest at prime rate plus 0.5% and is repayable in 60 instalments of R4 389 per month. The net carrying value of the assets pledged as security R155 052 (2015: R0).		
	734	**96**
Non-current liabilities		
Finance lease liability	581	-
Current liabilities		
Finance lease liability	153	96
	734	96
Minimum instalment sales payments due		
- within one year	226	101
- in second to fifth year inclusive	699	-
	925	101
Less: future finance charges	(191)	(5)
Present value of minimum instalment sales payments	**734**	**96**
Present value of minimum instalment sales payments due		
- within one year	153	96
- in second to fifth year inclusive	581	-
	734	**96**

Notes to Consolidated Financial Statements
for the year ended 30 June

18. Preference share liability

20 400 000 Convertible Redeemable Preference Shares at R2.50 were issued at a dividend rate of prime plus 3% net of tax. They are redeemable on 3 July 2017 or convertible on or before 3 July 2017.

	2016 R'000	2015 R'000
PSG Private Equity Proprietary Limited	51 000	51 000
Less: deemed capital	(889)	(889)
	50 111	**50 111**

19. Other financial liabilities

	2016 R'000	2015 R'000
Held at amortised cost		
Harmonic International AG	2 217	4 554
The liability is repayable in quarterly instalments in advance, with the last payment on 14 December 2016, and bears no interest.		
Non-current liability		
At amortised cost	-	911
Current liability		
At amortised cost	2 217	3 643
	2 217	**4 554**

20. Trade and other payables

	2016 R'000	2015 R'000
Financial liabilities		
Trade payables	48 917	8 438
Sundry loans	-	2
Other accrued expenses	7 778	14 908
	56 695	**23 348**
Non financial liabilities		
Payroll accruals	18 452	3 257
Operating lease liability	634	321
Income received in advance	5 567	2 980
	24 653	**6 558**
Total trade and other payables	**81 348**	**29 906**

Fair value of trade and other payables

There is no material difference between the fair value of trade and other payables and their carrying value.

20. Trade and other payables

	2016 R'000	2015 R'000
Operating lease liability		
Minimum lease payments due		
- within one year	2 073	1 910
- in second to fifth year inclusive	8 010	7 383
- later than five years	-	2 700
	10 083	**11 993**
Deferred operating lease liability	(634)	(321)

Operating lease payments represent rentals payable by the company for its office properties. Leases are negotiated for a term of six years and have option to renew after 5 years. There is an annual escalation of 8.5%. No contingent rent is payable.

21. Provisions

	2016 R'000	2015 R'000
Product warranty extension provision		
Opening balance	1 741	2 303
Provisions raised during the year	1 814	-
Utilised during the year	(242)	(90)
Acquisition of COJOT	261	-
FCTR	2	-
Disposal of Compart	-	(472)
Closing balance	**3 576**	**1 741**

Product warranties
The warranty provision represents management's estimate of the Group's liability under warranty periods granted on products, based on prior experience and industry averages for defective products.

Alaris warrants certain repairs on its products for 12 and 24 month periods. These warranties are provided for when the initial project is completed. Warranty repairs during the warranty period are monitored and written back against the provision when incurred. Although the warranty period spans over 24 months, an uncertainty exists on when repairs and relevant cash flows in relation to the warranty will materialise. Accordingly management has classified the warranty provision as a current liability.

There is no expected reimbursement from the manufacturer in respect of this provision.

Notes to Consolidated Financial Statements

for the year ended 30 June

22. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2016 R'000	Financial liabilities at amortised cost	Total
Preference share liability	50 111	50 111
Trade and other payables	56 695	56 695
Other financial liabilities	2 217	2 217
	109 022	**109 022**

2015 R'000	Financial liabilities at amortised cost	Total
Preference share liability	50 111	50 111
Trade and other payables	23 348	23 348
Other financial liabilities	4 554	4 554
	78 013	**78 013**

The fair value of the financial liabilities approximates their carrying values at year end.

23. Revenue

	2016 R'000	2015 R'000
Sale of goods	232 695	212 325
Rendering of services	9 806	5 898
Commission received	5 998	-
	248 499	**218 223**

24. Trading operating profit

	2016 R'000	2015 R'000
Trading operating profit for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
-Contractual amounts	3 155	3 249
Equipment		
-Contractual amounts	173	203
	3 328	3 452
Amortisation of intangible assets	5 190	8 931
Depreciation on plant and equipment	2 601	1 898
Employee costs	48 203	48 291
Share based payment expense	2 024	397
Net foreign exchange (gains) / losses	(12 501)	(363)
Consultants	3 812	6 024
Legal fees	6 527	6 158
Transfer taxes on purchase of COJOT	1 024	-

25. Finance income

	2016 R'000	2015 R'000
Interest income on cash and cash equivalents	**1 532**	**3 413**

26. Finance costs

	2016 R'000	2015 R'000
Interest expenses on financial liabilities at amortised cost	65	340
Interest on preference shares	4 756	4 506
Interest expense on late payment of tax	-	1
Other interest	390	4
	5 211	**4 851**

27. Taxation

	2016 R'000	2015 R'000
Local income tax	24 680	7 957
Current year	24 713	5 919
Capital gains tax	-	976
Prior year adjustment	(33)	1 062
Deferred	(4 499)	(2 581)
Current year	(4 499)	1 279
Prior year adjustment	-	(3 860)
	20 181	**5 376**

Notes to Consolidated Financial Statements
for the year ended 30 June

27. Taxation (continued)

Reconciliation of the tax expense	**2016** R'000	**2015** R'000	**2016** %	**2015** %
Profit before taxation	41 672	252		
Tax at the applicable tax rate of 28% and 20% for COJOT (2015: 28%)	11 260	71	27.0	28.0
Tax effect of adjustments on taxable income				
Non-taxable income				
- Fair value adjustment of the contingent consideration asset	-	(6 217)	0.0	(2 467.0)
- Reversal of provisions	(750)	-	-1.8	0.0
- Foreign currency translation reserve	(45)	-	-0.1	
- Distribution received from trust	(193)	-	-0.5	
- Finance charge income (ODTV)	(67)	-	-0.2	
- Profit on disposal of Compart	-	(671)	0.0	(266.2)
- Other non-taxable income	(6)	-	-0.0	
Non-deductible expenses				
- Legal and consulting fees	2 052	2 758	4.9	1 094.4
- Interest on preference shares	1 379	1 368	3.3	542.9
- Impairment of goodwill	-	9 336	0.0	3 704.8
- Other non-deductible expenses	90	553	0.2	219.4
- Fair value adjustment contingent consideration asset	6 218	-	14.9	-
- Capital gains tax on profit on disposal of Compart	-	976	0.0	387.3
Prior year adjustment	33	(2 798)	0.1	(1 110.3)
Deferred tax asset not recognised for assessable loss	256	-	0.6	-
S11D allowance	(46)	-	(0.1)	-
	20 181	**5 376**	**48.4**	**2 133.3**

28. Dividends paid

	2016 **R'000**	**2015** **R'000**
Dividends	-	-

No dividends were declared or paid to shareholders of the parent during the current or prior financial year.

Notes to Consolidated Financial Statements
for the year ended 30 June

29. Earnings per share

	2016 R'000	2015 R'000
Issued ordinary shares at closing per share register	160 504 730	162 604 275
Less: Treasury shares	(2 387 959)	(2 362 325)
Net number of shares issued outside the Group	158 116 771	160 241 950
Issued ordinary shares at closing per share register	160 504 730	162 604 275
Less: Treasury shares (closing balance) – new scheme	(2 387 959)	(2 362 325)
Shares repurchased / (issued) during the year	1 423 142	10 955 741
Less: Shares subject to recall (Aucom Escrow)	-	(49 500 000)
Basic weighted average number of shares	**159 539 913**	**121 697 691**
Add: Treasury shares	-	752 918
Add: Escrow shares	-	25 976 013
Add: PSG Private Equity preference shares	20 400 000	20 400 000
Diluted weighted average number of shares	**179 939 913**	**168 826 622**

	2016 R'000	2015 R'000
TOTAL OPERATIONS		
Earnings	21 491	(5 124)
Less: loss attributable to shares subject to recall	-	1 583
Basic earnings	**21 491**	**(3 541)**
Add: loss attributable to shares subject to recall	-	(1 583)
Less: fair value adjustments iro shares	-	(22 206)
Add back interest cost on PSG Private Equity preference shares	4 756	4 506
Diluted earnings	**26 247**	**(22 824)**
Earnings	21 491	(5 124)
Add: goodwill impairment	-	33 342
Add: capital gains tax on profit on sale of Compart	-	976
Less: profit on disposal of Compart	-	(2 395)
Headline earnings (including portion attributable to shares subject to recall)	21 491	26 799
Less: earnings attributable to shares subject to recall	-	(8 278)
Headline earnings	**21 491**	**18 521**
Add: earnings attributable to shares subject to recall	-	8 278
Less fair value adjustments iro shares	-	(22 206)
Add back interest cost on PSG Private Equity preference shares	4 756	4 506
Diluted Headline earnings	**26 247**	**9 099**
Basic earnings per ordinary share (cents)	13.47	(2.91)
Diluted basic earnings per ordinary share (cents)	14.59	(13.52)
Headline earnings per ordinary share (cents)	13.47	15.22
Diluted headline earnings per ordinary share (cents)	14.59	5.39

Notes to Consolidated Financial Statements
for the year ended 30 June

29. Earnings per share (continued)

	2016 R'000	2015 R'000
CONTINUING OPERATIONS		
Earnings	21 491	(1 240)
Less: loss attributable to shares subject to recall	-	383
Basic earnings - continued operations	**21 491**	**(857)**
Add: earnings/(loss) attributable to shares subject to recall	-	(383)
Less: fair value adjustments in respect of shares	-	(22 206)
Add back interest cost on PSG Private Equity preference shares	4 756	4 506
Diluted earnings	**26 247**	(18 940)
Earnings	21 491	(1 240)
Add: goodwill impairment	-	33 342
Headline earnings (including portion attributable to shares subject to recall)	**21 491**	**32 102**
Less: earnings attributable to shares subject to recall	-	(9 917)
Headline earnings	**21 491**	**22 185**
Add: earnings attributable to shares subject to recall	-	9 917
Less: fair value adjustments in respect of shares	-	(22 206)
Add: back interest cost on PSG Private Equity preference shares	4 756	4 506
Diluted Headline earnings	**26 247**	**14 402**
Basic earnings - continuing operations per ordinary share (cents)	13.47	(0.70)
Diluted basic earnings - continuing operations per ordinary share (cents)	14.59	(11.22)
Headline earnings - continuing operations per ordinary share (cents)	13.47	18.23
Diluted headline earnings - continuing operations per ordinary share (cents)	14.59	8.53

30. Normalised earnings per share

	Total Operations		Continuing Operations	
R'000	**2016**	**2015**	**2016**	**2015**
Profit/(loss) from operations for the year	21 491	(5 124)	21 491	(1 240)
Impairment of goodwill	-	33 342	-	33 342
Fair value adjustment of contingent consideration asset	22 206	(22 206)	22 206	(22 206)
Legal and consulting costs for acquisitions and disposal	5 115	10 070	5 115	10 070
Loss on discontinued operations	-	3 884	-	-
Normalised earnings	**48 812**	**19 966**	**48 812**	**19 966**
Normalised earnings per ordinary share (cents)	**30.60**	**16.41**	**30.60**	**16.41**

Normalised earnings is calculated by adjusting profit for the fair value adjustment of the contingent consideration asset, goodwill impairment, loss on discontinued operations and profit (net after tax) on disposal of Compart and legal and consulting fees for acquisitions and disposals.

Normalised earnings per share is calculated by dividing normalised earnings by the weighted average number of ordinary shares in issue.

31. Directors' emoluments

2016	Emolu-ments	Bonus	Other benefits	Total	Number of share options
Executive	**R'000**	**R'000**	**R'000**	**R'000**	
J Dresel	2 200	2 352	43	4 595	3 800 000
JSV Joubert	980	58	695	1 733	-
GT Heyman	1 200	1 333	38	2 571	500 000
	4 380	**3 743**	**776**	**8 899**	**4 300 000**

	Compen-sation
Non-Executive	**R'000**
CP Bester	423
PN de Waal	133
RC Willis	124
	680

2015	Emolu-ments	Bonus	Other benefits	Total	Number of share options	
Executive	**R'000**	**R'000**	**R'000**	**R'000**		
J Dresel	2 204	200	20	2 424	3 800 000	
JSV Joubert	1 361	75	-	1 436	-	
GT Heyman	223	-	1	224	500 000	Appointed 1 June 2015
PAJ Ebersohn	315	-	-	315	-	Resigned 10 September 2014
APC Fourie	817	-	-	817	-	Resigned 19 December 2014
BJ von Gottberg	1 899	-	-	1 899	-	Appointed 10 September 2014 & Resigned 31 May 2015
	6 819	**275**	**21**	**7 115**	**4 300 000**	

	Compen-sation	
Non-Executive	**R'000**	
CP Bester	336	
A Mellet	21	Resigned 24 October 2014
ZN Kubukeli	117	Resigned 8 April 2015
PN de Waal	94	Appointed 24 October 2014
RC Willis	44	Appointed 1 February 2015
	612	

In addition to their salaries, the group does not provide non-cash benefits to directors and executive officers and does not contribute to post-employment defined benefits on their behalf.

The director's direct and indirect shareholding of the Company control 60.08% (2015: 59.28%) of the voting shares of the Company.

Notes to Consolidated Financial Statements
for the year ended 30 June

32. Cash generated from operations

		2016 R'000	2015 R'000
Profit for the year		**21 491**	(5 124)
Adjustments for:			
Tax expense		**20 181**	5 376
Unrealised (profit)/loss on foreign exchange		**(1 367)**	129
Depreciation and amortisation		**7 791**	10 829
Profit on sale of plant and equipment		**-**	158
Finance income		**(1 532)**	(3 413)
Finance costs		**5 211**	4 851
Contingent consideration asset raised		**22 206**	(22 206)
Impairment of goodwill		**-**	33 342
Profit on disposal of Compart	8	**-**	(2 395)
Share based payment expense		**2 024**	396
Movements in provisions		**1 572**	(524)
Foreign currency translation reserve		**(299)**	-
Additional finance leases entered into		**634**	-
Changes in working capital:			
Inventories		**(8 670)**	2 424
Trade and other receivables and other financial assets		**(27 816)**	(25 515)
Trade and other payables and other financial liabilities		**39 184**	8 428
		80 610	**6 756**

33. Tax paid

	2016 R'000	2015 R'000
Balance at beginning of the year	**527**	3 182
Current tax for the year recognised in profit or loss	**(24 680)**	(7 957)
Interest and penalties	**30**	-
Disposal of Compart	**-**	(943)
Adjustment in respect of businesses sold and acquired during the year including exchange rate movements	**(278)**	-
Balance at end of the year	**1 647**	(527)
	(22 754)	**(6 245)**

34. Business combinations

Identifiable net assets and liabilities acquired consist of:	Recognised values	Fair value adjustments	Carrying amount
Plant and equipment	1 094	-	1 094
Intangible assets	17	7 027	7 044
Inventories	133	-	133
Trade and other receivables	3 701	-	3 701
Cash and Cash equivalents	35 207	-	35 207
Deferred tax	-	(1 405)	(1 405)
Current tax liability	(278)	-	(278)
Trade and other payables	(9 207)	-	(9 207)
Provisions	(261)	-	(261)
Total identifiable net assets	**30 406**	**5 622**	**36 028**
Goodwill			24 775
Total purchase consideration			**60 803**
Less: cash acquired			(35 207)
Net cash outflow			**25 596**

COJOT
The Group concluded an agreement to acquire 100% of the issued share capital of COJOT and any shareholder loan claims that the Sellers have against the company ("the Acquisition"). The effective date of the share purchase agreement is 1 May 2016. On 28 April 2016 all conditions precedent as per the share purchase agreement where completed and the purchase price of EUR 3,738,013 cash became due and payable. The effective date for accounting purposes was therefore 1 May 2016. If the business acquired in 2016 had occurred on 1 July 2015, management estimates that the COJOT revenue would have been R45.9 million with a PAT of R6.9 million.

35. Related parties

Relationships		
Subsidiaries	African Union Communications Proprietary Limited - 100% (2015: 100%)	
	Alaris Antennas Proprietary Limited - 100% (2015: 100%)	
	COJOT Oy – 100% (2015: -)	
	Alaris Investment Holdings UK Limited – 100% (2015: -)	
Trusts under entity's control	Poynting Empowerment Trust	
	Alaris Holdings Limited Share Incentive Trust	
Shareholder with significant influence	PSG Private Equity Proprietary Limited	
Director JSV Joubert beneficiary and trustee	MAS Trust	
Director JSV Joubert shareholder	On Demand TV Proprietary Limited	
Members of key management	CP Bester	
	PN de Waal	
	J Dresel	
	GT Heyman	
	JSV Joubert	
	A Mellet	Appointed 8 October 2015
	RC Willis	

Key management personnel are those having authority and responsibility for planning and controlling the activities of the Group, directly or indirectly, including any director of the Group. The directors of the Group have been identified as key management personnel of the Group.

Notes to Consolidated Financial Statements
for the year ended 30 June

35. Related parties

	2016 R'000	2015 R'000
Related party balances		
Loan accounts - Owing by related parties		
MAS Trust	**380**	-
R Rashama	**104**	-
T Rashama	**207**	-
Amounts included in trade receivables relating to related parties		
On Demand TV Proprietary Limited	**2 253**	4 546
Less: Provision for doubtful debt	**(428)**	-
Other financial assets		
On Demand TV Proprietary Limited (Refer note 10)	**5 576**	8 493
The loan has 24 month repayment terms and bears no interest.		
Related party transactions		
Rent paid to related parties		
MAS Trust	**489**	445
Consulting project fees paid to related parties		
M Dresel (The spouse of J Dresel)	**-**	173
Sales to related parties		
On Demand TV Proprietary Limited	**(1 648)**	(15 133)
Interest paid to related parties		
MAS Trust	**122**	-
R Rashama	**33**	-
T Rashama	**67**	-

All related party balances and transactions were eliminated in consolidation except for those balances and transactions with directors.

Except where terms are mentioned above, all other outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within the normal credit terms. None of the balances is secured.

36. Risk management

Financial instruments carried at fair value
The fair value of a financial instrument is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date.

The existence of published price quotations in an active market is the best evidence of fair value and, where they exist, they are used to measure the financial asset or financial liability. A market is considered to be active if transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. Financial instruments fair valued using quoted prices would generally be classified as level 1 in terms of the fair-value hierarchy.

36. Risk management (continued)

Fair value hierarchy
Fair value measurements are categorised into different levels in the fair value hierarchy based on inputs to valuation techniques used. The different levels are defined as follows:

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

Valuation of the contingent consideration asset
The contingent consideration asset was a level 1 instrument during the 2016 year.

Aucom achieved cumulative earnings of R38.5 million over the three year period putting them slightly ahead of the earn out target of R38 million as stated in the sale of share agreement signed in 2014. Therefore, no shares are recallable as at 30 June 2016 and the contingent consideration asset of R22.2 million was adjusted through profit and loss.

Impairment
IFRS requires an annual review of the recoverable amount of the goodwill. The goodwill was assessed for possible impairment. This was estimated based on the present value of the future cash flows expected to be derived from the cash generating unit (value in use), using a pre-tax discount rate of 17.8% for the locally based businesses and 16.6% for the COJOT goodwill. A terminal value growth rate of 5% from 2017. The key assumptions were derived from past performance at Aucom. The recoverable amount of the CGU was estimated to be higher than its carrying amount and no impairment was required.

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 disclosed in notes 17, 18, 19, 20, 21 & 22, cash and cash equivalents disclosed in note 14, and equity as disclosed in the statement of financial position.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Notes to Consolidated Financial Statements
for the year ended 30 June

36. Risk management (continued)

The gearing ratio at 2016 and 2015 respectively were as follows:

	2016 R'000	2015 R'000
Total borrowings		
Loans and borrowings	581	-
Other financial liabilities	-	911
Preference share liability	50 111	50 111
	50 692	51 022
Less: Cash and cash equivalents	(94 481)	(74 386)
Net (asset)/debt	(43 789)	(23 364)
Total equity	133 646	115 326
Total capital	89 857	91 962
Gearing ratio	(49%)	(25%)

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group applies an enterprise wide risk management framework to assess and report on risks including financial risks.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Group's risk to liquidity is a result of the funds available to cover future commitments, which mainly relate to trade and other payables and the preference share liability. Current cash and cash equivalents are sufficient to ensure payment of the amounts due in the next 12 months.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored on a regular basis.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 2 and 5 years
At 30 June 2016	**R'000**	**R'000**
Preference share liability	5 048	50 111
Other financial liabilities	2 217	-
Finance lease liability	153	581
Trade and other payables	56 695	-
At 30 June 2015		
Preference share liability	4 406	55 315
Other financial liabilities	3 643	911
Finance lease liability	96	-
Trade and other payables	23 348	-

36. Risk management (continued)

Interest rate risk
The Group's exposure to interest rate risk mainly concerns financial liabilities / assets. Financial liabilities and assets consist of fixed rate, floating rate and non-interest bearing components. At present the Group hold a loan and receivable that is short-term in nature, issued to On Demand TV - refer note 10. The table below analyses the breakdown of financial instruments by type of interest rate:

	2016 Fixed	2016 Floating	2015 Fixed	2015 Floating
Financial assets	**R'000**	**R'000**	**R'000**	**R'000**
Cash and cash equivalents	-	94 481	-	74 386
Financial liabilities				
Preference share liability	-	50 111	-	50 111
Loans and borrowings	-	581	-	-
	-	50 692	-	50 111

Sensitivity analysis
A hypothetical increase/decrease in interest rates by 50 basis points, with all other variables remaining constant, would increase/decrease profits after tax and retained earnings by R254 225 (2015: R250 555). A hypothetical increase/decrease in interest rates by 100 basis points, with all other variables remaining constant, would increase/decrease profits after tax by R508 450 (2015: R501 110). The analysis has been performed for floating interest rate financial liabilities. The impact of a change in interest rates on floating interest rate financial liabilities has been assessed in terms of the changing of their cash flows and therefore in terms of the impact on net expenses.

	2016		2015	
	50 basis point increase	100 basis point increase	50 basis point increase	100 basis point increase
	R'000	**R'000**	**R'000**	**R'000**
Preference share liability	251	501	251	501
Overdraft, loans and borrowings	4	7	-	-
	255	508	251	501

Credit risk
Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments, loans to related parties, other financial assets and trade debtors. The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with the limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate. Credit guarantee insures all foreign debtors and bills Alaris on a monthly basis for the guarantees issued and maintained. Other financial assets are assessed on a customer by customer basis, using past experience and other factors.

Notes to Consolidated Financial Statements
for the year ended 30 June

36. Risk management (continued)

Financial assets which expose the Group to credit risk at the reporting date were as follows:

	2016 R'000	2015 R'000
Financial instrument		
Foreign exchange contract	-	981
Cash and cash equivalents	94 481	74 386
Trade and other receivables	71 713	38 602
Other financial assets at amortised cost	6 969	9 831
	173 163	123 800

Foreign exchange risk

The Group balance sheet consists of foreign monetary assets and liabilities at any given time which exposes the Group to foreign exchange risk. The Board has established a policy for the Group to manage their foreign exchange risk against their functional currency. The Group is required to hedge their net foreign exchange risk exposure, if greater than R5 million, with financial institutions where necessary. Net foreign exchange exposure is defined as foreign monetary assets less foreign monetary liabilities. The Group uses forward exchange contracts and derivatives to hedge net exposure within the limit approved by the Board.

The Group evaluates the net foreign exposure on a monthly basis and either increases or decreases the hedge as appropriate. Under specific circumstances the Group may have net foreign exposure of greater that R5 million. This typically arises when the Group is holding foreign cash which has been earmarked for a foreign acquisition (i.e. COJOT). The foreign acquisition liability has not yet been crystalised as the contract has several suspensive conditions that require fulfilment.

At 30 June 2016, if the currency had weakened/strengthened by 10% against the US dollar, with all other variables held constant, post-tax profit and retained earnings for the year would have been R 3 478 296 (2015: R 953 370) higher/lower, mainly as a result of foreign exchange gains or losses on translation of US dollar denominated trade receivables, financial assets at fair value through profit or loss and foreign exchange losses or gains on translation of US dollar denominated borrowings.

At 30 June 2016, if the currency had weakened/strengthened by 10% against the Euro, with all other variables held constant, post-tax profit for the year would have been R 2 657 596 (2015: R434 460) higher/lower, mainly as a result of foreign exchange gains or losses on translation of EURO denominated trade receivables.

At 30 June 2016, if the currency had weakened/strengthened by 10% against the GBP, with all other variables held constant, post-tax profit for the year would have been R1 417 (2015: R6 280) higher/lower, mainly as a result of foreign exchange gains or losses on translation of GBP denominated trade receivables.

36. Risk management (continued)

	2016 *FC'000	2016 R'000	2015 *FC'000	2015 R'000
Trade debtors, USD 2 893 637 (2015: USD 1 346 908) receivable 30 June 2016	$2 894	42 044	$1 347	16 304
Trade debtors, EUR 663 452 (2015: EUR 1 022 275) receivable 30 June 2016	€663	10 878	€1 022	13 932
Cash and cash equivalents, USD 1 662 479 (2015: USD 3 230 579)	$1 662	24 185	$3 231	39 642
Cash and cash equivalents, EUR 2 603 084 (2015: EUR 152 424)	€2 603	42 701	€152	2 076
Cash and cash equivalents, GBP 995 (2015: GBP 2 668)	£1	20	£3	52
Other financial assets, USD 384 287 (2015: USD 739 796)	$384	5 576	$740	8 493
Trade payables, USD (1 522 829) (2015: USD 25 176)	$(1 523)	(22 108)	$25	302
Trade payables, EUR (1 016 466) (2015: EUR(367 114))	€(1 016)	(16 418)	€(367)	(5 237)
Other financial liability, USD 147 573 (2015: USD (368 933))	$(148)	(2 141)	$(369)	(4 554)

Exchange rates used for conversion of foreign items were:

Closing exchange rate used for conversion of foreign items were:	2016	2015
USD	14.77	12.29
EUR	16.40	13.63
GBP	19.78	19.31
Average exchange rates used during the year		
USD	14.49	11.45
EUR	16.08	13.71
GBP	21.45	17.98

*Foreign currency ("FC")

Foreign currency exposure at the end of the year
The Group reviews its net foreign currency exposure, including commitments on an ongoing basis.

37. Going concern

The 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.

38. Events after the reporting period

No significant events noted subsequent to year end.

Notice of Annual General Meeting

If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant or other professional adviser immediately.

In terms of section 59 (1) of the Companies Act, 2008 (act 71 of 2008), as amended ("the Act"), notice is hereby given that the ninth Annual General Meeting ("Annual General Meeting") of shareholders of Alaris will be held at 13:00 on Wednesday, 30 November 2016 at the registered office of the Company at 1 Travertine, N1 Business Park, Old Johannesburg Road, Centurion, 0157, for the purpose of considering, and, if deemed fit, passing, with or without modification, the resolutions set out hereafter.

The board of directors of the Company ("the Board") has determined that, in terms of section 62(3)(a), as read with section 59 of the Act, the record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the Annual General Meeting is Friday, 25 November 2016. Accordingly, the last day to trade Alaris shares in order to be recorded in the Register to be entitled to vote will be Tuesday, 22 November 2016.

VOTING AND PROXIES

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting. Ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 50% (fifty percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

Shareholders entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend and act in his/her stead. A proxy need not be a member of the Company. For the convenience of registered members of the Company, a form of proxy is attached hereto.

The attached form of proxy is only to be completed by those ordinary shareholders who:

- hold ordinary shares in certificated form; or
- are recorded on the sub-register in "own name" dematerialised form.

Ordinary shareholders who have dematerialised their ordinary shares through a CSDP or broker without "own name" registration and who wish to attend the Annual General Meeting, must instruct their CSDP or broker to provide them with the relevant Letter of Representation to attend the meeting in person or by proxy and vote. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Proxy forms should be forwarded to reach the transfer secretaries, Computershare Investor Services Proprietary Limited, by no later than 13:00 on 28 November 2016. Thereafter forms of proxy may be delivered to the chairman of the Annual General Meeting, at the Annual General Meeting, before voting on a particular resolution commences.

Kindly note that meeting participants, which includes proxies, are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licenses and passports.

Shareholders who have any doubt as to the action they must take should consult their accountant, attorney, banker or other professional advisor immediately. On a poll, ordinary shareholders will have one vote in respect of each share held.

AGENDA

Ordinary Resolutions

To consider and, if deemed fit, to pass with or without modification all the ordinary resolutions relating to business set out below. More than 50% of the voting rights exercised on each individual resolution must be exercised in favour of those resolutions.

1. **Ordinary resolution 1 - Adoption of annual financial statements**

   To receive, consider and adopt the annual financial statements of the Company and the Group for the financial year ended 30 June 2016, including the reports of the auditors, directors and the Audit and Risk Committee.

   Note: A copy of the annual financial statements appears on pages 38 to 95 of the integrated annual report to which this notice is attached.

2. **Ordinary resolution 2 - Re-election of director**
To re-elect Richard Willis who, in terms of Article 24.7 of the Company's Memorandum of Incorporation, retires by rotation at this Annual General Meeting but, being eligible to do so, offers himself for re-election.

3. **Ordinary resolution 3 - Re-election of director**
To re-elect, Pieter Nicolaas de Waal who, in terms of Article 24.7 of the Company's Memorandum of Incorporation, retires by rotation at this Annual General Meeting but, being eligible to do so, offers himself for re-election.

   An abbreviated curriculum vitae in respect of the directors offering themselves for election / re-election appear on page 11 of the integrated annual report to which this notice is attached.

4. **Ordinary resolution 4 – Appointment of Richard Willis to the Audit and Risk Committee**
To re-appoint, Richard Willis as a member and Chairperson of the Company's Audit and Risk Committee.

5. **Ordinary resolution 5 – Appointment of Coenraad Petrus Bester to the Audit and Risk Committee**
To re-appoint, Coenraad Petrus Bester as a member of the Company's Audit and Risk Committee.

6. **Ordinary resolution 6 - Appointment of Pieter Nicolaas de Waal to the Audit and Risk Committee**
To re-appoint, Pieter Nicolaas de Waal as a member of the Company's Audit and Risk Committee.

   An abbreviated curriculum vitae in respect of each member of the Audit and Risk Committee appears on page 11 of the integrated annual report to which this notice is attached.

7. **Ordinary resolution 7 - Re-appointment of external auditor**
To confirm the re-appointment of KPMG Inc. as independent auditors of the Company with Nicholas Southon, being the individual registered auditor who has undertaken the audit of the Company for the ensuing financial year and to authorise the directors to determine the auditors' remuneration.

8. **Ordinary resolution 8 - Approval of remuneration policy**
Resolved that, the remuneration policy of the directors of Alaris ("directors"), as set out on page 22 of the integrated annual report to which this notice is attached, be and is hereby approved as a non-binding advisory vote of shareholders of the Company in terms of the King III Report on Corporate Governance.

   NOTE: King III recommends that the Company's remuneration policy be tabled to shareholders for a non-binding advisory vote at each Annual General Meeting.

9. **Ordinary resolution 9 - Control of authorised but unissued ordinary shares**
Resolved that, the authorised but unissued ordinary shares in the capital of the Company be and are hereby placed under the control and authority of the directors of the Company and that the directors be and are hereby authorised and empowered to allot and issue all or any of such ordinary shares, or to issue any options in respect of all or any of such ordinary shares, to such person/s on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of sections 38 and 41 of the Companies Act, the Memorandum of Incorporation of the Company and the JSE Listings Requirements of JSE, as amended from time to time. Refer ordinary resolution 10 below for further clarity.

10. **Ordinary resolution 10 - Approval to issue ordinary shares, and to sell treasury shares, for cash**
Resolved that, the directors of the Company and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to –

    - allot and issue, or to issue any options in respect of, all or any of the authorised but unissued ordinary shares in the capital of the Company; and/or
    - sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the Company purchased by subsidiaries of the Company,

    for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, the Memorandum of Incorporation of the Company and its subsidiaries and the JSE Listings Requirements of JSE Limited ("the JSE") from time to time.

Notice of Annual General Meeting

The JSE Listings Requirements currently provide, *inter alia,* that:

- the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue may only be made to "public shareholders" as defined in the JSE Listings Requirements and not to related parties;
- the number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 25% (twenty five percent) of the number of listed securities, excluding treasury shares, as at the date of this notice, being 40 126 183 securities. Any securities issued under this authorisation during the period of 15 (fifteen) months from the date of this authorisation granted will be deducted from the aforementioned 40 126 183 listed securities. In the event of a sub-division or a consolidation the authority will be adjusted to represent the same allocation ratio. Even though the Group currently has a healthy cash balance on hand, this resolution is required in the event where a viable acquisition is identified and the preference share liability has to be settled;
- this general authority will be valid until the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- an announcement giving full details, including the number of securities issued, the average discount to the weighted average traded price of the securities over the 30 (thirty) business days prior to the date that the issue is agreed in writing between the issuer and the parties subscribing for securities, and in respect of the issue of options and convertible securities, the effects of the issue on the statement of financial position, net asset value per share, net tangible asset value per share, the statement of comprehensive income, earnings per share, headline earnings per share and, if applicable, diluted earnings and headline earnings per share, or in respect of an issue of shares, an explanation, including supporting information (if any), of the intended use of the funds, will be published when the Company has issued securities representing, on a cumulative basis within the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given, 5% (five percent) or more of the number of ordinary shares in issue prior to the issue;
- in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price of such securities measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities; and
- whenever the Company wishes to use ordinary shares, held as treasury stock by a subsidiary of the Company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares."

Under the JSE Listings Requirements, ordinary resolution number 10 must be passed by a 75% (seventy five percent) majority of the votes cast in favor of the resolution by all members present or represented by proxy at the Annual General Meeting.

11. **Ordinary resolution 11 - Signature of documents**
Resolved that, each director of the Company be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed at the Annual General Meeting convened to consider the resolutions which are passed, in the case of ordinary resolutions, or are passed and registered by the Companies and Intellectual Property Commission, in the case of special resolutions.

Special Resolutions
To consider and, if deemed fit, to pass, with or without modification, all the special resolutions relating to business set out below. More than 75% of the voting rights exercised on each individual resolution must be exercised in favour of those resolutions.

12. **Special resolution 1 - Non-executive Directors' basic remuneration**
Resolved that, in terms of the provisions of section 66(9) of the Act, the annual remuneration payable to the non-executive directors of Alaris for their services as directors of the Company for the financial year ending 30 June 2017, be and is hereby approved as follows:

Type of fee	Approved fee in ZAR for the year ended 30 June 2016	Proposed fee in ZAR for the year ending 30 June 2017
Board		
Chairperson*	R230 000	R248 400
Member	R58 500	R63 180
International member	n/a	R143 128
Audit Committee		
Chairperson	R70 000	R75 600
Member	R42 500	R45 900
International member	n/a	R103 982
Remuneration and nomination Committee		
Chairperson	R32 500	R35 100
Member	R16 000	R17 280
International member	n/a	R39 146

* *The chairperson of the Board does not receive additional remuneration if he/she is a member of, or chair of, any subcommittee of the Board.*

** *The Social and Ethics Committee members do not receive any additional remuneration if he/she is a member of, or chair of, any subcommittee of the Board.*

13. **Special resolution 2 - Non-executive Directors' hourly remuneration**
Resolved that, in terms of the provisions of section 66(9) of the Act, the hourly remuneration payable to the non-executive directors of Alaris for their services as directors of the Company in excess of their attendance at regular Board and Committee meetings for the financial year ending 30 June 2017 of R2 500 per hour, payable with pre-approval at the Board's discretion, is hereby approved.

Explanatory note to special resolution 1 and 2
In terms of section 66(9) of the Companies Act, a company is required to pre-approve the payment of remuneration to non-executive directors for their services as directors for the ensuing financial year by means of a special resolution passed by shareholders of the Company within the previous two years.

It should be noted that pre-approval of remuneration to the non-executive directors for their services as directors for the year ended 30 June 2016 was obtained at the Annual General Meeting held on 27 January 2016 and consequently pre-approval of remuneration to the non-executive directors for their services as directors for the financial year, of 1 June 2016 to 30 June 2017, is being sought at the Annual General Meeting.

14. **Special resolution 3 - General approval to acquire shares**
Resolved, by way of a general approval that the Company and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the Company in terms of sections 46 and 48 of the Companies Act and the JSE Listings Requirements.

The JSE Listings Requirements currently provide, *inter alia,* that:

- the acquisition of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party;
- this general authority shall only be valid until the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date of passing of this special resolution;

Notice of Annual General Meeting

- in determining the price at which the Company's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date on which the transaction is effected;
- at any point in time, the Company may only appoint one agent to effect any acquisition/s on its behalf;
- the acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the Company's issued ordinary share capital;
- the Company may only effect the repurchase once a resolution has been passed by the Board confirming that the Board has authorised the repurchase, that the Company has passed the solvency and liquidity test ("test") and that since the test was done there have been no material changes to the financial position of the Group;
- the Company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements; and
- an announcement will be published once the Company has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted ("initial number"), and for each 3% (three percent) in aggregate of the initial number acquired thereafter."

Explanatory note
The purpose of this special resolution number 3 is to obtain an authority for, and to authorise, the Company and the Company's subsidiaries, by way of a general authority, to acquire the Company's issued ordinary shares.

It is the intention of the directors of the Company to use such authority should prevailing circumstances (including tax dispensations and market conditions) in their opinion warrant it.

14.1 Other disclosure in terms of Section 11.26 of the JSE Listings Requirements
The JSE Listings Requirements require the following disclosure, which are contained in the integrated annual report of which this notice forms part:

- major shareholders of the Company – page 35; and
- share capital of the Company – page 76

14.2 Material change
There have been no material changes in the affairs or financial position of the Company and its subsidiaries since the Company's financial year end and the date of this notice.

14.3 Directors' responsibility statement
The directors, whose names are given on page 10 of the integrated annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 3 and certify that to the best of their knowledge and belief there are no facts in relation to special resolution number 3 that have been omitted which would make any statement in relation to special resolution number 3 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 3 together with this notice contains all information required by law and the JSE Listings Requirements in relation to special resolution number 3.

14.4 Adequacy of working capital

At the time that the contemplated repurchase is to take place, the directors of the Company will ensure that, after considering the effect of the maximum repurchase and for a period of 12 (twelve) months thereafter:

- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the Company and its subsidiaries;
- the issued share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the ordinary business of the Company and its subsidiaries; and
- the working capital available to the Company and its subsidiaries will be sufficient for the Group's requirements.

15. Special resolution 4 - Financial assistance for subscription of securities

Resolved that, as a special resolution, in terms of section 44 of the Companies Act, the shareholders of the Company hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 4, financial assistance by way of a loan, guarantee, the provision of security or otherwise, as contemplated in section 44 of the Companies Act, to any person for the purpose of, or in connection with, the subscription for any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, provided that:

15.1 the Board, from time to time, determines (i) the specific recipient, or general category of potential recipients of such financial assistance; (ii) the form, nature and extent of such financial assistance; (iii) the terms and conditions under which such financial assistance is provided; and

15.2 the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 4 unless the Board meets all those requirements of section 44 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

Purpose of special resolution number 4

The purpose of this special resolution number 4 is to grant the Board the authority to authorise the Company to provide financial assistance to any person for the purpose of, or in connection with, the subscription for any option or securities issued or to be issued by the Company or a related or inter-related company.

16. Special resolution 5 - Loans and other financial assistance

Resolved that, as a special resolution, in terms of section 45 of the Companies Act, the shareholders of the Company hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 5, any direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) as contemplated in section 45 of the Companies Act to a director or prescribed officer of the Company, or to a related or inter-related company or corporation or to a member of any such related or inter-related corporation or to a person related to any such company, corporation, director, prescribed officer or member provided that:

16.1 the Board, from time to time, determines (i) the specific recipient or general category of potential recipients of such financial assistance; (ii) the form, nature and extent of such financial assistance; (iii) the terms and conditions under which such financial assistance is provided, and

Notice of Annual General Meeting

16.2 the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 5 unless the Board meets all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

Purpose of special resolution number 5

The purpose of this special resolution number 5 is to grant the Board the authority to authorise the Company to provide financial assistance as contemplated in section 45 of the Companies Act to a director or prescribed officer of the Company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member.

Notice given to shareholders of the Company in terms of section 45(5) of the Companies Act of a resolution adopted by the Board authorising the Company to provide such direct or indirect financial assistance in respect of special resolution number 5:

(a) by the time that this notice of Annual General Meeting is delivered to shareholders of the Company, the Board will have adopted a resolution ("Section 45 Board Resolution") authorising the Company to provide, at any time and from time to time during the period of two years commencing on the date on which special resolution number 5 is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) to a director or prescribed officer of the Company or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of any such related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or a member;

(b) the Section 45 Board Resolution will be effective only if and to the extent that special resolution number 5 is adopted by the shareholders of the Company, and the provision of any such direct or indirect financial assistance by the Company, pursuant to such resolution, will always be subject to the Board being satisfied that (i) immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and (ii) the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii) of the Companies Act; and

(c) in as much as the Section 45 Board Resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of one percent of the Company's net worth at the date of adoption of such resolution, the Company hereby provides notice of the Section 45 Board Resolution to shareholders of the Company. Such notice will also be provided to any trade union representing any employees of the Company.

17. OTHER BUSINESS

To transact such other business as may be transacted at the Annual General Meeting of the Company.

By order of the Board

Merchantec Proprietary Limited
Company Secretary

31 October 2016
Johannesburg

Form of Proxy

Alaris Holdings Limited
(formerly Poynting Holdings Limited)
Incorporated in the Republic of South Africa
(Registration number 1997/011142/06)
Share code: ALH ISIN: ZAE000201554
("Alaris" or "the Company" or "the Group")

FORM OF PROXY

For use only by ordinary shareholders who:

- hold ordinary shares in certificated form ("certificated ordinary shareholders"); or
- have dematerialised their ordinary shares ("dematerialised ordinary shareholders") and are registered with "own-name" registration,

at the eighth Annual General Meeting of shareholders of the Company to be held at 1 Travertine Avenue, N1 Business Park, Old Johannesburg Road, Centurion, 0157, at 13:00 on Wednesday, 2 November 2016 and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares other than with "own-name" registration who wish to attend the Annual General Meeting must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the Annual General Meeting and request their CSDP or broker to issue them with the relevant Letter of Representation to attend the Annual General Meeting in person or by proxy and vote. If they do not wish to attend the Annual General Meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

These ordinary shareholders must not use this form of proxy.

Name of beneficial shareholder

Name of registered shareholder

Address

Telephone work (   )   Telephone home (   )   Cell:

being the holder/custodian of   ordinary shares in the Company, hereby appoint (see note):

1.   or failing him / her,

2.   or failing him / her,

3. the Chairperson of the meeting,

as my/our proxy to attend and act for me/us on my/our behalf at the Annual General Meeting of the company convened for purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat ("resolutions") and at each postponement or adjournment thereof and to vote for and/or against such resolutions, and/or abstain from voting, in respect of the ordinary shares in the issued share capital of the Company registered in my/our name/s in accordance with the following instructions:

		Number of ordinary shares		
		For	Against	Abstain
1.	**Ordinary resolution 1** To receive, consider and adopt the annual financial statements of the company and Group for the financial year ended 30 June 2016			
2.	**Ordinary resolution 2** To approve the re-election as director of Richard Willis who retires by rotation			
3.	**Ordinary resolution 3** To approve the re-election as director of Pieter Nicolaas de Waal who retires by rotation			
4.	**Ordinary resolution 4** To re-appoint Richard Willis as member and Chairperson of the Audit and Risk Committee			
5.	**Ordinary resolution 5** To re-appoint Coenraad Petrus Bester as a member of the Company's Audit and Risk Committee			
6.	**Ordinary resolution 6** To re-appoint Pieter Nicolaas de Waal as a member of the Company's Audit and Risk Committee			
7.	**Ordinary resolution 7** To confirm the re-appointment of KPMG Inc. as auditors of the Company together with Nicholas Southon as the individual registered auditor for the ensuing financial year			
8.	**Ordinary resolution 8** Approval of the remuneration policy			
9.	**Ordinary resolution 9** Control of authorised but unissued ordinary shares			
10.	**Ordinary resolution 10** Approval to issue ordinary shares, and to sell treasury shares, for cash			
11.	**Ordinary resolution 11** Signature of documents			
12.	**Special resolution 1** Approval of the non-executive directors' basic remuneration			
13.	**Special resolution 2** Approval of the non-executive directors' hourly remuneration			
14.	**Special resolution 3** General approval to acquire shares			
15.	**Special resolution 4** Financial assistance for subscription of securities			
16.	**Special resolution 5** Loans and other financial assistance			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of the Company.

Signed at on 2016

Signature

Assisted by (if applicable)

Notes to Proxy

1. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the Annual General Meeting must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A shareholder entitled to attend and vote at the Annual General Meeting may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the company) of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the meeting". The person whose name stands first on this form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the Chairperson of the meeting.
4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
5. A vote given in terms of an instrument of proxy shall be valid in relation to the Annual General Meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than 48 hours before the commencement of the Annual General Meeting.
6. If a shareholder does not indicate on this form that his/her proxy is to vote in favor of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the Annual General Meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.
7. The Chairperson of the Annual General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
8. A shareholder's authorisation to the proxy including the Chairperson of the Annual General Meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the Annual General Meeting.
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company's transfer secretaries or waived by the Chairperson of the Annual General Meeting.
11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the Company.
12. Where there are joint holders of ordinary shares:
    - any one holder may sign the form of proxy;
    - the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the Company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).

Notes to Proxy

13. **Forms of proxy should be lodged with or mailed to Computershare Investor Services Proprietary Limited**

Hand deliveries to:	Postal deliveries to:
Computershare Investor Services Proprietary Limited Ground Floor, 70 Marshall Street Johannesburg, 2001	Computershare Investor Services Proprietary Limited PO Box 61051 Marshalltown 2107

to be received by no later than 13:00 on Monday, 28 November 2016 (or 48 hours before any adjournment of the Annual General Meeting which date, if necessary, will be notified on SENS).

14. A deletion of any printed matter and the completion of any blank space need not be signed or initialed. Any alteration or correction must be signed and not merely initialed.

15. Summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act:

    A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the relevant shareholders' meeting.

    A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.

    The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.

    The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.

    If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.

    Attention is also drawn to the "Notes to proxy".

    The completion of a form of proxy does not preclude any shareholder from attending the Annual General Meeting.

Election Form For Electronic Post

31 October 2016

Dear Alaris Holdings Limited Shareholder

Notice of publication of annual financial statements for the financial year ended 30 June 2016
Alaris Holdings Limited hereby gives notice in terms of section 31(1) of the Companies Act, 2008 (Act 71 of 2008), as amended, to all its shareholders of the publication of the annual financial statements of the Company for the financial year end 30 June 2016.

A copy of the annual financial statements of the company may be obtained by a shareholder, without charge:

1. By downloading a copy of the annual financial statements from the company's website www.alarisholdings.com, or
2. By requesting a copy of the annual financial statements from Alaris by means of either:

   a. Email: Investor@alaris.co.za

   b. Post to Private Bag X4, The Reeds, Pretoria, 0061

   or
3. By requesting post-delivery as per the records on file with your current brokers.

   (Please note that the integrated annual report 2016 will only be available in electronic format unless a specific hard copy is requested.)

Yours faithfully

J Dresel

Corporate Information

ALARIS HOLDINGS LIMITED
(incorporated in the Republic of South Africa)

www.alarisholdings.co.za

Directors
Coen Bester*^ (Chairman), Nico de Waal^, Jürgen Dresel # (CEO), Villiers Joubert, Richard Willis*^, Andries Mellet^@, Gisela Heyman (Financial Director)

*Independent ^Non-executive #German @Alternate

Business address and registered office
1 Travertine Avenue, N1 Business Park, Old Johannesburg Road, Centurion, 0157
(Private Bag X4, The Reeds, Pretoria, 0166)

Designated Adviser
Merchantec Capital
Registration Number 2008/027362/07
2nd Floor, North Block, Hyde Park Office Tower, Corner 6th Rd and Jan Smuts Ave, Hyde Park, 2196
(PO Box 41480, Craighall, 2024)

Company Secretary
Merchantec Proprietary Limited

Transfer Secretaries
Computershare Investor Services Proprietary Limited
Registration Number 2004/003647/07
Ground Floor, 70 Marshall Street, Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Auditors
KPMG Inc.

Bankers
Standard Bank

PRINCIPAL SUBSIDIARIES
Alaris Antennas Proprietary Limited
Registration Number 2013/048197/07
Alaris Antennas Division
Managing Director: Jürgen Dresel
1 Travertine Avenue, N1 Business Park, Old Johannesburg Road, Centurion, 0157
Tel +27 (0)11 034 5300

COJOT Oy
Registration Number 0620465-3

COJOT Division
Managing Director: Samu Lentonen
PL 59, 02271 Espoo, Finland
Tel +358 (0) 9 452 2334

African Union Communications Proprietary Limited
Registration Number 1999/000409/07
Aucom Division
Managing Director: Villiers Joubert
394 Cliff Avenue, Waterkloof Ridge X2, Pretoria
Tel +27 (0)12 001 8670

ALARIS
HOLDINGS

Business address and registered office
1 Travertine Avenue,
N1 Business Park, Old
Johannesburg Road,
Centurion, 0157
(Private Bag X4, The
Reeds, Pretoria, 0166)
Tel +27 (0)11 034 5300
www.alaris.co.za