UNAUDITED CONDENSED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

Highlights

- Cash generated from operations increased by 43% from R12.3 million to R17.6 million.
- Cash and cash equivalents increased by 34% from R74.4 million to R99.6 million.
- Strong confirmed order book for delivery in second half of the year.
- Results significantly boosted by net foreign exchange gains of R15.4 million.

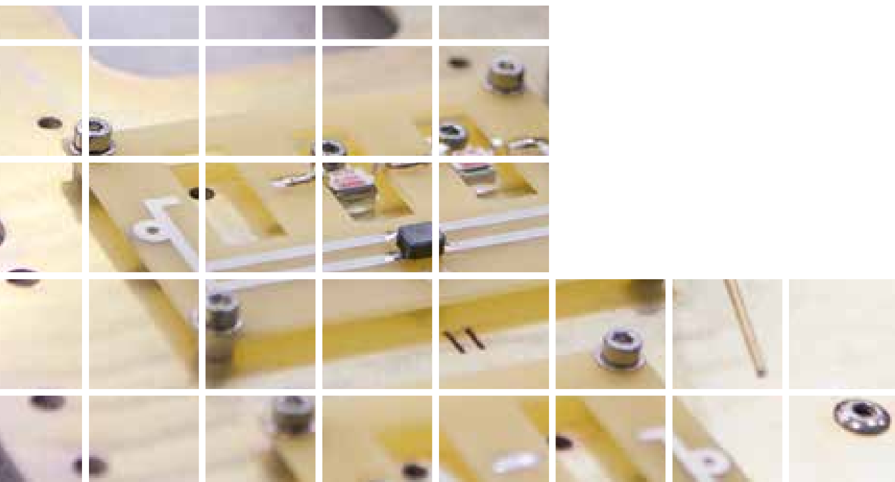
What we are all about

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.

Aucom which provides end–to–end solutions for radio and TV broadcasters. It designs, sells and implements integrated broadcasting systems and has specific expertise in digital compression platforms for DDT, DTH and 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 across Africa. A large increase is also expected in private content providers, private TV companies and private broadcasters across Africa.



RESULTS OVERVIEW

Total comprehensive income for the Group was R1.6 million, compared to R2.5 million in the comparative period. However, the financial results for both periods include items which are not representative of the performance of the underlying operations.

R'000	Unaudited six months ended Dec 2015	Restated[1] Dec 2014	Audited year ended Jun 2015
Total comprehensive income	**1 642**	**2 500**	**(5 124)**
Contingent consideration asset[2]	3 954	-	(22 206)
Profit on disposal of discontinued operations[3]	-	(2 395)	(2 395)
Losses incurred by discontinued operations	-	6 462	6 279
Legal and consulting costs for acquisitions and disposals[4]	2 679	953	10 070
Impairment of goodwill	-	-	33 342
Normalised profit after tax for continuing operations[5]	**8 275**	**7 520**	**19 966**
Alaris Antennas[6]	5 967	8 542	20 944
Aucom[6]	(304)	271	7 299
Corporate and consolidation[7]	2 612	(1 293)	(8 277)
Weighted average number of ordinary shares in issue	110 510 297	124 587 718	121 697 691
Continuing operations - Normalised earnings per ordinary share (cents)	**7.49**	**6.04**	**16.41**

1. The comparative numbers for 2014 were restated in line with the restatement disclosed in the 30 June 2015 annual results. Refer to supplementary note 2.
2. A contingent consideration asset was raised for the estimated value of recallable shares at the end of the earn out period which expires on 30 June 2016. The estimated number of shares recallable was based on the estimated cumulative performance of Aucom as a percentage of the cumulative earn out target to be achieved. Based on the current confirmed order book value, management believed that no further adjustment to the number of recallable shares as at the end of June 2015 was needed. The number of recallable shares were revalued to R18.3 million from R22.2 million in June 2015 based on the decrease in the share price from 30 June 2015 to 31 December 2015. Refer to supplementary note 3 for more detail on the valuation.
3. The disposal of the Compart businesses resulted in a profit of R2.4 million in December 2014. Refer to 30 June 2015 year end results for detail of the disposal previously disclosed.
4. Non-recurring legal and consulting fees amounted to R2.7 million for the six months ended 31 December 2015 relating to the previous potential acquisitions that did not materialise.
5. 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. Net foreign exchange profits of R15 million has not been excluded from the calculation.
6. The Alaris Antennas and Aucom businesses showed a decline in profits compared to the previous period. A low order book at the beginning of the financial year impacted delivery volumes resulting in lower revenue.
7. R15 million of net foreign exchange profits have been recorded as part of other income as a result of the decline in local currency versus the Dollar and Euro. Costs relating to shared services and fees associated with being a listed company are also included in this segment. Net funding costs, including the interest paid on the PSG preference shares of R2.3 million are also included here.

BUSINESS OVERVIEW

The underlying businesses didn't perform well for the six month period. A slow start at Alaris Antennas and delays on African projects at Aucom led to declines in revenue and profit. However, we ended the period with a strong order book and confirmed orders in both businesses and are confident of an improved second half of the financial year.

The overall results were helped significantly by a foreign exchange gain from foreign currency held for an acquisition that did not materialise and the subsequent weakening of the Rand. The normalised numbers shown in our results do not remove this gain owing to consistency with previous periods.

Despite the slower performance in this six month period, cash flow was healthy. Cash flow from operating activities increased by 43% to R17.6 million versus R12.3 million in the comparative period. Working capital management has improved. There was a material amount of income received in advance on orders achieved toward the end of the period. Our cash position increased to R99.6 million, a R25.2 million improvement from June 2015.

Alaris Antennas

The business started the financial year with a low order book value, resulting in a slow first quarter. Revenue decreased by 15% to R36.1 million (2014: R42.4 million). Despite this, operating EBITDA margins slightly increased compared to the previous period. Profit after tax was R6.0 million, 30% lower than the comparable period.

Despite the slow performance in this period, there is a strong confirmed order book for delivery in the next six months. We are confident of a better second half and still optimistic of growth for the full financial year.

Alaris Antennas continued to be a leader in product innovation, adding 50 (2014: 36) new products to its portfolio in the past six months to support future top line growth.

Further investment during these last six months included growth in headcount from 87 to 94; mainly investing in engineering resources as well as starting a new Specialised Production and Electronics Facility. These expansions support our strategy to deliver high quality products to our customers within the committed timelines.

Aucom

A decrease in revenue to R17.8 million (2014: R33.1 million) was as a result of certain larger orders in Africa being delayed by clients. Despite this, we have an increased amount of confirmed orders and expect a healthy second half of the financial year.

The business invested in the implementation of an internationally authorised support and maintenance centre. This will support anticipated increases in service level agreements, which bring recurring revenue streams to the business. This investment ensures local job creation and enables the transfer of specialised skills in South Africa.

Corporate and Consolidation

In addition to the shared services costs and fees associated with being a listed company, this segment carried several additional items:

- Legal and consulting fees of R2.7 million were incurred in relation to the prior potential acquisitions that did not materialise.
- The contingent consideration asset value was revalued following the decrease in share price, resulting in a charge in the Statement of Profit and Loss of R3.9 million.
- In line with the international acquisition strategy of the Group foreign currency was accumulated to settle the purchase price of future acquisitions. As a result of the deterioration of the Rand versus the Dollar and Euro, net foreign exchange profits of R15 million were recognised in these results.

Discontinued Operations

The Compart businesses were consolidated up to 31 December 2014 and are therefore included in the comparative numbers. These operations recorded a loss of R3.9 million for the year ended June 2015. Refer to 30 June 2015 year end results for details of the disposal previously disclosed.

PROSPECTS

The Group remains focused on achieving growth (organic and acquisitive) and improving profitability in the near term.

Alaris Antennas

The business has grown turnover and profits since its establishment in 2005. Organic growth is stimulated and achieved through understanding customers' needs and adding new innovative products to the portfolio. Further opportunities for growth are achieved by adding new system houses, distributors and agents. We are also diversifying territories and entering into new market segments where the Company's core competencies find application. Management believes the business has significant potential for organic growth and acquisitive growth where there is a complimentary opportunity in markets and products.

The business has further invested in technical capacity through the expansion of skills in the sales and engineering teams. This enables growth that should be reflected in future results. The implementation of the Specialised Production and Electronics Facility will support our aim to deliver high quality products within the promised timelines.

Aucom

The business continues to bid for significant Digital Terrestrial Television / Digital Terrestrial Transmission infrastructure opportunities across the African continent and is well positioned to obtain these opportunities. The focus on private broadcasters in Africa has reaped great successes recently with some larger deals being awarded to Aucom for delivery in the next six months.

The Group

A significant portion of the Group's performance is associated with long sales cycles and three to six month delivery timeframes. In order to mitigate this, the Group continues to expand its regional and product diversity.

The current focus is to ensure the profitable organic growth of the Alaris Antennas and Aucom businesses and further improve working capital management of the Group.

The Group is in the process of finalising the acquisition of a company based in Europe as per the SENS announcement issued on 4 March 2016. This international expansion is an important part of the Group's global strategy and is a major stepping stone to achieve the anticipated future growth.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

R'000	Unaudited six months ended Dec 2015	Restated[1] Dec 2014	Audited year ended Jun 2015
Continuing Operations			
Revenue	53 895	75 437	193 034
Cost of sales	(23 061)	(34 107)	(103 300)
Gross profit	**30 834**	**41 330**	**89 734**
Other income [2]	15 325	465	898
Operating expenses	(35 357)	(33 191)	(72 880)
Trading operating profit [3]	**10 802**	**8 604**	**17 752**
Finance income	936	1 605	3 312
Contingent consideration asset	(3 954)	-	22 206
Impairment of goodwill	-	-	(33 342)
Finance costs	(2 341)	(1 565)	(4 851)
Profit before taxation	**5 443**	**8 644**	**5 077**
Taxation	(3 801)	(2 077)	(6 317)
Profit / (loss) from continuing operations	**1 642**	**6 567**	**(1 240)**
Discontinued Operations			
Revenue	-	25 189	25 189
Cost of sales	-	(15 477)	(14 871)
Gross profit	**-**	**9 712**	**10 318**
Operating expenses	-	(15 875)	(17 639)
Trading operating loss	**-**	**(6 163)**	**(7 321)**
Finance income	-	38	101
Profit on disposal of discontinued operations	-	2 395	2 395
Finance costs	-	(1 279)	-
Loss before taxation	**-**	**(5 009)**	**(4 825)**
Taxation	-	942	941
Loss from discontinued operations	**-**	**(4 067)**	**(3 884)**

R'000	Unaudited six months ended Dec 2015	Restated[1] Dec 2014	Audited year ended Jun 2015
Total comprehensive income	**1 642**	**2 500**	**(5 124)**
Weighted average number of ordinary shares in issue	110 510 297	124 587 718	121 697 691
Weighted average number of diluted ordinary shares in issue	156 489 936	164 183 083	168 826 621
Total operations - Basic earnings per ordinary share (cents)	1.03	1.44	(2.91)
Total operations - Diluted earnings per ordinary share (cents)	5.05	2.87	(13.52)
Total operations - Headline earnings per ordinary share (cents)	1.03	0.06	15.22
Total operations - Diluted headline earnings per ordinary share (cents)	5.05	1.41	5.39
Total operations - Normalised earnings per ordinary share (cents)	7.49	6.04	16.41
Continuing operations - Basic earnings per ordinary share (cents)	1.03	3.77	(0.70)
Continuing operations - Diluted earnings per ordinary share (cents)	5.05	5.35	(11.22)
Continuing operations - Headline earnings per ordinary share (cents)	1.03	3.77	18.23
Continuing operations - Diluted headline earnings per ordinary share (cents)	5.05	5.35	8.53
Continuing operations - Normalised earnings per ordinary share (cents)	7.49	6.04	16.41

1. The comparative numbers for 2014 were restated in line with the restatement disclosed in the 30 June 2015 annual results. Refer to supplementary note 2.

2. In line with the international acquisition strategy of the Group, foreign currency was accumulated to settle the purchase price of future acquisitions. As a result of the deterioration of the Rand versus the Dollar and Euro, significant net foreign exchange profits of R15 million were recognised and reflect in other income.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Unaudited six months ended Dec 2015	Restated[1] Dec 2014	Audited year ended Jun 2015
Assets			
Non-Current Assets			
Plant and equipment	6 956	5 463	6 221
Goodwill	22 115	55 457	22 115
Intangible assets	11 465	13 900	13 408
Deferred tax assets	7 468	-	1 541
Contingent consideration asset [2]	-	-	22 206
Other financial assets	-	-	2 647
	48 004	**74 820**	**68 138**
Current Assets			
Inventories	14 030	12 056	9 236
Other financial assets	8 955	3 500	8 165
Current tax receivable	179	3 236	1 665
Contingent consideration asset [2]	18 251	-	-
Trade and other receivables	51 176	85 843	43 428
Cash and cash equivalents	99 582	75 843	74 386
	192 173	**180 478**	**136 880**
Total Assets	**240 177**	**255 298**	**205 018**
Equity and Liabilities			
Equity			
Equity attributable to owners of the Company			
Share capital and preference shares	897	898	897
Share premium	229 226	231 151	231 265
Share-based payment reserve	1 379	123	406
Accumulated loss	(115 600)	(73 779)	(117 242)
Total equity	**115 902**	**158 393**	**115 326**
Liabilities			
Non-Current Liabilities			
Preference share liability	50 111	50 111	50 111
Other financial liabilities	-	-	911
Deferred tax liabilities	1 853	3 852	2 146
	51 964	**53 963**	**53 168**
Current Liabilities			
Loans and borrowings	843	157	96
Trade and other payables	58 036	40 953	29 906
Current tax payable	5 974	-	1 138
Provisions	3 985	1 832	1 741
Other financial liabilities	3 473	-	3 643
	72 311	**42 942**	**36 524**
Total Liabilities	**124 275**	**96 905**	**89 692**
Total Equity and Liabilities	**240 177**	**255 298**	**205 018**
Number of ordinary shares legally in issue, less treasury shares	159 825 752	174 087 718	160 241 949
Net asset value per ordinary share (cents) [3]	72.52	90.98	71.97
Net tangible asset value per ordinary share (cents) [2]	40.09	51.14	35.94

1. The comparative numbers for 2014 were restated in line with the restatement disclosed in the 30 June 2015 annual results. Refer to supplementary note 2.
2. Net asset value is calculated by dividing total equity, by the number of ordinary shares in issue, being number of shares legally 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.
3. Refer to supplementary note 3.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Unaudited six months ended Dec 2015	Restated[1] Dec 2014	Audited year ended Jun 2015
Profit before taxation	5 443	3 635	252
Adjusted for non-cash items	(4 205)	720	21 167
Working capital changes	16 362	7 966	(14 663)
Cash generated from operations	**17 600**	**12 321**	**6 756**
Net finance cost	(1 405)	(1 201)	(1 438)
Taxation paid	(3 696)	1 274	(6 245)
Net cash from / (used in) operating activities	**12 499**	**12 394**	**(927)**
Net cash used in investing activities	**(3 114)**	**(23 718)**	**(10 242)**
Net cash from / (used in) financing activities	**756**	**(1 865)**	**(2 469)**
Net increase / (decrease) in cash and cash equivalents for the year	10 141	(13 189)	(13 638)
Cash disposed / acquired as part of business disposal / combination	-	2 332	2 332
Cash and cash equivalents at the beginning of the year	74 386	85 821	85 821
Effect of exchange rate movement on cash balances	15 055	879	(129)
Total cash and cash equivalents at end of the year	**99 582**	**75 843**	**74 386**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Share capital and preference shares	Share premium	Share based payment reserve	Retained income / (accumu-lated loss)	Total equity
Six months ended					
Balance at 1 July 2015	**897**	**231 265**	**406**	**(117 242)**	**115 326**
Total comprehensive income for the period	-	-	-	1 642	1 642
Repurchase of treasury shares – Poynting Empowerment Trust	-	(964)	-	-	(964)
Movement in share based payment reserve	-	-	973	-	973
Transfer of shares to treasury shares - new issue of options	-	(1 075)	-	-	(1 075)
Balance at 31 December 2015	**897**	**229 226**	**1 379**	**(115 600)**	**115 902**
Balance at 1 July 2014	**898**	**231 151**	**123**	**(76 279)**	**155 893**
Total comprehensive income for the period	-	-	-	2 500	2 500
Balance at 31 December 2014 – restated[1]	**898**	**231 151**	**123**	**(73 779)**	**158 393**
Year ended					
Balance at 1 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**

1. The comparative numbers for 2014 were restated in line with the restatement disclosed in the 30 June 2015 annual results. Refer to supplementary note 2.

SEGMENTAL ANALYSIS

R'000	Unaudited six months ended Dec 2015	Restated [1] Dec 2014	Audited year ended Jun 2015
Continuing Operations			
Segmental revenue			
Alaris Antennas	36 125	42 380	88 394
Aucom	17 770	33 057	104 640
	53 895	**75 437**	**193 034**
Operating earnings before interest, tax, depreciation and amortisation [2]			
Alaris Antennas	10 762	12 298	30 885
Aucom	(638)	784	8 523
Corporate and consolidation	5 001	(2 432)	(12 546)
	15 125	**10 650**	**26 862**
Profit / (loss) for the year			
Alaris Antennas	5 967	8 542	20 944
Aucom	(304)	271	7 299
Corporate and consolidation	(4 021)	(2 246)	(29 483)
	1 642	**6 567**	**(1 240)**
Normalised earnings profit / (loss) after tax for the year [3]			
Alaris Antennas	5 967	8 542	20 944
Aucom	(304)	271	7 299
Corporate and consolidation	2 612	(1 293)	(8 277)
	8 275	**7 520**	**19 966**
Discontinued Operations			
Segmental revenue			
Compart	-	**25 189**	**25 189**
Operating earnings before interest, tax, depreciation and amortisation [1]			
Compart	-	**(4 280)**	**(1 855)**
Profit / (loss) for the year			
Compart	-	**(4 067)**	**(3 884)**

1. The comparative numbers for 2014 were restated in line with the restatement disclosed in the 30 June 2015 annual results. Refer to supplementary note 2.

2. Operating EBITDA is trading operating profit per Statement of Profit and Loss excluding depreciation and amortisation.

SEGMENTAL ANALYSIS (continued)

R'000	Unaudited six months ended Dec 2015	Restated [1] Dec 2014	Audited year ended Jun 2015
Trading operating profit	10 802	8 604	17 752
Depreciation and amortisation	4 323	2 046	9 110
Operating earnings before interest, tax, depreciation and amortisation	**15 125**	**10 650**	**26 862**

3. The foreign exchange gain reflected in other income on the Statement of Profit and Loss was not adjusted for in normalized earnings in line with the definition thereof.

R'000	Unaudited six months ended Dec 2015	Restated [1] Dec 2014	Audited year ended Jun 2015
Segment assets			
Alaris Antennas	69 550	76 149	93 722
Aucom	68 918	39 756	38 939
Corporate and consolidation	101 709	139 393	72 357
	240 177	**255 298**	**205 018**
Segment liabilities			
Alaris Antennas	(51 513)	(26 064)	(13 721)
Aucom	(49 217)	(17 778)	(13 933)
Corporate and consolidation	(23 545)	(53 063)	(62 038)
	(124 275)	**(96 905)**	**(89 692)**

SUPPLEMENTARY NOTES
TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS 31 DECEMBER 2015

1. RECONCILIATION OF PROFIT / (LOSS) TO HEADLINE EARNINGS

R'000	Total Operations Unaudited six months ended Dec 2015	Total Operations Unaudited six months ended Restated Dec 2014	Total Operations Audited year ended Jun 2015	Continuing Operations Unaudited six months ended Dec 2015	Continuing Operations Unaudited six months ended Restated Dec 2014	Continuing Operations Audited year ended Jun 2015
Profit / (loss) from operations for the year	1 642	2 500	(5 124)	1 642	6 567	(1 240)
Impairment of goodwill	-	-	33 342	-	-	33 342
Profit on disposal of discontinued operations	-	(2 395)	(2 395)	-	-	-
Tax on profit on disposal of discontinued operations	-	-	976	-	-	-
Earnings attributable to shares subject to recall	(508)	(30)	(8 278)	(508)	(1 867)	(9 917)
Headline earnings attributable to ordinary shareholders	1 134	75	18 521	1 134	4 700	22 185

2. RESTATEMENT OF COMPARATIVES

The shareholders are hereby reminded that aspects around the treatment of the Aucom transaction were incorrectly reported on for the unaudited six month period to 31 December 2014 and the audited full year to 30 June 2014. The June 2014 numbers were reported as restated during the 30 June 2015 annual report and results announcement. The 31 December 2014 numbers are hereby reported as restated on the same principles for the below two items:

2.1 The earnings per share calculations

(basic earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share)

The reason for the restatement primarily relates to the accounting complexities arising from the Aucom transaction, specifically the way the contingent consideration shares subject to recall and the earnings attributable thereto are treated in the respective per share calculations.

As detailed in the circular to shareholders dated 31 January 2014, Alaris acquired Aucom for a purchase price of R49.5 million, which purchase price was settled by the issue of 66 million Alaris shares (at the share price of 75 cents per share), of which 49.5 million shares are subject to a three year cumulative profit warranty of R38 million. The 66 million shares were issued to the vendors on the effective date of which 49.5 million shares were subject to 'recall' and were held in trust pending the release to the vendors as they meet their profit guarantees. IFRS requires the 49.5 million shares subject to recall, together with the related earnings attributable thereto, to be disregarded from the respective basic and headline earnings per share calculations. In respect of the diluted earnings per share calculations, IFRS requires the number of shares to be issued to be based on the position at the reporting date, rather than taking into account the expectations about the future.

2.2 Treatment of recallable shares as contingent consideration asset - the Company restated 30 June 2014 numbers to no longer reflect the contingent consideration liability and acquisition reserve for the Aucom shares that are recallable under the contract. As a consequence the contingent consideration liability of R118.3 million, the acquisition reserve of R134.1 million and the positive fair value adjustment of R25.2 million was reversed in the 31 December 2014 numbers.

2. RESTATEMENT OF COMPARATIVES (continued)

The impact of 2.1 and 2.2 is reflected in the tables below.

	Dec 2014	
	Restated	**As previously reported**
Total operations		
Basic earnings per share (cents)	1.44	22.27
Diluted earnings per share (cents)	2.87	1.27
Headline earnings per share (cents)	0.06	20.34
Diluted headline earnings per share (cents)	1.41	0.05
Net asset value per ordinary share (cents)	90.98	100.08
Net tangible asset value per ordinary share (cents)	51.14	60.24
Continuing operations		
Basic earnings per share (cents)	3.77	25.53
Diluted earnings per share (cents)	5.35	3.33
Headline earnings per share (cents)	3.77	25.53
Diluted headline earnings per share (cents)	5.35	3.33

Previously Alaris also reported 'adjusted headline earnings from continuing operations per share' where, in addition to the headline earnings adjustment for goodwill impairment relating to Aucom, the Aucom contingent share consideration fair value adjustment was disregarded. Alaris has decided to discontinue the use of adjusted headline earnings from continuing operations. The Group will continue to disclose the 'normalised earnings from continuing operations' and the total number of shares legally in issue as reported on in June 2015 to further assist shareholders in understanding the underlying Group performance.

SUPPLEMENTARY NOTES
TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS 31 DECEMBER 2015 (continued)

2. RESTATEMENT OF COMPARATIVES (continued)

For further information, the following tables provide the numerators and denominators that are used in the per share calculations above:

Number of shares- restated (millions)	Dec 2014
Total shares legally in issue, as per share register	176.6
Total shares legally in issue, net of treasury shares	174.1
Weighted average number of shares in issue	124.6
Diluted weighted average number of shares	164.2

	Restated
Total operations - R'000	**Dec 2014**
Profit after tax	**2 500**
Less (earnings) attributable to shares subject to recall	(711)
Basic earnings	**1 789**
Add back earnings attributable to shares subject to recall	711
Add back interest cost on PSG Private Equity Preference Shares	2 217
Diluted earnings	**4 717**
Profit after tax	**2 500**
Profit on sale of Compart	(2 395)
Headline earnings (incl. portion attributable to shares subject to recall)	**105**
Less (earnings)/loss attributable to shares subject to recall	(30)
Headline earnings	**75**
Add back earnings/(loss) attributable to shares subject to recall	30
Add back interest cost on PSG Private Equity Preference Shares	2 217
Diluted Headline earnings	**2 322**

Continued operations - R'000	Dec 2014
Profit after tax	6 567
Less (earnings)/loss attributable to shares subject to recall	(1 867)
Basic earnings	**4 700**
Add back earnings/(loss) attributable to shares subject to recall	1 867
Add back interest cost on PSG Private Equity Preference Shares	2 217
Diluted earnings	**8 784**
Profit after tax	**6 567**
Less (earnings)/loss attributable to shares subject to recall	(1 867)
Headline earnings	**4 700**
Add back earnings/(loss) attributable to shares subject to recall	1 867
Add back interest cost on PSG Private Equity Preference Shares	2 217
Diluted Headline earnings	**8 784**

3. CONTINGENT CONSIDERATION IN RESPECT OF AUCOM ACQUISITION

Contingent consideration

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.

No contingent consideration asset was raised in the restated 30 June 2014 financial statements and the 31 December 2014 half year results, consistent with the judgements made in that year that all shares would be issued.

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

Valuation of the contingent consideration asset

Management have considered a number of indicators to determine the fair value of the contingent consideration shares. This included the 30 day Volume Weighted Average Price up to 31 December 2015 as well as the bid price available on 31 December 2015 by reference to the opening share price on 1 January 2016 and has valued the contingent consideration asset in respect of the contingent consideration shares at 180 cents per share, as per the closing price at 31 December 2015. Based on the current confirmed order book, the number of recallable shares were estimated to be the same as at 30 June 2015.

The contingent consideration asset is a level 1 instrument as at 31 December 2015. The negative movement of the contingent consideration asset recognised in profit and loss amounted to R3.9 million.

A change of 10% in the share price would have increased/(decreased) the fair value of contingent consideration asset at the reporting date and therefore equity and profit or loss would have changed by R0.4 million (2014: n/a). This analysis assumes that all other variables remain constant.

4. STATEMENT OF COMPLIANCE

Alaris Holdings Limited is a South African registered company. These condensed consolidated interim financial statements comprise of the Company and its subsidiaries.

The condensed consolidated interim financial statements for the six months ended 31 December 2015 are prepared in accordance with International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statements.

5. BASIS OF PREPARATION

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements. The following standards and interpretations were in issue but not yet effective:

SUPPLEMENTARY NOTES
TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS 31 DECEMBER 2015 (continued)

5. BASIS OF PREPARATION (continued)

- IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortization
- IFRS 15 – Revenue from contracts with customers
- IFRS 16 - Leases
- IFRS 9 – Financial instruments
- Improvement project to IFRSs 2012-2014 cycle:
    - IFRS 5 – Non-current assets held for sale and discontinued operations: changes in method of disposal
    - IFRS 7 – Financial instrument disclosure
    - IAS 19 – Employee benefits
    - IAS 34 – Interim financial reporting
- IFRS10, IFRS12 and IAS 28 – Investment entities: applying the consolidation exception
- IAS 1 – Disclosure initiative

Management is in the process of reviewing the impact of the above standards and interpretations in issue not yet effective.

The condensed consolidated interim results have been presented on the historical cost basis except for the contingent consideration, which is fair valued. These results are presented in Rand, rounded to the nearest thousand, which is the functional currency of Alaris and the Group presentation currency. These interim condensed consolidated results incorporate the financial statements of the company, its subsidiaries and companies that, in substance, are controlled by the Group. Results of subsidiaries are included from the effective date of acquisition up to the effective date of disposal. All significant transactions and balances between Group enterprises are eliminated on consolidation.

The condensed consolidated interim financial statements were prepared under the supervision of the Group Financial Director, Gisela Heyman CA(SA).

6. SUBSEQUENT EVENTS

The Group is in the process of finalising the acquisition of a company based in Europe as per the SENS announcement issued on 4 March 2016. This international expansion is an important part of the Group's global strategy and is a major stepping stone to achieve the anticipated future growth.

7. GOING CONCERN

The directors have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

8. DIRECTORATE

Mr Andries Mellet was appointed as alternate non-executive director on 8 October 2015. No further changes to the board took place during the period under review, up to and including the date of this report.

By order of the board

Juergen Dresel
Group Chief Executive Officer
8 March 2016
Johannesburg

Gisela Heyman
Group Financial Director

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

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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

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African Union Communications Proprietary Limited

Registration Number 1999/000409/07

Aucom Division

Managing Director: Villiers Joubert

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