HUGE GROUP LTD

Reviewed Condensed Consolidated Interim Financial Results

For the six months ended
31 August 2019

Registration number: 2006/023587/06
Share Code: HUG ISIN: ZAE000102042

Comments from Chief Executive Officer, James Herbst

Huge Group has made significant strides during the past six months. We have built some of the capacity that we need to deliver our 'Growing Huge Strategy'. The results have been very encouraging and bode well for the delivery of faster and more meaningful outcomes. Our structures have been fortified to deliver our expectations.

JAMES HERBST *Chief Executive Officer*

The Growing Huge Strategy, which was adopted during 2018 and published in the Group's Integrated Report for the year ended 28 February 2018, continues to inform and guide the Group's growth aspirations. The Growing Huge Strategy includes improving the B-BBEE profile of the Group, creating a platform for growth, creating the capacity for growth, elevating the Group's brand and growing the Group organically and by acquisition.

The broad based black economic empowerment transaction (**B-BBEE Transaction**) involving Huge Connect and Windfall (the shareholders of which are Mr Vincent Mokholo (a 40% shareholder) and Mrs Sylvia Mokholo (a 60% shareholder)) will be tabled to shareholders of Huge Group at a general meeting on 25 November 2019. Shareholders of Huge Group are expected to approve this B-BBEE Transaction, which will increase the B-BBEE profile of Huge Connect.

Significant strides have been made by the Company following its appointment of Andrew Openshaw to the position of Chief Operating Officer and Samantha Sequeira to the position of Chief Financial Officer. The capacity that has been created by these appointments is significant and the fruits relating to this increased capacity are starting to show. The appointment of Mrs Michelle Smuts as Group Financial Accountant will further add to this capacity. As a result of this capacity, the Company has been able to settle a number of matters in the past six months and the Company has been able to conclude a number of business combinations, including the Otel Business Combination and the Pansmart Business Combination.

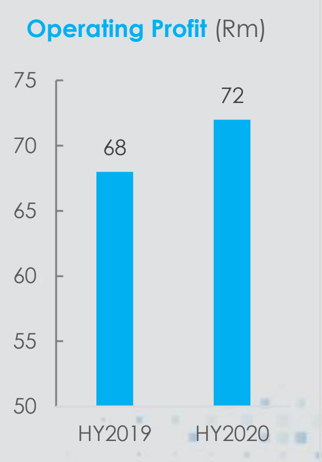
The Otel Business Combination has allowed Huge Group to progress its 'Growing Huge Strategy' by scaling its operations and growing Huge's real estate of customers. It has expanded both the national reach and footprint of Huge and Huge Networks, while increasing its network capacity and connectivity options and allowing for network synergies and efficiencies. The current revenues generated by Huge Networks are expected to grow significantly as a result of the Otel Business Combination and the combination of the Huge Networks and Otel management teams has significantly enhanced the intellectual capacity within the Telecom Grouping.

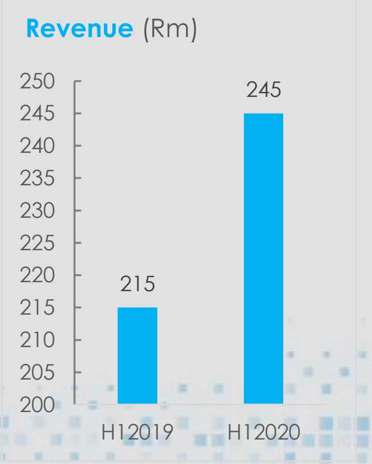
Comments from Chief Executive Officer, James Herbst continued

50%
Increase in normalised basic earnings per share

48%
Increase in normalised headline earnings per share

6.25
cents per ordinary share gross interim ordinary dividend declared





The VoIP and related products and services acquired through the Otel Business Combination will allow Huge Networks to become a more substantial provider of end-to-end ICT services and it provides Huge Networks with an opportunity to enter new customer segments. The economies of scale that will be leveraged from the Otel Business Combination will enable Huge Networks to provide its customers with a diversity of cost-effective ICT products and services. Huge Networks is now better positioned to capitalise on the further expansion of the ISP and ICT service provider industry through various organic and acquisition growth strategies.

The Pansmart Business Combination has given Huge Group control over an authorised distributor of Panasonic's voice, video and CCTV products. Pansmart's Panasonic PABX and Huge Telecom's GSM-based Full Suite Telephony offering is a powerful connectivity combination. The Pansmart Business Combination furthers the delivery of the 'Growing Huge' Strategy by expanding the Group's real estate of customers and including a new brand offering to the Group's portfolio of products. Huge Group provides additional incentive for Pansmart to accelerate its channel growth by leveraging the synergy between its PABXs and the voice connectivity offering of Huge Telecom. This was a very low-cost business combination that has enormous potential.

The Company has created a platform which will allow it to expand its real estate of customers, which is one of its central investment themes, and expand its distribution of Business Partners, which is another central investment theme. It has also created the platform to leverage this real estate by expanding its product and service offerings through the introduction of new, innovative product and services offerings and by cross-selling both existing and new product and services offerings through its current distribution of Business Partners and its current real estate of customers. It is also in the process of developing new strategic partnerships which will become important for the Growing Huge Strategy.

Central to the Group's ongoing success will be its ability to leverage value from a deep understanding of its key asset, its real estate of customers. Continued progress is being made in collecting, analysing, segmenting and understanding the Group's real estate of customers. These analytics will provide the basis and methodology for effectively improving cross-selling opportunities, whether it is related to current services or through the development of new customised bespoke ones. It will also help direct the Group's on-going acquisition strategy.

02 Our Huge story

Key performance highlights

Total revenue increased by **14%** from R215 million to R245 million

Gross profit increased by **43%** from R126 million to R180 million

Operating profit increased by **6%** from R68 million to R72 million

EBITDA increased by **19%** from R80 million to R95 million

Basic earnings per share increased by **3.4%** from 28.46 cents to 29.43 cents

Headline earnings per share increased by **2.5%** from 28.50 cents to 29.21 cents

Net tangible asset value per share increased by **20%** from 103 cents to 124 cents

03 Company Profile

Huge Group, a company listed on the Main Board of the JSE Limited (the JSE).

It has five principal operating subsidiary companies:

- Huge Connect Proprietary Limited **(Huge Connect)**
- Huge Networks Proprietary Limited **(Huge Networks)**
- Huge Software Proprietary Limited **(Huge Software)**
- Huge Telecom Proprietary Limited **(Huge Telecom)**
- Pansmart Proprietary Limited **(Pansmart)**

Huge Connect is a connectivity services company with a focus on growing its payment facilitation services. It was established in 2004 and provides connectivity to the card payment terminals of merchants, payment service providers and the commercial banks in South Africa by making use of secure, managed, dual SIM connectivity over GSM data networks. It has 32 000 merchants as customers. The company has also expanded into other markets, including connectivity for ATMs, integrated points of sale, medical/script verifications, telemetry applications (The Internet of Things (**IoT**)), micro-lending applications and cash vaults.

Huge Networks is a network service provider and data communications company that markets and sells a variety of products and services including internet data services, managed network services, branch connectivity, hosting services and website and system development. Huge Networks is a subsidiary of Huge Telecom. Towards the end of FY2019, Huge Networks concluded agreements with Otel Communications Proprietary Limited and Otel Business Proprietary Limited (collectively referred to as **Otel**) which contemplated the acquisition by Huge Networks of the businesses of Otel (**the Otel Business Combination**). As a result of the Otel Business Combination, Huge Telecom's shareholding in Huge Networks decreased from 100% to 50.03%.

Huge Software develops, maintains and supplies the WebAccounting software suite as well as mobile application, Webatar. The software is developed locally and was released to the market in 2005. WebAccounting is multi-lingual and sold internationally. WebAccounting incorporates both online, cloud-hosted and individual company intranet installation options. The software can be accessed from anywhere in the world without having to have the software loaded onto a client's server. The cloud-based accounting software caters fully for debtor, creditor and inventory management. Additional module functionality includes, but is not limited to, the management of manufacturing processes and customer relationship management tools. Huge Software is a 75% held subsidiary of Huge Group.

Huge Telecom is a voice connectivity or telephony services business that makes use of GSM networks to provide a wireless 'last mile' connection from the customer's premises to the core of a mobile telephone network (the last mile is the final connection from the core network to the customer's premises). Huge Telecom's principal service is substituting fixed-line voice infrastructure, like that provided by a public switched telephone network such as Telkom, with wireless GSM services. Huge Telecom's customer base comprises corporate organisations of any size and residential consumers, who require a fixed location telephony service.

Pansmart is a strong challenger in the South African PABX market, having been granted a distribution license by Panasonic in 2016. Since then, Pansmart has expanded the Panasonic market share significantly, with a full technical and sales competency. The hybrid PABXs that Pansmart distributes include embedded analogue voice ports which provide simple and cost effective PABX and GSM Voice solutions. Huge concluded agreements relating to Pansmart during May 2019 which contemplated the acquisition by Huge of a 50.25% shareholding in Pansmart (the **Pansmart Business Combination**). The Pansmart Business Combination provides Huge Group with control over an authorised distributor of Panasonic's voice, video and CCTV products.

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To the shareholders of Huge Group Limited

Independent auditor's review report on the reviewed condensed consolidated interim financial results

We have reviewed the condensed consolidated interim financial results of Huge Group Limited set out on pages 8 to 39, contained in the accompanying interim report titled Huge Group Limited reviewed condensed consolidated Interim results for the six months ended 31 August 2019, which comprise the reviewed condensed consolidated statement of financial position as at 31 August 2019 and the reviewed condensed consolidated statements of comprehensive income, reviewed condensed consolidated statement of changes in equity and cash flows for the six months then ended, and selected explanatory notes.

Director's Responsibility for the Reviewed condensed consolidated interim financial results

The directors are responsible for the preparation and presentation of these reviewed condensed consolidated interim financial results in accordance with the 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 the Financial Reporting Standards Council 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 reviewed condensed consolidated interim financial results that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these reviewed condensed consolidated interim financial results. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the reviewed condensed consolidated interim financial results are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements. A review of reviewed condensed consolidated interim financial results in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these reviewed condensed consolidated interim financial results.

Our responsibility is to express a conclusion on these reviewed condensed consolidated financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity.

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Auditors responsibility continued

ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of the condensed consolidated financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with the International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying reviewed condensed consolidated interim financial results of Huge Group Limited for the six months ended 31 August 2019 are not prepared, in all material respects, in accordance with the 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 the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. Accordingly, our opinion is not modified. However, we are required to highlight that the 29 February 2019 financial statements, on which we reported previously, included the consolidation of the Connectnet Incentive Trust as an entity controlled by the Group. Management relied on an independent IFRS expert's opinion in concluding that the Connectnet Incentive Trust is an entity controlled by the Group, in terms of IFRS 10 consolidated financial statements. As a result of Management's conclusion that the Connectnet Incentive Trust is an entity controlled by the Group in terms of IFRS 10, a donation to the value of R14 470 932 was included in income, which would not have been included as income if the Connectnet Incentive Trust had been determined to not be an entity controlled by the Group. Our opinion was that the Connectnet Incentive Trust was not an entity controlled by the Group. Accordingly, the opening retained income as at 1 March 2019 will remain overstated by the value of the donation.

Moore Johannesburg Inc

Moore Johannesburg Inc.
Registered Auditors

Per: CA Whitefield
Registered Auditor
Partner
21 November 2019
Johannesburg

05 Reviewed Condensed Consolidated Statement of Comprehensive Income

for the six months ended 31 August 2019

The board of directors (the **Board** or **the Directors**) of Huge Group are pleased to present the reviewed condensed consolidated interim results of the Company and its subsidiary companies, joint venture and associates (**the Group**) for the first six months of the financial year (**HY2020**) which commences on 1 March 2019 and ends on 28 February 2020 (**FY2020**). These results have been compared to the twelve months of the financial year which commenced on 1 March 2018 and ended on 28 February 2019 (**FY2019**) and they have also been compared to the first six months (**HY2019**) of FY2019.

Figures in Rand	Reviewed 31 August 2019 (6 months) R'000	Audited 28 February 2019 (12 months) R'000	Unaudited 31 August 2018 (6 months) R'000
Total revenue	244 676	432 662	214 559
Gross profit	**180 282**	**257 320**	**125 872**
Other income	4 312	17 447	16 396
Operating expenses	(84 361)	(123 943)	(61 970)
Movement in credit loss alllowances	(5 583)	(2 197)	-
EBITDA	**94 650**	**148 627**	**80 298**
Depreciation and amortisation	(20 315)	(26 592)	(12 697)
Depreciation and amortisation (IFRS16)	(2 680)	-	-
Operating profit	**71 655**	**122 035**	**67 601**
Investment income	2 573	3 505	958
Gain on sale of investment	-	1 530	-
Share of losses from equity accounted investments	(8)	(19)	-
Reversal of impairment of financial assets	-	509	-
Finance costs	(10 125)	(15 339)	(6 556)
Finance costs (IFRS16)	(728)	-	-
Profit before taxation	**63 367**	**112 221**	**62 003**
Income tax expense	(12 673)	(21 716)	(14 852)
Net profit for the period	**50 694**	**90 505**	**47 151**
Non-controlling Interest	2 198	(3 087)	(266)
Net profit attributable to owners of the company	**48 496**	**93 593**	**46 885**
Earnings per share information			
Basic earnings per share (cents)	29.43	56.84	28.46
Diluted basic earnings per share (cents)	29.37	56.55	28.46
Headline earnings per share (cents)	29.21	55.81	28.50

Six-month highlights:

- Interim dividend declared of 6.25 cents per share (0.0 in HY2019 and 12.5 cents in FY2019)
- Total revenue increased by 14% from R215 million to R245 million
- Gross profit increased by 43% from R126 million to R180 million
- Operating profit increased by 6% from R68 million to R72 million
- EBITDA increased by 19% from R80 million to R95 million
- Basic earnings per share increased by 3.4% from 28.46 cents per share to 29.43 cents per share
- Headline earnings per share increased by 2.5% from 28.50 cents per share to 29.21 cents per share
- The Group's effective tax rate has decreased from 24% to 20% as a result of the recognition of available and previously unrecognised deferred tax assets.

05 Unaudited Normalised Condensed Consolidated Statement of Comprehensive Income

for the six months ended 31 August 2019

Figures in Rand	Reviewed 31 August 2019 (6 months) R'000	Audited 28 February 2019 (12 months) R'000	Unaudited 31 August 2018 (6 months) R'000
Total revenue	244 676	432 662	214 559
Gross profit	**180 282**	**257 320**	**125 872**
Other income	4 312	2 976	1 925
Operating expenses	(84 361)	(123 943)	(61 970)
Movement in credit loss allowances	(5 583)	(2 197)	-
EBITDA	**94 650**	**134 156**	**65 827**
Depreciation and amortisation	(20 315)	(26 592)	(12 697)
Depreciation and amortisation (IFRS16)	(2 680)	-	-
Operating profit	**71 655**	**107 564**	**53 130**
Investment income	2 573	3 505	958
Gain on sale of investment	-	1 530	-
Share of losses from equity accounted investments	(8)	(19)	-
Reversal of impairment of financial assets	-	509	-
Finance costs	(10 125)	(15 339)	(6 556)
Finance costs (IFRS16)	(728)	-	-
Profit before taxation	**63 367**	**97 750**	**47 532**
Income tax expense	(12 673)	(21 716)	(14 852)
Net profit for the period	**50 694**	**76 034**	**32 680**
Non-controlling Interest	2 198	(3 087)	(266)
Net profit attributable to owners of the company	**48 496**	**79 121**	**32 414**
Earnings per share information			
Basic earnings per share (cents)	29.43	48.05	19.67
Diluted basic earnings per share (cents)	29.37	47.81	19.67
Headline earnings per share (cents)	29.21	47.02	19.72

This unaudited normalised condensed consolidated statement of comprehensive income is provided to shareholders to demonstrate the performance of the Group for the comparative period in FY2019 had the Group not been the beneficiary of an extraordinary donation of R14.4 million. The Board is of the view that this unaudited normalised condensed consolidated statement of comprehensive income provides a better presentation of the underlying performance of the Group (the **Normalised Performance**).

The Normalised Performance has been prepared for illustrative purposes only and because of its nature may not fairly present the Company's and the Group's statement of comprehensive income. The presentation of the Normalised Performance is the responsibility of the Directors.

The following highlights of the Normalised Performance are presented:

- EBITDA increased by 44% from R66 million to R95 million
- Operating profit increased by 36% from R53 million to R72 million
- Basic earnings per share increased by 49.6% from 19.67 cents per share to 29.43 cents per share
- Headline earnings per share increased by 48.1% from 19.72 cents per share to 29.21 cents per share

05 Reviewed Condensed Consolidated Statement of Financial Position

for the six months ended 31 August 2019

Figures in Rand	Reviewed 31 August 2019 (6 months) R'000	Audited 28 February 2019 (12 months) R'000	Unaudited 31 August 2018 (6 months) R'000
Assets			
Non-current assets	**1 043 467**	**1 003 523**	**832 171**
Property, plant and equipment	264 651	226 682	205 829
Right of use asset	23 234	-	-
Goodwill	622 469	609 821	593 443
Intangible assets	20 553	13 431	10 499
Investment in joint venture company	599	597	616
Investment in associate companies	-	10	-
Loans to associate companies	60 720	62 401	-
Loans receivable	-	8 454	-
Contract assets	4 460	14 912	-
Investments at fair value	15 639	45 006	7 496
Deferred tax asset	31 142	20 432	14 288
Finance lease receivables	-	1 777	-
Current assets	**131 793**	**114 582**	**168 879**
Inventories	31 645	18 800	6 436
Loans to associate companies	-	4 208	-
Loans to shareholders	-	13	-
Loans receivable	6	10	-
Trade and other receivables	72 773	65 093	132 481
Finance lease receivables	-	608	-
Contract assets	1 988	-	-
Current tax receivable	3 855	1 891	-
Cash and cash equivalents	21 526	23 958	29 962
Total assets	**1 175 260**	**1 118 104**	**1 001 050**
Equity and Liabilities			
Equity			
Share capital	16	16	16
Share premium	605 517	605 877	607 708
Share-based payment reserve	9 240	7 038	-
Change in control reserve	(4 761)	(4 761)	-
Accumulated profit	251 392	223 474	179 317
Equity attributable to equity holders of the parent	**861 404**	**831 644**	**787 041**
Non-controlling interest	(1 122)	5 667	(2 688)
	860 282	**837 311**	**784 353**

05 Reviewed Condensed Consolidated Statement of Financial Position

for the six months ended 31 August 2019

Figures in Rand	Reviewed 31 August 2019 (6 months) R'000	Audited 28 February 2019 (12 months) R'000	Unaudited 31 August 2018 (6 months) R'000
Liabilities			
Non-current liabilities	**155 555**	**144 928**	**129 843**
Loans payable	1 560	-	-
Interest-bearing liabilities	90 977	96 536	93 554
Finance lease liabilities	-	4 455	1 040
Lease liabilities	16 458	-	-
Deferred Income	4 943	6 398	2 138
Deferred tax liabilities	41 617	37 539	33 111
Current liabilities	**159 423**	**135 865**	**86 854**
Loans payable	3 046	-	
Deferred income	5 200	10 479	9 394
Interest-bearing liabilities	87 560	73 989	21 176
Current tax payable	6 590	6 246	4 321
Finance lease liabiltiies	-	3 175	2 633
Lease liabilities	8 407	-	-
Trade and other payables	46 407	39 225	40 701
Bank overdraft	2 213	2 751	8 629
Total liabilities	**314 978**	**280 793**	**216 697**
Total equity and liabilities	**1 175 260**	**1 118 104**	**1 001 050**
Number of ordinary shares in issue ('000)	175 627	175 627	175 602
Net asset value per share (cents)	489.84	476.76	446.67
Net tangible asset value per share (cents)	123.71	121.88	102.74

Based on the above the following highlights are presented:

- Net asset value per share has increased by 10% from 446.67 cents to 489.84 cents.
- Net tangible asset value per share has increased by 20% from 102.74 cents to 123.71 cents.

Capital

The Board remains dedicated to maintaining an optimal capital structure for the Group. Long-term permanent debt capital (**Permanent Debt Capital**) is regularly considered and reassessed, balancing growth aspirations and shareholders' earnings and dividends expectations. Futuregrowth Asset Management Proprietary Limited is the Company's sole provider of Permanent Debt Capital. In order to steer the Board, a Capital Structure Policy has been introduced, providing a debt to book equity ratio (being Permanent Debt Capital to book Equity) ceiling of 25% as a guiding parameter. During FY2020, Permanent Debt Capital decreased from R168 million to R162 million while remaining within its desired capital structure with a debt to book equity ratio of 19%. As the Group continues to grow its respective operations, it is anticipated that its Permanent Debt Capital will increase.

05 Reviewed Condensed Consolidated Statement of Changes in Equity

for the six months ended 31 August 2019

Figures in Rand	Share Capital R'000	Share Premium R'000	Share based payment reserve R'000	Change in control reserve R'000	Accumulated profit R'000	Non-Controlling interest R'000	Total Equity R'000
Audited Balance as at 1 March 2017	**12**	**319 409**	**-**	**-**	**51 933**	**(3 001)**	**368 353**
Profit for the year	-	-	-	-	76 841	223	77 064
Issue of shares	5	299 346	-	-	-	-	299 351
Business combinations	-	-	-	-	-	(238)	(238)
Audited balance as at 28 February 2018	**17**	**618 755**	**-**	**-**	**128 774**	**(3 016)**	**744 530**
Profit for the year	-	-	-	-	93 593	(3 087)	90 506
Issue of shares	-	225	-	-	-	-	225
Capital raising expenses	-	(729)	-	-	-	-	(729)
Elimination of treasury shares	(1)	(12 375)	-	-	-	-	(12 376)
Share-based payment	-	-	7 038	-	-	-	7 038
Common control transaction	-	-	-	(4 761)	-	-	(4 761)
Derecognition of non-controlling interest	-	-	-	-	(133)	133	-
Business combinations	-	-	-	-	1 241	11 636	12 878
Audited balance as at 28 February 2019	**16**	**605 876**	**7 038**	**(4 761)**	**223 475**	**5 666**	**837 311**
Profit for the year	-	-	-	-	48 496	2 198	50 694
Capital raising expenses	-	(359)	-	-	-	-	(359)
Share-based payment	-	-	2 202	-	-	-	2 202
Dividends	-	-	-	-	(20 579)	-	(20 579)
Business combinations	-	-	-	-	-	(8 986)	(8 986)
Reviewed balance as at 31 August 2019	**16**	**605 517**	**9 240**	**(4 761)**	**251 392**	**(1 122)**	**860 283**

During FY2018:

- 24 373 551 ordinary shares were issued for cash at a price of 615 cents per share, amounting to R149 897 339.
- 25 208 333 ordinary shares issued were issued as part of a business combination involving Connectnet Broadband Wireless Proprietary Limited (which has subsequently been renamed Huge Connect) at a price of 600 cents per share, amounting to R151 249 998.
- 468 750 ordinary shares were issued at a price of 800 cents per share, amounting to R3 750 000.

During FY2019:

- 25 000 ordinary shares were issued as part of the acquisition of additional shares in Ambient Mobile Proprietary Limited (which was subsequently renamed Huge Messaging) at a price of 900 cents per share, amounting to R225 000.

05 Reviewed Condensed Consolidated Statement of Cash Flows

for the six months ended 31 August 2019

Figures in Rand	Reviewed 31 August 2019 (6 months) R'000	Audited 28 February 2019 (12 months) R'000	Unaudited 31 August 2018 (6 months) R'000
Profit before taxation	**63 365**	**112 221**	**62 003**
Adjusted for non-cash movements	43 821	31 293	24 320
Adjusted for working capital movements	(25 234)	(44 339)	1 464
Net finance costs	(6 955)	864	(5 261)
Finance costs (IFRS16)	(1 284)	-	-
Tax paid	(12 483)	(25 865)	(21 416)
Cash flows from operating activities	**61 230**	**74 174**	**61 110**
Purchase or property, plant and equipment	(52 345)	(110 946)	(74 145)
Proceeds from disposal of plant and equipment	512	36 575	70
Purchase of intangible assets	(2 178)	(4 115)	(1 164)
Business combinations	(12 813)	(4 219)	-
Change in degree of control	-	(4 761)	-
Purchase of financial assets	-	-	-
Purchase of investment in associate	-	(5)	-
Loans to group companies repaid	-	10	-
(Purchase)/Withdrawal of investment at fair value	29 366	(45 006)	-
Advances of loans receivable at amortised cost	-	(968)	-
Loans to associates repaid	5 888	-	-
Loans to shareholders repaid	-	(13)	-
Cash flows from investing activities	**(31 570)**	**(133 446)**	**(75 239)**
Proceeds from share issue	-	(12 879)	-
Dividends paid	(20 597)	-	-
Treasury shares issued to employees	-	-	(11 048)
Capital raising expenses	(360)	-	-
Proceeds/(Repayment) of interest-bearing liabilities	(7 433)	64 624	10 031
Proceeds/(Repayment) of financial liabilities	-	-	7 145
Repayment of lease liabilities (IFRS16)	(4 131)	-	-
Lease liability receipts (IFRS16)	966	-	-
Instalment sale receipts/(payments)	-	(201)	400
Cash flows from financing activities	**(31 555)**	**51 544**	**6 528**
Net cash movement for the period	**(1 895)**	**(7 727)**	**(7 601)**
Cash at the beginning of the period	21 207	28 934	28 935
Total cash at the end of the period	**19 312**	**21 207**	**21 334**

06 Segmental Reporting

for the six months ended 31 August 2019

The Directors have considered IFRS 8 Operating Segments and are of the opinion, based on the information provided to the chief operating decision maker, that the current operations of the Group can be split into three main operating segments, namely a **Corporate Office Grouping**, a **Telecom Grouping** and a **Financial Technology** (**Fintech**) **Grouping**.

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

Each operating segment's results are reviewed regularly by the executive committee under the authority delegated by the Board. The executive committee comprises the Chief Executive Officer, the Chief Operations Officer and the Chief Financial Officer.

The summarised information included below is in line with the requirements of IAS 34. The revenue generated from the products and services provided by the various Group companies to all customers is done so on a countrywide basis, with no geographical differentiation.

Operating Segments:

In terms of the Group's segmental reporting, the Telecom Grouping comprised the following companies:

- 100% held Huge Telecom, the holding company of which is Huge Group
- 50.03% held Huge Networks, the holding company of which is Huge Telecom
- 100% held Huge Technologies Proprietary Limited (**Huge Technologies**), the holding company of which is Huge Group
- 96% held Huge Media Proprietary Limited (**Huge Media**), the holding company of which is Huge Group
- 100% held Huge Messaging Proprietary Limited (**Huge Messaging**), the holding company of which is Huge Group
- 100% held Huge Management Company Proprietary Limited (**Huge Manco**), the holding company of which is Huge Group
- 50.25% held Pansmart, the holding company of which is Huge Group (the effective date of the acquisition of Pansmart was 13 May 2019)

In terms of the Group's segmental reporting, for FY2019 the **Fintech Grouping** comprised the following companies:

- 100% held Huge Connect, the holding company of which is Huge Group
- 100% held IntelPay Proprietary Limited, the holding company of which is Huge Group (the effective date of the acquisition of IntelPay was 27 March 2019)

In terms of the Group's segmental reporting, the **Corporate Office Grouping** comprised the following companies:

- Huge Group itself
- 75% held Huge Software, the holding company of which is Huge Group
- The ConnectNet Incentive Trust (the **CI Trust**), the beneficiaries of which are certain employees, directors and/or consultants of the ConnectNet Broadband Wireless Group.

06 Segmental Reporting
for the six months ended 31 August 2019

Changes to the Operating Segments:

Pansmart has been included as part of the Telecom Grouping for the first time and IntelPay has been included as part of the Fintech Grouping for the first time. Pansmart and IntelPay were acquired in this period and as a result were not included in the relevant Groupings in the comparative period.

Reviewed 31 August 2019

Figures in Rand	Reviewed 31 August 2019 R'000	Telecom Grouping R'000	Fintec Grouping R'000	Corporate Office Grouping R'000
Total revenue	244 676	159 105	84 434	1 137
Gross profit	**180 282**	**118 281**	**61 110**	**891**
Other income	4 312	3 721	472	119
Operating expenses	(84 361)	(43 219)	(16 207)	(24 935)
Movement in credit loss allowances	(5 583)	1 731	(7 308)	(6)
EBITDA	**94 650**	**80 514**	**38 067**	**(23 931)**
Depreciation and amortisation	(20 315)	(14 197)	(5 967)	(151)
Depreciation and amortisation (IFRS16)	(2 680)	(969)	(1 186)	(525)
Operating profit	**71 655**	**65 348**	**30 914**	**(24 607)**
Investment income	2 573	460	905	1 208
Share of losses from equity accounted investments	(8)	(8)	-	-
Finance costs	(10 125)	(2 724)	(7)	(7 394)
Finance costs (IFRS16)	(728)	(248)	(258)	(222)
Profit before taxation	**63 367**	**62 828**	**31 554**	**(31 015)**

Previously Reported 31 August 2018

Figures in Rand	Unaudited 31 August 2018 R'000	Telecom Grouping R'000	Fintec Grouping R'000	Corporate Office Grouping R'000
Total revenue	214 559	135 727	77 603	1 229
Gross profit	**125 872**	**70 451**	**54 352**	**1 069**
Other income	16 396	1 651	274	14 471
Operating expenses	(61 970)	(29 746)	(19 653)	(12 571)
EBITDA	**80 298**	**42 356**	**34 973**	**2 969**
Depreciation and amortisation	(12 697)	(7 651)	(4 960)	(86)
Operating profit	**67 601**	**34 705**	**30 013**	**2 883**
Investment income	958	283	417	258
Finance costs	(6 556)	(2 326)	(7)	(4 223)
Profit before taxation	**62 003**	**32 662**	**30 423**	**(1 082)**

06 Segmental Reporting

for the six months ended 31 August 2019

The Telecom Grouping enjoyed a 17% increase in revenue, mainly as a result of the Otel Business Combination and the Pansmart Business Combination. Operating expenses have increased by 45% mainly as a result of expenses related to the Otel Business Combination and the Pansmart Business Combination. A once-off acceleration of depreciation and amortisation of R5 million negatively impacted the Telecom Grouping. Profit before taxation increased by 92%. An entity within the Telecom Grouping has recently signed an agreement with Mobile Telephone Networks Proprietary Limited (**MTN**) which gives the Group access to a GSM multi-line hunting solution with a more extensive feature set than from the Cell C Service Provider Company Proprietary Limited (**Cell C SPC**) platform. Coverage and service quality will also be significantly enhanced given the extent of the MTN mobile network.

The Fintech Grouping enjoyed an 9% increase in revenue for the six months to 31 August 2019 when compared to the six months in the previous comparative period. The awarding by The Standard Bank of South Africa Limited of a contract for the provision of payment connectivity services is in the process of being implemented and is expected to contribute meaningfully to revenue growth in the future. A three-year extension from Nedbank on its payment connectivity services provides further stability and growth opportunity. Operating expenses benefited from a reduction in share-based payment expenses. The Fintech Grouping was negatively impacted by a substantial increase in allowances for credit losses, which amounted to R7 million. As a result of these factors, profit before taxation increased by only 3%. Had it not been for the increased allowances for credit losses, profit before taxation would have increased by 26%.

Operating expenses of the **Corporate Office Grouping** for the six months to 31 August 2019 was higher than the operating expenses for the six months to 31 August 2018 primarily as a result of transactional costs relating to the Otel Business Combination, the Pansmart Business Combination, the B-BBEE Transaction, increased statutory, listing and reporting expenses and the settlement a long outstanding dispute with Telemasters Holdings Limited.

07 Notes to the Reviewed Condensed Consolidated Interim Financial Results

for the six months ended 31 August 2019

Independent Review

The Directors take full responsibility for the preparation of the condensed consolidated interim financial statements. The condensed consolidated interim financial statements have been reviewed by Moore Johannesburg Incorporated, who have expressed an unmodified review conclusion thereon. The auditor has performed their review in accordance with International Standard on Review Engagements (ISRE) 2410. The review conclusion is available for inspection at the Company's registered office and on the Company's website at www.hugegroup.com.

Basis of Preparation

The reviewed condensed consolidated interim financial statements for the six months ended 31 August 2019 are prepared in accordance with the requirements of the JSE's Listings Requirements (**Listings Requirements**) for interim financial statements and the requirements of the Companies Act, No 71 of 2008 applicable to interim financial statements. The interim financial statements were prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (**IFRS**), SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council (**FRSC**), and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The reviewed condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 28 February 2019, which have been prepared in accordance with IFRS.

Any information included in this announcement that might be perceived as a forward-looking statement has been reviewed by the Company's auditors in accordance with section 8.40(c) of the Listings Requirements.

The reviewed condensed consolidated interim results for the period ended 31 August 2019 were prepared under the supervision of the Chief Financial Officer of the Company, SL Sequeira (CA(SA)).

Principal Accounting Policies

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements except as described below.

The Group has adopted IFRS 16 Leases (**IFRS 16**) with effect from 01 March 2019. A number of other new standards are effective from 1 March 2019, but they do not have a material effect on the group's interim financial statements.

Adoption of IFRS 16

IFRS16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying asset and lease liabilities representing its obligation to make lease payments. After the adoption of IFRS 16, the Group recognised a depreciation expense on the right-of-use assets and an interest expense accruing on the lease liabilities and no longer recognised an operating lease expense for these leases. Cash generated from operations includes the interest portion of the lease liability payments and the capital portion of the lease liability repayments is included in cash used in financing activities. Lessor accounting remains similar to previous accounting policies.

Adoption of IFRS 16 continued

The Group has adopted IFRS 16, retrospectively from 1 March 2019 and elected the modified retrospective approach. The Group has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the adoption of IFRS 16 are therefore recognised in the opening statement of financial position on 1 March 2019.

Leasing activities and significant accounting policies

The Group's leases include network infrastructure (including Towers/Hi-sites), premises and office equipment. Rental contracts are typically made for fixed periods varying between 2 to 5 years but may have renewal periods as described below.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 March 2019, the Group recognises right-of-use assets and lease liabilities at the lease commencement date for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets (e.g. premises and IT equipment) and for short-term leases, i.e. leases that at commencement date have lease terms of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assert, the Group assessed whether:

- The contract involves the use of an identified assert – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has the substantive right to substitute the asset, then the asset is not identified.
- The Group has the right to obtain substantially all of the economic benefits from the use of the assert throughout the period of use
- The Group has the right to direct the use of the asset, i.e. the Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. There are rare cases when the right may be pre-determined, the Group has the right to direct the use of the asset if either: The Group has the right to operate the asset or the Group designed the asset in a way that predetermines how and for what purpose it will be used.

The recognised right-of-use assets relate to the following types of assets:

Figures in Rand	31 August 2019 R'000	01 March 2019 R'000
Equipment	1 196	1 388
Premises	17 365	7 568
Network infrastructure	294	401
Operating lease right-of-use assets	**18 855**	**9 357**

Adoption of IFRS 16 continued

IT equipment	260	315
Motor vehicles	4 119	5 253
Finance lease right-of-use assets	**4 379**	**5 568**
Total right-of-use assets	**23 234**	**14 925**

The right-of-use asset is initially measured at cost comprising of the following:

- The amount of the initial measurement of the lease liability.
- Any lease payments made at or before the commencement date less any incentives received.
- Any initial direct costs
- Decommissioning costs

The right-of-use asset is subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured as the present value of the lease payments that are not paid at the commencement date, discounted at the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the Group uses the incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise of the following:

- Fixed payments (including in-substance fixed payments), less any incentives receivable.
- Variable lease payments that are based on an index or rate, measured using the index or rate as at the lease commencement date.
- Lease payments in an optional renewal period if the Group is reasonably certain to exercise that option.
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Interest costs are charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability at each period. It is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount payable under a residual value guarantee, or as appropriate changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Adoption of IFRS 16 continued

Renewal and termination options

A number of lease contracts include the option to renew the lease for a further period or terminate the lease earlier. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that crate an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group applies judgement in assessing whether it is reasonably likely that options will be exercised. Factors considered include how far in the future an option occurs, the Group's business planning cycle of three to five years and past history of terminating/not renewing leases.

The assessment is reviewed if a significant event of a significant change in circumstances occurs which affects the assessment and that is within the control of the lessee.

A number of leases entitle both the Group and the lessor to terminate the lease without termination penalty. In determining whether the Group has an economic incentive to not exercise the termination option, the Group considers the broader economics of the contract and not only contractual termination payments.

Lease and non-lease components

A number of lease contracts include both lease and non-lease components. The Group has elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets.

Transition

At transition, for leases classified as operating leases under IAS 17 (**IAS17**), lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate, for the remaining lease terms, as at 1 March 2019. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients as permitted by the standard, when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Accounted for leases with a remaining lease term of less than 12 months as at 1 March 2019 as short-term leases.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- Relied on previous assessments on whether leases are onerous contracts as opposed to performing an impairment review on 1 March 2019.

Adoption of IFRS 16 continued

The Group has also elected not to reassess whether a contract is, or contains a lease, at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and IFRIC 7 Determining whether an Arrangement Contains a Lease (**IFRIC 4**).

The Group classified a number of leases of vehicles as finance leases under IAS17. For finance leases, the carrying amount of the right-of-use asset and the lease liability of 1 March 2019 were determined at the carrying amount of the lease asset and lease liability under IAS17 immediately before that date.

Impacts on financial statements

On transition to IFRS16, the Group recognised right-of-use assets and lease liabilities of R9.4 million. The Group held finance lease liabilities, already reported under IAS17, to the amount of R5.6 million.

When measuring the lease liabilities, the group discounted the lease payments using the incremental borrowing rate at 1 March 2019. The weighted average rate applied is 10.8%.

The lease liability comprised of the following adjustments on the date of initial application:

Figures in Rand	01 March 2019 R'000
Operating lease commitment at 1 March 2019	**15 513**
Discounted using the incremental borrowing rate at 1 March 2019	13 839
Less: Recognition exemption for short-term lease	(356)
Add: Existing finance lease liabilities previously reported under IAS 17	5 567
Add: Extension and termination options reasonably certain to be exercised	6 372
Add: Leases which were contracted for before year end but commenced after year end	(10 499)
Lease liabilities recognised at 1 March 2019	**14 923**

As of a result of applying IFRS16, in relation to the leases that were previously classified as operating leases, the Group recognised R19 million of right-of-use assets and R20 million of lease liabilities as at 31 August 2019 relating to operating leases that transitioned to IFRS16.

Also, in relation to those leases under IFRS16, the Group has recognised depreciation and interest costs, instead of the operating lease expenses of R4 million that would have been recognised under IAS17. During the six months ended 31 August 2019, the Group recognised R3 million of depreciation charges and R1 million of interest costs from these leases.

Earnings per share decreased by 0.24 cents per share for the six months ended 31 August 2019 as a result of the adoption of IFRS16. Due to the impact of the reducing finance charges over the life of the lease, the impact of adopting IFRS16 is initially dilutive, before being accretive in later periods.

Cash from operating activities includes interest paid on lease liabilities of R1 million and cash used in financing activities includes R3 million for the capital portion of lease liability repayments. The cash flows were previously recognised as net cash generated from operations.

Disaggregation of Revenue

Figures in Rand	All segments		Telecom Grouping		Fintec Grouping		Corporate Office Grouping	
	31 August HY2020 R'000	28 February FY2019 R'000	31 August HY2020 R'000	28 February FY2019 R'000	31 August HY2020 R'000	28 February FY2019 R'000	31 August HY2020 R'000	28 February FY2019 R'000
Region								
South Africa	239 526	417 595	159 000	269 573	79 390	145 668	1 137	2 354
Africa	5 150	15 067	105	381	5 044	14 686	-	-
	244 676	**432 662**	**159 105**	**269 954**	**84 434**	**160 354**	**1 137**	**2 354**
Major goods/service lines								
Network devices	43 387	72 325	41 717	70 868	1 670	1 457	-	-
Network services	196 084	357 983	113 320	199 086	82 764	158 897	-	-
Software licence fees	1 330	2 354	193	-	-	-	1 137	2 354
Communication equipment	3 875	-	3 875		-	-	-	-
	244 676	**432 662**	**159 105**	**269 954**	**84 434**	**160 354**	**1 137**	**2 354**
Timing of revenue recognition								
Goods transferred at a point in time	13 375	2 149	11 705	692	1 670	1 457	-	-
Services transferred over time	231 301	430 513	147 400	269 262	82 764	158 897	1 137	2 354
	244 676	**432 662**	**159 105**	**269 954**	**84 434**	**160 354**	**1 137**	**2 354**

Financial Instruments

Financial instruments at amortised cost
The Group has not disclosed the fair values of financial instruments measured at amortised cost, as their carrying amounts closely approximate their fair values.

Financial instruments measured at fair value
Investments at fair value include Discovery Endowment Policies held within a Discovery Invest Endowment Plan, consisting of 10 Money Market Funds (Class A) of R4.5 million each, with an initial investment term of five years. The Group withdrew an amount of R32 million and earned interest of R1 million. The fair value is derived from the unit prices available in accordance with the policy and is a Level 1 classified financial instrument using quoted prices in an active market. The fair value of this financial instrument closely approximates the amortised cost.

Related Party Transactions

Relationships:

Subsidiary companies:
Huge Connect
Huge Manco (formerly Le Gacy Telcom (FRA))
Huge Media
Huge Messaging
Huge Networks
Huge Software
Huge Technologies
Huge Telecom
Pansmart
IntelPay

Jointly controlled arrangements:
Huge Services Proprietary Limited (Huge Services) (formerly Gonondo Telecom)

Associate companies:
Huge Cellular Proprietary Limited (Huge Cellular)
Huge Soho Proprietary Limited (Huge Soho)

IFRS10 controlled entities:
CI Trust

Members of key management:
James Charles Herbst
Andrew Paul Openshaw
Samantha Leigh Sequeira

Directors of subsidiary companies:
Andre Lessing
Robert Burger
Marius Oberholzer
Louis Fourie
Craig Rowan

Related Party Transactions continued

Shareholders behind non-controlling interests:
The trustees of the CW Granville Trust (a 25% shareholder of Huge Software)
Not The Only Company Proprietary Limited (an associate of JC Herbst) (a 4% shareholder of Huge Media)
The MIA Family Trust (a 49.75% shareholder of Pansmart)
Otel Communications Proprietary Limited (a 49.97% shareholder of Huge Networks)

Shareholders of the Company:
Anton Daniel Potgieter

Associates of non-executive Directors:
Casa Da Luz Proprietary Limited (Casa) – an associate company of Dr Duarte da Silva
Windfall 111 Properties Proprietary Limited (Windfall)

Figures in Rand	Reviewed 31 August 2019 (6 months) R'000	Audited 28 February 2019 (12 months) R'000	Unaudited 31 August 2018 (6 months) R'000
Loan Account – owing (to) by related parties			
Gunter Engling (former director of subsidiary company)	-	-	(5 120)
James Charles Herbst	-	(13)	-
Jarratt Ingram (former shareholder of Huge Messaging)	-	-	(900)
Edward Mitchell Kerby (former shareholder of Huge Messaging)	-	-	(225)
Gregory Beaufort Shiers (former shareholder of Huge Messaging)	-	-	(900)
Huge Cellular	58 313	64 201	-
Huge Soho	2 407	2 408	-
Windfall	-	10	-
	60 720	**66 606**	**(7 145)**
Purchases from related parties			
Casa	360	838	472
Huge Services	173	470	484
	533	**1 308**	**1 240**

08 Basic Earnings per share and Headline Earnings per share

for the six months ended 31 August 2019

Basic Earnings per share

Figures in Rand	Reviewed 31 August 2019 (6 months) R'000	Audited 28 February 2019 (12 months) R'000	Unaudited 31 August 2018 (6 months) R'000
Weighted average number of shares in issue ('000)	**164 774**	**164 671**	**164 749**
Profit attributable to equity holders of the company	48 494	93 593	46 885
Basic Earnings per share (cents)	**29.43**	**56.84**	**28.46**

Headline Earnings per share

Weighted average number of shares in issue ('000)	**164 774**	**164 671**	**164 749**
Profit attributable to equity holders of the company	48 494	93 593	46 885
Adjusted for:			
Impairment of plant and equipment	-	-	70
Profit on disposal of plant and equipment	(514)	(807)	-
Profit on disposal of investment	-	(1 548)	-
Taxation effects	144	659	-
Headline Earnings per share (cents)	**29.21**	**55.81**	**28.50**

Unaudited Normalised Basic Earnings per share

Weighted average number of shares in issue ('000)	**164 774**	**164 671**	**164 749**
Profit attributable to equity holders of the company	48 494	79 121	32 414
Basic Earnings per share (cents)	**29.43**	**48.05**	**19.67**

Unaudited Normalised Headline Earnings per share

Weighted average number of shares in issue ('000)	**164 774**	**164 671**	**164 749**
Profit attributable to equity holders of the company	48 494	79 121	32 414
Adjusted for:			
Impairment of plant and equipment	-	-	70
Profit on disposal of plant and equipment	(514)	(807)	-
Profit on disposal of investment	-	(1 548)	-
Taxation effects	144	659	-
Headline Earnings per share (cents)	**29.21**	**47.02**	**19.72**

The Normalised Performance has been prepared for illustrative purposes only and because of its nature may not fairly present the Group's basic and headline earnings per share. The presentation of the Normalised Performance is the responsibility of the Directors.

Pansmart

Huge Group concluded agreements involving Pansmart which contemplated the acquisition by the Group of a controlling stake in Pansmart. The agreements became unconditional on 13 May 2019. The purchase consideration for the 50.25% was R100 and 50% of the shareholder claims on loan account which amounted to R13 151 309.

IntelPay

Huge Group entered in a Sale of Shares and Claim Agreement involving IntelPay Proprietary Limited (**IntelPay**) whereby the Group acquired 100% of the issued share capital and shareholder claims in IntelPay (the **IntelPay Equity**). Huge Group acquired the IntelPay Equity for the sum of R100 000. The agreements became unconditional on 27 March 2019.

Aggregate Business Combinations

Figures in Rand	Reviewed 31 August 2019 (6 months) R'000	Audited 28 February 2019 (12 months) R'000
Property, plant and equipment	266	1 964
Right of use asset (IFRS16)	1 768	-
Intangible assets	5 309	2 023
Finance lease receivable	-	2 385
Inventories	4 190	188
Trade and other receivables	4 872	(77 526)
Cash and cash equivalents	458	(1 471)
Financial lease liabilities	-	(2 895)
Lease liabilities (IFRS16)	(1 833)	-
Deferred tax asset/(liability)	8 442	(247)
Borrowings	(15 466)	(1 201)
Loans payable	(8 804)	-
Loans from group companies	-	59 949
Current tax payable	-	2 169
Bank overdraft	-	(2 748)
Trade and other payables	(7 584)	15 443
Total identifiable net liabilities	**(8 382)**	**(1 968)**
Non-controlling interest	8 986	-
Goodwill	12 647	16 378
	13 251	**14 409**
Consideration (paid)/received		
Cash	(100)	-
Cash loan advanced	(13 151)	-
Cash acquired	458	(4 219)
Net cash outflow on acquisition	**(12 793)**	**(4 219)**

10 Prior Period Restatement

for the six months ended 31 August 2019

During HY2019, the Group discovered that purchases of devices and deferred income in Huge Connect, a wholly owned subsidiary of the Group, had been netted off in the Statement of Financial Position via a suspense account. As a consequence, total assets and total liabilities have both been understated. The errors have been corrected by restating each of the affected financial statement line items for prior period. The following tables summarise the impacts on the Group's consolidated financial statements.

There is no impact on the Group's basic or diluted earnings per share for HY2019 and FY2019 and the impact on the Statement of Comprehensive Income relates to the recognition of an Income Tax liability, as a result of the Deferred Income adjustment, as well as the recognition of a Deferred Tax asset which both affect the Income Tax line item in the Statement of Comprehensive Income resulting in a zero impact to the Statement of Comprehensive Income as previously reported as the adjustments contra each other.

Audited 28 February 2019 **Figures in Rand**	Audited 28 February 2019 Restated (12 months) R'000	Audited 28 February 2019 Previously reported (12 months) R'000	Audited 28 February 2019 Adjustments (12 months) R'000
Assets			
Non-current assets	**1 003 523**	**999 544**	**3 979**
Property, plant and equipment	226 682	226 682	-
Right of use asset	-	-	-
Goodwill	609 821	609 821	-
Intangible assets	13 431	13 431	-
Investment in joint venture company	597	597	-
Investment in associate companies	10	10	-
Loans to associate companies	62 401	62 401	-
Loans receivable	8 454	8 454	-
Contract assets	14 912	14 912	-
Investments at fair value	45 006	45 006	-
Deferred tax asset	20 432	16 453	3 979
Finance lease receivables	1 777	1 777	-
Current assets	**114 581**	**98 292**	**16 290**
Inventories	18 800	2 510	16 290
Loans to associate companies	4 208	4 208	-
Loans to shareholders	13	13	-
Loans receivable	10	10	-
Trade and other receivables	65 093	65 093	-
Finance lease receivables	608	608	-
Contract assets	-	-	-
Current tax receivable	1 891	1 891	-
Cash and cash equivalents	23 958	23 958	-
Total assets	**1 118 104**	**1 097 836**	**20 269**

10 Prior Period Restatement

for the six months ended 31 August 2019

Audited 28 February 2019 Figures in Rand	Audited 28 February 2019 Restated (12 months) R'000	Audited 28 February 2019 Previously reported (12 months) R'000	Audited 28 February 2019 Adjustments (12 months) R'000
Equity and Liabilities			
Equity			
Share capital	16	16	-
Share premium	605 877	605 877	-
Share-based payment reserve	7 038	7 038	-
Change in control reserve	(4 761)	(4 761)	-
Accumulated profit	223 474	223 474	-
Equity attributable to equity holders of the parent	**831 664**	**831 664**	-
Non-controlling interest	5 667	5 667	-
	837 311	**837 311**	**-**
Liabilities			
Non-current liabilities	**144 928**	**138 530**	**6 398**
Loans payable	-	-	-
Interest-bearing liabilities	96 536	96 536	-
Finance lease liabilities	4 455	4 455	-
Lease liabilities	-	-	-
Deferred Income	6 398	-	6 398
Deferred tax liabilities	37 539	37 539	-
Current liabilities	**135 865**	**121 994**	**13 871**
Loans payable	-	-	-
Deferred income	10 479	587	9 892
Interest-bearing liabilities	73 989	73 989	-
Current tax payable	6 246	2 267	3 979
Finance lease liabiltiies	3 175	3 175	-
Lease liabilities	-	-	-
Trade and other payables	39 225	39 225	-
Bank overdraft	2 751	2 751	-
		-	-
Total liabilities	**280 793**	**260 524**	**20 269**
Total equity and liabilities	**1 118 104**	**1 097 835**	**20 269**
Number of ordinary shares in issue ('000)	175 627	175 627	
Net asset value per share (cents)	476.76	476.76	
Net tangible asset value per share (cents)	121.88	121.88	

10 Prior Period Restatement

for the six months ended 31 August 2019

Unaudited 31 August 2018 Figures in Rand	Unaudited 31 August 2018 Restated (6 months) R'000	Unaudited 31 August 2018 Previously reported (6 months) R'000	Unaudited 31 August 2018 Adjustments (6 months) R'000
Assets			
Non-current assets	**832 171**	**830 953**	**1 218**
Property, plant and equipment	205 829	205 829	-
Right of use asset	-	-	-
Goodwill	593 443	593 443	-
Intangible assets	10 499	10 499	-
Investment in joint venture company	616	616	-
Investment in associate companies	-	-	-
Loans to associate companies	-	-	-
Loans receivable	-	-	-
Contract assets	-	-	-
Investments at fair value	7 496	7 496	-
Deferred tax asset	14 288	13 070	1 218
Finance lease receivables	-	-	-
	-		
Current assets	**168 879**	**164 492**	**4 387**
Inventories	6 436	2 049	4 387
Loans to associate companies	-	-	-
Loans to shareholders	-	-	-
Loans receivable	-	-	-
Trade and other receivables	132 481	132 481	-
Finance lease receivables	-	-	-
Contract assets	-	-	-
Current tax receivable	-	-	-
Cash and cash equivalents	29 962	29 962	-
	-		
Total assets	**1 001 050**	**995 445**	**5 605**

10 Prior Period Restatement

for the six months ended 31 August 2019

Unaudited 31 August 2018 Figures in Rand	Unaudited 31 August 2018 Restated (6 months) R'000	Unaudited 31 August 2018 Previously reported (6 months) R'000	Unaudited 31 August 2018 Adjustments (6 months) R'000
Equity and Liabilities			
Equity			
Share capital	16	16	-
Share premium	607 708	607 708	-
Share-based payment reserve	-	-	-
Change in control reserve	-	-	-
Accumulated profit	179 317	179 317	-
Equity attributable to equity holders of the parent	**787 041**	**787 041**	-
Non-controlling interest	(2 688)	(2 688)	-
	784 353	**784 353**	**-**
Liabilities			
Non-current liabilities	**129 843**	**127 705**	**2 138**
Loans payable	-	-	-
Interest-bearing liabilities	93 554	93 554	-
Finance lease liabiltiies	1 040	1 040	-
Lease liabilities	-	-	-
Deferred Income	2 138	-	2 138
Deferred tax liabilities	33 111	33 111	-
	-		
Current liabilities	**86 854**	**83 387**	**3 467**
Loans payable	-		-
Deferred income	9 394	7 145	2 249
Interest-bearing liabilities	21 176	21 176	-
Current tax payable	4 321	3 103	1 218
Finance lease liabiltiies	2 633	2 633	-
Lease liabilities	-	-	-
Trade and other payables	40 701	40 701	-
Bank overdraft	8 629	8 629	-
	-		-
Total liabilities	**216 697**	**211 092**	**5 605**
Total equity and liabilities	**1 001 050**	**995 445**	**5 605**
Number of ordinary shares in issue ('000)	175 602	175 602	
Net asset value per share (cents)	446.67	446.67	
Net tangible asset value per share (cents)	102.74	102.74	

11 Supplementary Information

for the six months ended 31 August 2019

Future Prospects

The Group continues to explore opportunities to expand the Fintech Grouping, which today is only focused on payment connectivity. Its real estate of circa 187 000 connected devices (including card terminals, ATM's and cash vaults makes it one of the largest potential platforms for The Internet of Things (**IoT**) in Southern Africa. In conjunction with the customer analytics, which it continues to develop, this real estate of devices positions Huge to enter the market for Fintech and to participate in the Fintech evolution that is taking place. The Company continues to believe that it is possible to leverage its payment connectivity platform to create bespoke financial services, in partnership with financial institutions.

The Group believes that the Telecom Grouping will benefit significantly from the Group's new relationship with MTN.

The Group will continue to build its eco-system for service and product delivery to a real estate in excess of 51 000 SME customers. The Group believes that it is well positioned to increase the number of installed telephone lines, which is currently has over 43 000, and the number of active devices, which is currently in excess of 230 000 by selling existing services and products to an increasing number of customers.

Treasury Shares

As at 31 August 2019, the Company had 175 627 077 ordinary shares in issue, of which 9 646 926 ordinary shares are held by Huge Telecom as treasury shares. 737 989 ordinary shares are held by the CI Trust, which has been classified in terms of IFRS10 as an entity controlled by Huge Connect and therefore by Huge Group. As a result of the consolidation of the Connective Incentive Trust the investment in Huge Group ordinary shares has been reclassified as treasury shares.

Dispute between Huge Cellular and Cell C SPC

In October 2012 Huge Cellular and Cell C SPC entered into a written agreement in terms of which Cell C SPC agreed to provide specified cellular telephone services referred to as the Cell C services to Huge Cellular. The agreement was amended on several occasions. In its amended form the agreement amended the type and nature of the cellular telephone services that Cell C SPC was to provide to Huge Cellular, and obliged Huge Cellular to pay a minimum monthly amount to Cell C SPC. Cell C SPC was obliged to deduct the cost of the cellular telephone services actually used by Huge Cellular during the term of the agreement from the minimum monthly amount that Huge Cellular had agreed to pay in advance. The amended agreement created a mechanism to allow Huge Cellular to carry forward any portion of the cumulative minimum monthly amounts not actually used by Huge Cellular in prior months. The amount carried forward by Huge Cellular was referred to as the accumulated shortfall. The amended agreement specifically dealt with Huge Cellular's entitlement to carry forward the accumulated shortfall and stipulated that the accumulated shortfall could be carried forward on an unlimited basis until July 2019, and thereafter up to a maximum of the value of 250 million airtime minutes, with any unused accumulated shortfall to expire in February 2022. A further amendment to the agreement related to an amendment to its term, and the extension of the agreement. In its amended form the agreement contemplated a term which would have ended on 28 February 2022. Huge Cellular was given the option to renew the agreement for the term by giving notice to Cell C SPC before 28 February 2019. Huge Cellular elected to not renew the agreement and it came to an end on 28 February 2019. Over time the amount which Huge Cellular paid to Cell C SPC as minimum monthly amounts was consistently more than its actual usage, with the result that Huge Cellular built up a very large accumulated shortfall.

Cell C SPC threatened to terminate Huge Cellular's access to the Cell C mobile telephone network at midnight on 28 February 2019 notwithstanding that Huge Cellular would have an unused accumulated shortfall, and notwithstanding that the parties had specifically agreed that Huge Cellular could carry forward the accumulated shortfall until specified dates and that it would only expire in February 2022. Given Cell SPC's stated intention to terminate Huge Cellular's access to the Cell C mobile telephone network, Huge Cellular declared a dispute under the agreement and activated the dispute resolution mechanisms in the agreement. The dispute resolution mechanisms required the parties' Chief Executive Officers to attempt to resolve the matter and if that was not successful the dispute was then to be arbitrated. Therefore, the final determination of whether Huge Cellular is entitled to continued access to the Cell C mobile telephone network until it has used up all of the accumulated shortfall is a matter that will be finally determined by arbitration.

Prior to launching the urgent application Huge Cellular requested Cell C SPC, on an interim basis, and pending finalisation of the dispute, to agree that Huge Cellular was entitled to continued access to the Cell C mobile telephone network after February 2019 until it had used up the accumulated shortfall. Cell C SPC refused to provide the interim undertaking and Huge Cellular resolved to bring an urgent application.

The urgent application was heard by his Lordship Mr Justice Mashile. On 26 February 2019 his Lordship handed down the judgement which contained the following Order:

12 Litigation Statement

for the six months ended 31 August 2019

"Pending final resolution of the dispute between [Huge Cellular] and [Cell C SPC] in terms of clause 16 of the agreement, which is annexure 'D' to the founding affidavit and which dispute was declared in annexure 'I' of the founding affidavit:

[Cell C SPC] is interdicted from terminating [Huge Cellular's] access to the Cell C mobile telephone network in respect of SIM cards issued to [Huge Cellular] prior to 28 February 2019; and …"

Subsequent to the Order the Chief Executive Officers of Huge Cellular and Cell C met to see whether the dispute could be amicably resolved, but no agreement could be reached. The parties have engaged each other to deal with the dispute by way of arbitration. The parties have agreed that Advocate CDA Loxton SC will act as the arbitrator and on 7 May 2019 a first pre-arbitration meeting was held. At the pre-arbitration meeting the parties agreed a comprehensive timetable to conduct the arbitration and agreed that the arbitration hearing will take place from 23 to 27 March 2020.

Other litigation

The Company and Group engage in a certain level of litigation in the ordinary course of business. The Directors have considered all pending and current litigation and are of the opinion that, unless specifically provided, none of these will result in a loss to the Group. All significant litigation which the Directors believe may result in a possible loss has been disclosed.

13 Subsequent Events

for the six months ended 31 August 2019

Executive Options

The Group has concluded Executive Option Agreements with James Herbst (the Chief Executive Officer), Andrew Openshaw (the Chief Operating Officer) and Samantha Sequeira (the Chief Financial Officer), collectively the Executive Directors.

The Executive Option Agreements were concluded on 29 August 2019 (the Effective Date) and are subject to the approval of Shareholders.

Each Executive Option Agreement contemplates the granting by the Company to the Executive Director of a right to subscribe for a number of ordinary shares in the Company at a strike price equal to the 30-day volume-weighted average price (VWAP) of a Huge Group ordinary share on the Effective Date (the Options).

The Options contemplated in each Executive Option Agreement, if approved by Shareholders, will vest in the respective Executive Director in three equal annual tranches commencing on 1 March 2020.

Each Executive Option Agreement is subject to Shareholder approval on the following basis:

- The passing of an ordinary resolution by 75% of the Shareholders present and voting at a general meeting of the Shareholders; and
- regulatory approvals required by the JSE.

Name of Director:	James Herbst
Name of company:	Huge Group Limited
Type of director:	Executive director
Nature of interest:	Direct beneficial
Class of securities:	Ordinary shares
Nature of transaction:	Acceptance of options granted to subscribe for ordinary shares in terms of the Executive Option Agreements
Number of ordinary shares underlying the Options:	7 500 000
Option strike price:	R5.31 (the Group's 30 day VWAP at 29 August 2019)
Market value of transaction:	R39 825 000
Vesting and expiry dates:	In three annual equal tranches commencing on 1 March 2020, with respective expiry dates of each annual tranche being the last day of February 2025, February 2026 and February 2027
Clearance to deal obtained:	Yes
On/off market transaction:	N/A

Executive Options continued

Name of Director:	Andrew Openshaw
Name of company:	Huge Group Limited
Type of director:	Executive director
Nature of interest:	Direct beneficial
Class of securities:	Ordinary shares
Nature of transaction:	Acceptance of options granted to subscribe for ordinary shares in terms of the Executive Option Agreements
Number of ordinary shares underlying the Options:	7 500 000
Option strike price:	R5.31 (the Group's 30 day VWAP at 29 August 2019)
Market value of transaction:	R39 825 000
Vesting and expiry dates:	In three annual equal tranches commencing on 1 March 2020, with respective expiry dates of each annual tranche being the last day of February 2025, February 2026 and February 2027
Clearance to deal obtained:	Yes
On/off market transaction:	N/A

13 Subsequent Events

for the six months ended 31 August 2019

Executive Options continued

Name of Director:	Samantha Sequeira
Name of company:	Huge Group Limited
Type of director:	Executive director
Nature of interest:	Direct beneficial
Class of securities:	Ordinary shares
Nature of transaction:	Acceptance of options granted to subscribe for ordinary shares in terms of the Executive Option Agreements
Number of ordinary shares underlying the Options:	750 000
Option strike price:	R5.31 (the Group's 30 day VWAP at 29 August 2019)
Market value of transaction:	R3 982 500
Vesting and expiry dates:	In three annual equal tranches commencing on 1 March 2020, with respective expiry dates of each annual tranche being the last day of February 2025, February 2026 and February 2027
Clearance to deal obtained:	Yes
On/off market transaction:	N/A

13 Subsequent Events

for the six months ended 31 August 2019

Disposal of equity interest in Huge Connect to Windfall

The Group has entered into an Implementation Agreement (the Implementation Agreement) with Windfall, an associate of Mr. Vincent Mokholo, who is a non-executive Director of the Company, and a related party to Huge Group.

The Implementation Agreement contemplated the conclusion of various transaction agreements, including a Preference Share Subscription Agreement between Huge Group and Huge Connect, an Ordinary Share Subscription Agreement (the Subscription Agreement) between Huge Connect and Windfall and a Shareholders Agreement between Huge Group, Windfall and Huge Connect (the Transaction Agreements).

In terms of the Preference Share Subscription Agreement, Huge Group will subscribe for 1 000 preference shares in Huge Connect for a subscription price of R457 075 000. Thereafter, Huge Connect will declare an ordinary dividend of R457 075 000 to the holders of the ordinary shares in Huge Connect, being Huge Group. The obligation of Huge Connect to effect payment of the ordinary dividend will be discharged *in toto* by set-off against the obligation of Huge Group to effect payment of the preference shares subscription price. Thereafter, and in terms of the Subscription Agreement, Windfall will subscribe (the Subscription) for 36 ordinary no par value shares (the Subscription Shares) in the issued ordinary capital of Huge Connect, such that after the Subscription, Windfall will own 16.296% of the issued share capital of Huge Connect (the Proposed Transaction).

The Implementation Agreement is subject to the approval of the shareholders of Huge Group.

The subscription price (the Subscription Consideration) for the Subscription Shares is an aggregate amount of R180 000 and will be settled by Windfall in cash. The Subscription Consideration will be used for the purposes of working capital.

The Proposed Transaction is conditional upon:

- the written approval of Futuregrowth Asset Management Proprietary Limited, being the lender to Huge Group in terms of an agreement titled "Term Facility Agreement – ZAR200,000,000 Facility";
- the receipt of all shareholder and regulatory approvals legally required for the implementation of the transactions contemplated in the Transaction Agreements, including the Proposed Transaction (including, without limitation, the approval of the JSE, and any other approvals required by the JSE), either unconditionally or subject to such conditions as are reasonably acceptable to Huge Group, Huge Connect and Windfall.

Acquisition of remaining equity in Huge Services

Huge Telecom entered in a Sale of Shares Agreement with Adapt IT Proprietary Limited in respect of the acquisition of 50% of the issued share capital in Gonondo Telecom Proprietary Limited (Gonondo Telecom). Gonondo Telecom had been the subject of a joint venture between Huge Telecom and Adapt IT Proprietary Limited. Subsequent to the acquisition of the remaining equity in Gonondo Telecom, its name was formally changed to Huge Services.

There have been no other events subsequent to 31 August 2019 and up to the date of this announcement which have had or may have a material impact on the Group.

14 Dividends and Interim Dividend Declaration

for the six months ended 31 August 2019

Dividends

On 31 May 2019, the Board declared a gross cash dividend of 12.50 cents per ordinary share for the year ended February 2019.

Interim dividend declaration

Ordinary shareholders are advised that the Board has declared a gross cash dividend of 6.25 cents per ordinary share as an interim dividend. The dividend has been declared after the reporting date and not recognised as a liability.

The dividend will be paid out of retained earnings of the Company.

A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt from, or who do not qualify for a reduced rate of withholding tax. Accordingly, for those shareholders subject to withholding tax, the net dividend amounts to 5.00 cents per share.

The issued share capital of the Company at the declaration date is 175 627 077 ordinary shares. The Company's tax reference number is 9378909155.

In compliance with the requirements of Strate Proprietary Limited and the JSE, the following timetable is applicable:

Declaration date	Thursday, 21 November 2019
Last day to trade cum dividend	Tuesday, 10 December 2019
Shares commence trading ex dividend	Wednesday, 11 December 2019
Record date	Friday, 13 December 2019
Dividend payment date	Tuesday,17 December 2019

Share certificates may not be dematerialised or re-materialised between Wednesday, 11 December 2019 and Friday, 13 December 2019.

15 Going Concern and Governance

for the six months ended 31 August 2019

Going Concern

The Board has undertaken a detailed review of the going concern capability of the Company (and all subsidiary companies of the Company that form the Group) with reference to certain assumptions and plans underlying various cash flow forecasts.

The Board has not identified any events or conditions that individually or collectively cast significant doubt on the ability of the Company and the Group to continue as a going concern.

Governance

The Group recognises the need to conduct its business with integrity, transparency and equal opportunity, and subscribes to good corporate governance as set out in the King IV Report on Corporate Governance.

Sponsor

Nedbank Corporate and Investment Banking – a division of Nedbank Limited
Nedbank 135 Rivonia Campus, 135 Rivonia Road, Sandown, Sandton, 2196

Registered office

Unit 6, 1 Melrose Boulevard, Melrose Arch, Johannesburg, 2076 (PO Box 1585, Kelvin, 2054)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
2nd Floor, Rosebank Towers, 15 Bierman Avenue, Rosebank, 2196

Directors

Non-Executive: Dr DF da Silva (Chairman), SP Tredoux* (Lead Independent Director), DR Gammie*, BC Armstrong*, CWJ Lyons*, VM Mokholo
Executive: JC Herbst (Chief Executive Officer), AP Openshaw (Chief Operating Officer), SL Sequeira (Chief Financial Officer)
*Independent

Date of release

Johannesburg
21 November 2019

Huge Group Limited
(Registration number 2006/023587/06)
Share code: HUG   ISIN: ZAE000102042