THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 8 of this Circular apply throughout this Circular, including this front cover.

Action required by Huge Shareholders:

Huge Shareholders are referred to page 6 of this Circular, which sets out the action required of them with regard to the Proposed Transaction and the Praesidium Specific Issue, full details of which are set out in this Circular. If you are in any doubt as to the action you should take, then you should consult your Broker, CSDP, banker, attorney, accountant or other professional advisor immediately.

If you have disposed of your entire shareholding in Huge, then this Circular, together with the attached Form of Proxy should be handed to the purchaser of such shares or to the Broker or agent through whom the disposal was effected.

This document is available in English only and copies may be obtained from the registered office of Huge or Questco during normal office hours from the date of issue of this Circular until the date of the General Meeting. An electronic copy of this Circular will be available on the Company's website, www.hugegroup.com, from the date of posting of the Circular.

Huge does not accept responsibility, and will not be held liable, for any action of or omission by any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner of Huge Shares to notify such beneficial owner of the details set out in this Circular.

---

huge group

HUGE GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2006/023587/06)
Share code: HUG ISIN: ZAE000102042

CIRCULAR TO SHAREHOLDERS

regarding

- the proposed acquisition of Connectnet through a subscription for 185 ordinary shares in Connectnet;
- the approval of the issue of Renounceable Letters of Allocation to the Relevant Shareholders; and
- the approval of a specific issue of shares to a related party

and incorporating

- Revised Listing Particulars;
- a Notice convening a General Meeting of Shareholders; and
- a Form of Proxy in respect of the General Meeting (to be completed by certificated Shareholders and dematerialised Shareholders with "own-name" registration only).

Sponsor	Independent Reporting Accountants to Huge	Transfer Secretaries
questco CORPORATE ADVISORY	MOORE STEPHENS	Computershare
Attorneys to Huge	**Attorneys to Connectnet**	**Advisors to Connectnet**
NORTON ROSE FULBRIGHT Norton Rose Fulbright South Africa	Shepstone & Wylie Attorneys	BR BROADREACH ADVISORY

Date of issue: 17 January 2017

CERTAIN FORWARD-LOOKING STATEMENTS

This Circular includes certain "forward-looking information". All statements other than statements of historical fact are, or are deemed to be, forward-looking statements, including, without limitation, those concerning: Huge's strategy; the economic outlook for the industry; growth prospects and outlook of Huge's operations, individually or in the aggregate; Huge's liquidity and capital resources and expenditure; and the outcome and consequences of any pending litigation proceedings.

These forward-looking statements are not based on historical facts, but rather reflect Huge's current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or similar words and phrases. Similarly, statements that describe Huge's objectives, plans or goals are or may be forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Huge's actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied by these forward-looking statements. Although Huge believes that the expectations reflected in these forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Shareholders should review carefully all information, including the *pro forma* financial statements and the notes to the *pro forma* financial statements, included in this Circular. The forward-looking statements included in this Circular are made only as of the Last Practicable Date. Huge assumes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Circular or to reflect the occurrence of unanticipated events. All subsequent written and oral forward-looking statements attributable to Huge or any person acting on its behalf are qualified by the cautionary statement in this section of the Circular.

CORPORATE INFORMATION

Directors

Executive

JC Herbst *(Chief Executive Officer)*
D Deetlefs *(Group Financial Director)*

Non-executive

Dr DF Da Silva *(Non-executive Chairman)*
SP Tredoux *(Lead Independent Non-executive Director)*
AD Potgieter *(Non-executive Director)*
DR Gammie *(Independent Non-executive Director)*
VM Mokholo *(Non-executive Director)*
Z Bulbulia *(Non-executive Director)*

Company secretary and registered office

JM Tyndale-Biscoe
First Floor, East Wing, 3M Building
146a Kelvin Drive
Woodmead, 2191
(PO Box 1585, Kelvin, 2054)

Sponsor to Huge

Questco Proprietary Limited
(Registration number 2002/005616/07)
First Floor, Yellowwood House
Ballywoods Office Park
33 Ballyclare Drive
Bryanston, 2191
(PO Box 98956, Sloane Park, 2152)

Independent Reporting Accountants

Moore Stephens Cape Town Inc.
2nd Floor, Block 2, Northgate Park
Corner Section Street and Koeberg Road
Paarden Eiland
Cape Town, 7405
(PO Box 1955, Cape Town, 8000)

Attorneys to Huge

Norton Rose Fulbright South Africa Inc.
15 Alice Lane
Sandton
2196
(PO Box 784903, Sandton, 2146)

Attorneys to Connectnet

Shepstone & Wylie Inc.
24 Richefond Circle
Ridgeside Office Park
Umhlanga Rocks
4319
(PO Box 305, La Lucia, 4153)

Principal bankers to Huge

First National Bank
(A division of FirstRand Bank Limited)
27th Floor
FNB Portside
5 Buitengracht Street
Cape Town
8001

Advisors to Connectnet

Broadreach Advisory Proprietary Limited
(Registration number 2014/095291/07)
The Albion Spring Building
183 Main Road
Rondebosch
7700

Transfer secretaries to Huge

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
2nd Floor Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

Date of incorporation of Huge

31 July 2006

Date of incorporation of Connectnet

2 March 2004

Place of incorporation of Huge

Pretoria, South Africa

Place of incorporation of Connectnet

Pretoria, South Africa

TABLE OF CONTENTS

ACTION REQUIRED BY SHAREHOLDERS

Please take note of the following provisions regarding the action required by Huge Shareholders:

1. If you are in any doubt as to the action you should take in relation to this Circular, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.
2. If you have disposed of all your Shares in Huge please forward this Circular to the purchaser of such Shares or to the CSDP, Broker, banker or any other agent through whom the disposal was effected.
3. Shares in companies listed on the JSE can no longer be sold on the exchange unless they have been dematerialised onto the Strate system. It is therefore suggested that certificated shareholders dematerialise their documents of title and replace them with electronic records of ownership. In this regard, Shareholders may contact either a CSDP or Broker, details of which are available from Strate at liaisondesk@strate.co.za or telephone (011) 759 5300 or facsimile (011) 759 5505.

If you wish to dematerialise your Shares, you should contact a CSDP or Broker as certificated Shares may not be traded unless they have been dematerialised, which process can take between one and 10 days, depending on volumes.

1. **IF YOU HOLD CERTIFICATED SHARES OR DEMATERIALISED SHARES WITH OWN-NAME REGISTRATION**

   1.1 You may attend the General Meeting in person and speak, vote or abstain from voting at the General Meeting.

   1.2 Alternatively you may appoint a proxy to represent you at the General Meeting by completing the Form of Proxy attached in accordance with the instructions contained therein. Shareholders are requested to lodge their Forms of Proxy with the Transfer Secretaries. Nevertheless, Forms of Proxy may be lodged at any time prior to the commencement of voting on the resolutions at the General Meeting.

2. **IF YOU HOLD DEMATERIALISED SHARES**

   2.1 If your CSDP or Broker has not contacted you it would be advisable for you to contact your CSDP or Broker and furnish them with your voting instructions.

   2.2 If your CSDP or Broker does not obtain voting instructions from you, they will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or Broker.

   2.3 In accordance with the mandate between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to attend or be represented by proxy at the General Meeting. Your CSDP or Broker will issue the necessary letter of representation for you to do so.

   2.4 **You must not complete the attached Form of Proxy.**

SALIENT DATES AND TIMES

	2017
Record date to receive the Circular and the Notice of General Meeting	Friday, 6 January
Circular and Notice of General Meeting posted to Huge Shareholders and release of an announcement on SENS in this regard	Tuesday, 17 January
Last day to trade in order to be eligible to vote at the General Meeting	Tuesday, 31 January
Record date to participate in and vote at the General Meeting	Friday, 3 February
Form of Proxy for General Meeting of Huge Shareholders to be received	by 10:00 on Friday, 10 February 2017 to the Transfer Secretaries or it may be handed to the Chairman of the meeting at any time prior to the commencement of voting on the Resolutions tabled at the General Meeting
General Meeting of Huge Shareholders held at 10:00 on	Tuesday, 14 February
Results of General Meeting released on SENS on	Tuesday, 14 February

Notes:

1. All times indicated above are local times in South Africa.
2. All dates and times may be changed by Huge. Any change will be published on SENS.

DEFINITIONS AND INTERPRETATIONS

In this Circular and the annexures hereto, unless it otherwise indicates a contrary intention, an expression which denotes a gender includes the other gender, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa*, and the expressions in the first column have the meaning stated opposite them in the second column:

"Accounting Item"	an item recorded in the Connectnet 2016 AFS or any other accounting record of Connectnet;
"Affiliates"	with respect to a natural person, their spouse, *de facto* spouse or child or any corporate entity controlled by that person, their spouse, *de facto* spouse or child or the executor of their estate; with respect to a corporate entity, any person that directly or indirectly controls or is controlled by or is under common control with that corporate entity; and with respect to a trust, the trustees and beneficiaries and any person that is directly or indirectly controlled by or is under common control with the trust;
"Aggregate Operating Profit"	the sum of the Connectnet Operating Profit (after eliminating all inter-company transactions with Sainet Internet) and the Sainet Internet Operating Profit (after eliminating all inter-company transactions with Connectnet);
"Annual Equivalent Period"	a period of 12 months or 365 days, whichever is applicable;
"Board" or "Directors"	the board of directors of Huge as constituted from time to time;
"Broker"	any person registered as a broking member (equities) in terms of the Rules of the JSE made in accordance with the provisions of the Financial Markets Act;
"Business Day"	any day other than a Saturday, Sunday or a gazetted South African public holiday;
"Cash Portion"	45% of the Initial Repurchase Consideration, being R123 750 000, payable to the Relevant Shareholders in cash;
"certificated Shareholders"	Huge shareholders who hold certificated Shares;
"certificated Shares"	Huge ordinary Shares held in the form of certificates or other documents of title which have not been surrendered for dematerialisation in terms of Strate;
"Cession and Pledge Agreements"	the Cession and Pledge Agreements signed by the Relevant Shareholders and Huge on 17 November 2016;
"CGU"	cash generating unit;
"Circular"	this bound document, dated 17 January 2017, together with all attachments thereto and incorporating Revised Listing Particulars;
"Closing Date"	the closing date as contemplated in the Transaction Agreements;
"CNet"	CNet Empowerment Proprietary Limited (registration number 2011/141374/07), a private company duly incorporated in accordance with the laws of South Africa, of which the shareholders are various BEE shareholders (unrelated to Huge or its Directors), and which company is a shareholder in Connectnet;
"Companies Act"	the Companies Act, 2008 (Act 71 of 2008), as amended;

"Connectnet"	Connectnet Broadband Wireless Proprietary Limited (registration number 2004/005721/07), a private company duly incorporated in accordance with the laws of South Africa;
"Connectnet 2016 AFS"	the consolidated annual financial statements of Connectnet for the year ended 29 February 2016;
"Connectnet 2018 AFS"	the consolidated annual financial statements of Connectnet for the year ending 28 February 2018;
"Connectnet 2019 AFS"	the consolidated annual financial statements of Connectnet for the year ending 28 February 2019;
"Connectnet 2020 AFS"	the consolidated annual financial statements of Connectnet for the year ending 29 February 2020;
"Connectnet Extraordinary Expenses"	expenses not related to normal operating and business activities of Connectnet as a standalone, independent entity;
"Connectnet Group"	collectively, Connectnet and Sainet Internet;
"Connectnet Group Cumulative Aggregate Operating Profit"	aggregate profit of the Connectnet Group for the financial years ending 28 February 2018, 28 February 2019 and 29 February 2020 respectively;
"Connectnet Group Cumulative Aggregate Operating Profit Lower Threshold"	80% or less of the Connectnet Group Cumulative Aggregate Operating Profit Target;
"Connectnet Group Cumulative Aggregate Operating Profit Target"	an amount of R239 900 000 agreed in writing between the Relevant Shareholders and Huge, which amount will be used when evaluating the financial performance of Connectnet for the three years ending 29 February 2020;
"Connectnet Group Cumulative Aggregate Operating Profit Upper Threshold"	120% or more of the Connectnet Group Cumulative Aggregate Operating Profit Target;
"Connectnet Material Adverse Effect"	any act or condition which results in a reduction of 10% on an annualised basis in the EBITDA of Connectnet during the Measurement Period or the NAV of Connectnet decreasing by 10% or more during the Measurement Period as a result of an increase in the aggregate value of the consolidated liabilities or a decrease in the aggregated value of the consolidated assets of Connectnet when compared to the same value reported in the Connectnet 2016 AFS;
"Connectnet Operating Profit"	the operating profit of Connectnet, calculated by taking reported profit after taxation per the Connectnet 2018 AFS or the Connectnet 2019 AFS or the Connectnet 2020 AFS and adding back interest, taxation and the after-tax impact of the Connectnet Extraordinary Expenses;
"Connectnet Ordinary Shares"	ordinary shares of no par value in Connectnet;
"Connectnet Sale Shares"	122 Connectnet Ordinary shares held by the Relevant Shareholders in the Relevant Shareholders' Proportions, and constituting 100% of the Connectnet Shares in issue as at the Closing Date immediately prior to the Repurchase;
"Connectnet Subscription Shares"	185 Connectnet Ordinary shares;
"Connectnet Subscription Shares Cash Price"	an amount of R266 750 000;
"Connectnet Subscription Shares Price"	an amount of R418 000 000 being the total consideration payable by Huge for the Connectnet Subscription Shares;

"Consideration Shares"	25 208 333 Huge Ordinary Shares, being the number of Shares as is equivalent to R151 250 000 divided by the Consideration Shares Issue Price;
"Consideration Shares Issue Price"	an issue price of 600 cents per Share;
"CSD"	a Central Securities Depository as defined in the Financial Markets Act;
"CSDP"	a Central Securities Depository Participant defined as a "participant" in section 1 of the Financial Markets Act and appointed by individual Shareholders for purposes of, and in regard to, dematerialisation of Documents of Title for the purpose of incorporation into Strate;
"DataWireless"	DataWireless Proprietary Limited (registration number 2014/263562/07), a private company duly incorporated in accordance with the laws of South Africa, of which the shareholder is Lois Cortim Antunes (identity number 700420 5212 08 2), and which company is a shareholder in Connectnet;
"dematerialisation"	the process by which shares held by certificated shareholders are converted to an electronic form as dematerialised shares and recorded in the sub-register of shareholders maintained by a CSDP;
"dematerialised Shareholders"	Huge Shareholders holding dematerialised ordinary Shares;
"dematerialised Shares"	Huge ordinary Shares which are no longer certificated Shares, having been surrendered for dematerialisation in terms of Strate;
"Designated Date"	the date that is 10 Business Days after the delivery to the Relevant Shareholders of the Huge Deemed Loss Notice;
"DM Holdco"	DM Holdco Proprietary Limited (registration number 2011/141372/07), a private company duly incorporated in accordance with the laws of South Africa, of which the shareholder is David du Buisson Meintjies (identity number 610621 5029 08 6), and which company is a shareholder in Connectnet;
"documents of title"	certificates, certified transfer deeds, balance receipts or any other acceptable documents of title to Huge ordinary Shares;
"EBITDA"	earnings before interest, taxation, depreciation and amortisation;
"Effective Date"	the first Business Day after the fulfilment or waiver of all conditions precedent to the Subscription and Repurchase Agreement;
"EPS"	earnings per Share;
"Escrow Agent"	TMF Corporate Services;
"Escrow Agreement"	the escrow agreement entered into between the Relevant Shareholders, Huge and TMF Corporate Services on 8 December 2016;
"Escrow Claims"	claims by Huge that may arise from a breach of any warranties given by the Relevant Shareholders to Huge or a breach of any other terms of the Transaction Agreements by the Relevant Shareholders;
"Existing Futuregrowth Security"	the security provided by the guarantors listed in the Futuregrowth Facilities Agreement;
"Extraordinary Expense"	an expense recorded in the Connectnet 2016 AFS or the Huge 2016 AFS (as the case may be) not related to normal operating and business activities;
"Extraordinary Income"	income recorded in the Connectnet 2016 AFS or the Huge 2016 AFS (as the case may be) not related to normal operating and business activities;

"Eyeballs Mobile Advertising"	Eyeballs Mobile Advertising Proprietary Limited (registration number 2007/004818/07), a private company duly incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of Huge;
"Final Repurchase Consideration"	the Initial Repurchase Consideration adjusted in accordance with the provisions of the Transaction Agreements with regard to the Connectnet Group Cumulative Operating Profit Target;
"Final Repurchase Consideration Cap Amount"	an amount of R350 625 000 agreed in writing between the Relevant Shareholders and Huge;
"Final Repurchase Consideration Collar Amount"	an amount of R199 375 000, being the lowest adjusted Initial Repurchase Consideration payable after the issue of a Huge Deemed Loss Notice;
"Financial Markets Act"	the Financial Markets Act, 2004 (Act 36 of 2004), as amended;
"Form of Proxy"	a Form of Proxy to be completed by certificated Shareholders and dematerialised "own-name" registered Shareholders only in accordance with the instructions contained therein;
"Futuregrowth"	Futuregrowth Asset Management Proprietary Limited (registration number 1996/018222/07), a private company duly incorporated in accordance with the laws of South Africa, and acting as the agent on behalf of its clients as the lenders in terms of the Futuregrowth Facilities Agreement;
"Futuregrowth Facilities Agreement"	the facilities agreement concluded between Connectnet and Futuregrowth on or about 22 October 2015;
"General Meeting"	the General Meeting of Huge Shareholders to be held at 10:00 on Tuesday, 14 February 2017 to consider, and if deemed fit, pass with or without modification, the ordinary and special resolutions contained in the Notice of General Meeting which is attached to and forms part of this Circular;
"HEPS"	headline earnings per Share;
"Huge" or "the Group" or "the Company"	Huge Group Limited (registration number 2006/023587/06), a public company duly registered and incorporated in accordance with the laws of South Africa, the Shares of which are listed on the Main Board of the JSE;
"Huge 2016 AFS"	the audited consolidated annual financial statements of Huge for the year ended 29 February 2016;
"Huge Cellular"	Huge Cellular Proprietary Limited (registration number 2008/004068/07), a private company duly incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of Huge Telecom;
"Huge Claim Notice"	a notification in writing from Huge to the Relevant Shareholders, which notification will identify and provide full particularity of the alleged breach of any warranties given by the Relevant Shareholders and quantify the claim of Huge to the extent reasonably possible;
"Huge Connect"	Huge Connect Proprietary Limited (registration number 2002/022642/07), a private company duly incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of Huge;

"Huge Deemed Loss"	an amount calculated in the event of a breach of the Profit Warranty in accordance with the following formula: F = [(G-H/I)] x J where F = Huge Deemed Loss G = Connectnet Group Cumulative Aggregate Operating Profit Lower Threshold H = Connectnet Group Cumulative Aggregate Operating Profit I = Connectnet Group Cumulative Aggregate Operating Profit Target J = Initial Repurchase Consideration, provided that in no event shall the Huge Deemed Loss be greater than the Huge Deemed Loss Cap Amount;
"Huge Deemed Loss Cap Amount"	an amount of R75 625 000;
"Huge Deemed Loss Notice"	the notice to be issued by the Independent Accountant within 15 Business Days of the finalisation of the Connectnet 2020 AFS should a Huge Deemed Loss occur, and including in the notice, the quantum thereof;
"Huge Material Adverse Effect"	any act or condition which, during the Measurement Period, results in a reduction of 10% on an annualised basis in the EBITDA of Huge when compared to the same value reported in the Huge 2016 AFS or if the Net Asset Value of Huge decreases by 10% or more as a result of either an increase in the aggregate value of the consolidated liabilities or a decrease in the aggregate value of the consolidated assets of Huge, when compared to the same value reported in the Huge 2016 AFS;
"Huge RLAs"	renounceable letters of allocation in respect of the Consideration Shares issued by Huge to Connectnet in part consideration for the Connectnet Subscription Shares;
"Huge Software"	Huge Software and Technologies Proprietary Limited (registration number 2008/006066/07), a private company duly incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of Huge;
"Huge Telecom"	Huge Telecom Proprietary Limited (registration number 1993/003902/07), a private company duly registered and incorporated in accordance with the laws of South Africa, and a wholly-owned subsidiary of Huge;
"IFRS"	International Financial Reporting Standards;
"Independent Accountant"	an independent accountant appointed in agreement with both the Relevant Shareholders and Huge, or, failing that, by the President at the time of SAICA – Northern Region, which independent accountant shall be tasked with, subsequent to the finalisation of the Connectnet 2020 AFS, calculating whether any upward or downward adjustment of the Initial Repurchase Consideration is required;
"Initial Repurchase Consideration"	the aggregate Repurchase consideration for the Connectnet Sale Shares due by Huge to the Relevant Shareholders in the Relevant Shareholders' Proportions, being an amount of R275 000 000;
"Initial Repurchase Cash Consideration"	the cash portion of the Initial Repurchase Consideration;
"Initial Repurchase Consideration Adjustment Amount Notice"	notice given to the Relevant Shareholders by the Connectnet auditor following the determination of the quantum of the Initial Repurchase Consideration Downward Adjustment Amount or the Initial Repurchase Consideration Upward Adjustment Amount, as the case may be;

"Initial Repurchase Consideration Discharge Date"	10 Business Days after the Closing Date;
"Initial Repurchase Consideration Downward Adjustment Amount"	the downward adjustment of the Initial Repurchase Consideration in the event that the Connectnet Group Cumulative Aggregate Operating Profit is 80% or less of the Connectnet Group Cumulative Profit Target;
"Initial Repurchase Consideration Upward Adjustment Amount"	the upward adjustment of the Initial Repurchase Consideration in the event that the Connectnet Group Cumulative Aggregate Operating Profit is 120% or more of the Connectnet Group Cumulative Profit Target;
"Intelpay"	Intelpay Proprietary Limited (registration number 2014/112952/07), a private company duly registered and incorporated in accordance with the laws of South Africa, to which company Connectnet has advanced a convertible loan facility of R4 000 000, of which R1 650 000 has been drawn down by Intelpay. The loan may be converted to an equity stake of 35%, with the option of two further equity stakes of 8% each;
"Intelpay Deemed Income Amount"	in the event that an Intelpay Disposal takes place on or prior to 29 February 2020, the Connectnet Group Cumulative Aggregate Operating Profit Target will be reduced by an amount calculated as follows: A = [(B/C) x D] – E where A = Intelpay Deemed Income Amount B = Intelpay Disposal Proceeds C = a factor of 5.26, calculated by dividing the Initial Repurchase Consideration by the consolidated group operating of Connectnet per the Connectnet 2016 AFS; D = a factor of 3 E = the aggregate operating profit of Intelpay attributable to Connectnet for each of the financial years ending 28 February 2018, 28 February 2019 and 29 February 2020 provided that the Intelpay Deemed Income Amount shall not be less than zero;
"Intelpay Disposal"	the disposal by Connectnet of either the convertible loan facility in Intelpay, or, should this have been converted into equity, the disposal of such equity by Connectnet;
"Issue Price"	the issue price at which the Consideration Shares are issued to the Relevant Shareholders, which price is 600 cents per share;
"JIBAR"	Johannesburg Interbank Agreed Rate;
"JSE"	JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated in accordance with the laws of South Africa, and licensed as a stock exchange in accordance with the Financial Markets Act, 2004;
"Last Practicable Date"	10 January 2017, being the last practicable date prior to the finalisation of this Circular;
"Listings Requirements"	the Listings Requirements of the JSE, as amended from time to time;
"Lock-in Period"	the period ending 24 months after the implementation of the Proposed Transaction;
"Lock-in Pledge"	the pledge of the Lock-in Shares to Huge by the Relevant Shareholders;
"Lock-in Shares"	41% of the Consideration Shares issued to the Relevant Shareholders;

"Lock-in Undertaking"	the undertaking to be agreed and signed by the Relevant Shareholders wherein it is proposed that the Relevant Shareholders not to dispose of the Lock-in Shares for the duration of the Lock-in Period;
"Measurement Period"	a period of less than 12 months or 365 days, whichever is applicable, related to the recording of an Accounting Item;
"Memorandum of Agreement"	the Memorandum of Agreement entered into between Huge and the Relevant shareholders on 17 September 2016;
"NAV"	Net Asset Value;
"Normal Tax"	an amount calculated with reference to a particular Accounting Item and the Statutory Tax Rate;
"NTAV"	Net Tangible Asset Value;
"Oberholzer"	Stephanus Marius Oberholzer (identity number 681207 5128 08 4), an adult male citizen of South Africa with full legal capacity and a shareholder in Connectnet;
"Placement Shares"	Huge Shares with a value of R123 750 000 to be issued, by way of a bookbuild, to qualifying Third Parties (being selected investors, staff and business associates of the Company only, who are regarded as "public shareholders" as defined in the Listings Requirements), in terms of the Specific Issue for the purpose of funding a portion of the Connectnet Subscription Shares Cash Price;
"Pledged Shares"	59% of the Consideration Shares pledged to Huge as security for the payment of any claims by Huge against the Relevant Shareholders that may arise from a breach of any warranties or a breach of any other terms of the Transaction Agreements;
"Praesidium"	Praesidium Capital Management Proprietary Limited (registration number 2003/012046/07), in Praesidium's capacity as General Partner of the SA Hedge Fund En Commandite Partnership, a private company duly incorporated in accordance with the laws of South Africa, which company has numerous shareholders (none of whom are related parties to Huge) but which company is a related party to Huge due to Praesidium being a major shareholder of Huge in that it holds, as at the Last Practicable Date, in excess of 10% of the current issued share capital of Huge;
"Praesidium Specific Issue"	a specific issue of 17 500 000 Shares to Praesidium on 28 February 2019, at an issue price of 850 cents per share;
"Praesidium Subscription Agreement"	an agreement signed between Huge and Praesidium on 27 December 2016 in terms of which Praesidium undertakes to, subject to shareholder approval, subscribe for 17 500 000 Huge Ordinary Shares on 28 February 2019 at an issue price of 850 cents per share;
"Profit Warranty"	a warranty given by the Relevant Shareholders to Huge which warranty specifies that the Connectnet Group Cumulative Aggregate Operating Profit shall be equivalent at least to the Connectnet Group Cumulative Aggregate Operating Profit Lower Threshold;
"Proposed Acquisition" or "Proposed Transaction"	the subscription by Huge for 185 ordinary shares in Connectnet and the issuing of the Huge RLAs;
"Rand" or "R"	South African Rand, the official currency of South Africa;
"Register"	means the register of Shareholders of Huge;
"Relevant Parties"	collectively, the Relevant Shareholders and Huge;

"Relevant Shareholder's Proportion"	in the case of CNet, 11.475%; in the case of DataWireless, 1.639%; in the case of DM Holdco, 7.377%; in the case of Oberholzer, 22.951% and in the case of Unwire, 56.558%;
"Relevant Shareholders"	collectively, CNet, DataWireless, DM Holdco, Oberholzer and Unwire;
"Repurchase"	the repurchase by Connectnet of the Connectnet Sale Shares from the Relevant Shareholders immediately after the Subscription, which repurchase is interconditional with the Subscription;
"SAICA"	the South African Institute of Chartered Accountants;
"SAICA – Northern Region"	the regional office of SAICA with responsibility for Gauteng, Limpopo and Mpumalanga;
"Sainet Internet"	Sainet Internet Proprietary Limited (registration number 2014/009214/07), a private company duly incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of Connectnet;
"Sainet Internet Operating Profit"	the operating profit of Sainet Internet, calculated by taking reported profit after taxation per Sainet Internet's annual financial statements for the year ended 28 February 2018 or 28 February 2019 or 29 February 2020, and adding back interest, taxation and the after tax impact of expenses not relating to expenses occurred in the course of normal business;
"SENS"	the Stock Exchange News Service of the JSE;
"Share Portion"	55% of the Initial Repurchase Consideration, being R151 250 000, payable to the Relevant Shareholders by means of a renunciation of the Huge RLAs by Connectnet to the Relevant Shareholders;
"Share" or "Shares" or "ordinary Share" or "ordinary Shares"	existing ordinary Shares in the share capital of Huge having a par value of R0.0001 each;
"Shareholders" or "Huge Shareholders"	registered holders of ordinary Shares in Huge;
"SMME"	Small, Micro and Medium Enterprises;
"South Africa" or "the Republic"	the Republic of South Africa;
"Specific Issue"	the specific issue of up to a maximum of 50 000 000 ordinary Shares to certain qualifying investors in order to raise a maximum of R300 000 000 in terms of a bookbuild process as detailed in a circular to Shareholders dated 21 November 2016 and approved by Shareholders in general meeting on Tuesday, 20 December 2016;
"Sponsor" or "Questco"	Questco Proprietary Limited (registration number 2002/005616/07), a private company duly registered and incorporated in accordance with the laws of South Africa, and the sponsor to Huge in terms of the JSE Listings Requirements;
"Statutory Tax Rate"	the rate of tax applicable to companies in terms of the Income Tax Act, 1962 (as amended);
"Stellar"	Stellar Specialised Lending Proprietary Limited (registration number 1882/000030/07), a private company duly incorporated in accordance with the laws of South Africa, and which entity has assumed all loans previously extended to Huge Software by Afrasia Special Opportunities Fund Proprietary limited (registration number 2010/002213/07);
"Strate"	Strate Proprietary Limited (registration number 1998/022242/07), a private company duly registered and incorporated in accordance with the laws of South Africa and licensed as a CSD in terms of the Financial Markets Act 2004;

"Subscribers"	qualifying third parties (being Third Parties other than any related parties or non-public shareholders as defined in the Listings Requirements) who may subscribe for the Subscription Shares;
"Subscription"	the subscription by Huge for 185 new Connectnet Ordinary Shares for an aggregate subscription consideration of R418 000 000 (resulting in a share price of R2 259 459,46 per Connectnet Subscription Share);
"Subscription and Repurchase Agreement"	the Subscription and Repurchase agreement entered into between Huge and the Relevant Shareholders on 17 November 2016;
"Subscription Shares"	as many Huge Shares as are required to be issued in order to settle the Cash Portion of the Initial Repurchase Consideration;
"subsidiary"	a subsidiary as defined in the Companies Act;
"Telemasters"	Telemasters Holdings Limited (registration number 1991/0054766/06), a public company duly incorporated in accordance with the laws of South Africa, and the shares of which are listed on the Alternative Exchange of the JSE;
"Third Party" or "Third Parties"	any person other than Huge or its Affiliates;
"TMF Corporate Services"	TMF Corporate Services (South Africa) Proprietary Limited (registration number 2006/013631/07), a private company duly incorporated in accordance with the laws of South Africa;
"trailing headline earnings per share"	headline earnings per share measured over a 12 month that does not correspond to the Company's financial year;
"Transaction Agreements"	collectively, the Subscription and Repurchase Agreement, the Cession and Pledge Agreements and the Escrow Agreement;
"Transfer Secretaries"	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company duly registered and incorporated in accordance with the laws of South Africa;
"TRP"	the Takeover Regulation Panel, established in terms of section 196 of the Companies Act;
"Unwire"	Unwire Communications Proprietary Limited (registration number 2004/032567/07), a private company duly incorporated in accordance with the laws of South Africa, of whom the shareholders are the Andre Lessing Trust (34.92%), the Keven Sinclair Trust (30.16%), John Stewart (20.63%), Kurt Schmulian (7.94%). Nico Oosthuizen (4.76%) and Lois Cortim Antunes (1.59%), and which company is a shareholder in Connectnet;
"VAT"	Value Added Taxation in terms of the Value Added Tax Act, 1991 (Act 89 of 1991), as amended;
"Vendors"	the Vendors to the Proposed Transaction (none of whom are related to Huge), being the Relevant Shareholders;
"VWAP"	volume weighted average price;
"Warranty Period Expiry Date"	the date of expiry of the Warranty Period;
"Warranty Period"	a period of 36 months after the Closing Date; and
"Warranty Pledge"	the pledge of 59% of the Consideration Shares by the Relevant Shareholders as security for the payment of any claims by Huge against the Relevant Shareholders that may arise from a breach of any warranties given by the Relevant Shareholders or a breach of any other terms of the Transaction Agreements.

HUGE GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2006/023587/06)
Share code: HUG ISIN: ZAE000102042

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

Shareholders are referred to the announcement released by Huge on SENS on Thursday, 17 November 2016 and the subsequent announcement regarding the financial effects of the Proposed Transaction released on SENS on Thursday, 15 December 2016, which initial announcement advised Shareholders that Huge:

- had concluded a Subscription and Repurchase Agreement with the Relevant Shareholders and Connectnet;
- had concluded Cession and Pledge Agreements with each of the Relevant Shareholders; and
- was in the process of concluding an Escrow Agreement with the Relevant Shareholders and TMF Corporate Services.

The Proposed Transaction constitutes a Category 1 transaction in terms of the Listings Requirements, and accordingly Shareholders' approval thereof is required.

Shareholders are in addition referred to the announcement on SENS on Tuesday, 3 January 2017, wherein the Company advised that it had entered into a subscription agreement with Praesidium, in terms of which Praesidium has undertaken to subscribe for 17 500 000 Huge ordinary Shares on 28 February 2019, at a subscription price of 850 cents per share. In terms of the Listings Requirements, Praesidium is a related party, as it holds in excess of 10% of the existing issued share capital of Huge. The Praesidium Specific Issue is subject to Shareholders' approval.

The purpose of this Circular is to advise Huge Shareholders of the terms and conditions of the Proposed Transaction and the Praesidium Specific Issue in order to enable them to make an informed decision as to whether or not they should vote in favour of the resolutions set out in the Notice of General Meeting which is attached to and forms part of this Circular, in relation to the approval of the implementation of the Transaction Agreements and the Praesidium Specific Issue.

Accordingly, this Circular is disseminated to Shareholders and contains a Notice of General Meeting to be convened in order for Huge Shareholders to consider, and if deemed fit, pass with or without modification, the ordinary and special resolutions to be proposed at the General Meeting.

2. THE CONNECTNET ACQUISITION

2.1 Introduction and rationale

In its integrated reports for the years ended 28 February 2015 and 29 February 2016, together with subsequent publications, Huge stated its clear intentions with regard to growing its business through a strategy of acquiring existing, complementary businesses. The acquisition of Connectnet presents an opportunity for Huge to fulfil this vision.

2.2 Nature of business of Connectnet

Connectnet specialises in providing secure, reliable and managed bi-directional M2M (mobile-to-mobile) and B2B (business-to-business) telecommunication solutions utilising various platforms such as GSM Data, ADSL and point-to-point links wherever such services are provided by the respective operators. Connectnet's unique network architecture is fully redundant (in that it operates on a dual network, dual SIM Card basis. If one network or one SIM Card fails the communication fails over to the second network and second SIM Card.) and capable of routing data traffic to any telecommunication network platform. In the event of a primary network failure, the products are designed to failover automatically to an alternate network ensuring that the connectivity is maintained. All solutions are designed, developed and produced locally and thus customer specific modifications can be readily implemented. Connectnet's ability to take these products and solutions to the market through utilising its diverse and indirect sales force of resellers, has secured blue-chip clients in the retail, financial, telemetry, healthcare and pharmaceutical sectors.

2.3 **Net assets and attributable profit**

The net assets and attributable profit of Connectnet are reflected in **Annexure 1** to this Circular, which Annexure contains the *pro forma* financial information of the Proposed Transactions.

2.4 **Terms of the Subscription and Repurchase Agreement**

In terms of the Subscription and Repurchase Agreement:

- Huge shall subscribe for 185 new ordinary shares in Connectnet for a total subscription consideration of R418 000 000:
  - R266 750 000 of the Connectnet Subscription Shares Price shall be settled by Huge in cash on the Closing Date through the payment of the Connectnet Subscription Shares Cash Price to Connectnet; and
  - R151 250 000 of the Connectnet Subscription Shares Price shall be settled by Huge on the Closing Date through the issue of the Huge RLAs to Connectnet in respect of such number of Huge ordinary Shares as is equivalent to an amount of R151 250 000;
- subject to and conditional upon the implementation of the Subscription, Connectnet shall repurchase 122 Connectnet ordinary shares (representing 100% of the ordinary shares in issue prior to the Subscription), from the Relevant Shareholders for an initial repurchase consideration of R275 000 000:
  - R123 750 000 of the Initial Repurchase Consideration shall be settled by Connectnet in cash on the Closing Date by making payment of the Initial Repurchase Cash Consideration to the Relevant Shareholders; and
  - R151 250 000 of the Initial Repurchase Consideration shall be settled by Connectnet on the Closing Date by renouncing the Huge RLAs in favour of the Relevant Shareholders;
- the Consideration Shares will be issued by Huge at a price of 600 cents per share. Other than the price per share, the Consideration Shares will rank *pari passu* with the Huge ordinary shares issued to qualifying investors in terms of the Specific Issue, detailed below and the Shares currently in issue. Shareholders are reminded that in terms of the Memorandum of Agreement, the proposed Consideration Shares were to be issued on the same terms and conditions as the Subscription Shares. The issue of the Consideration Shares at a price of 600 cents per share is therefore a change to the terms of the Memorandum of Agreement agreed between the Relevant Parties;
- Connectnet shall cancel the Connectnet Sale Shares, which shares shall revert to authorised and unissued shares of Connectnet;
- the Initial Repurchase Consideration shall be subject to upward adjustment in the event that the sum of the Connectnet Group Cumulative Aggregate Operating Profit is greater than 120% of the Connectnet Group Cumulative Aggregate Operating Profit target of R239 900 000, provided that in no event shall the Initial Repurchase Consideration Upward Adjustment Amount be greater than R75 625 000;
- on the Closing Date, and pursuant to the renunciation by Connectnet of the Huge RLAs in favour of the Relevant Shareholders, the Relevant Shareholders shall exercise their rights, and Huge shall perform its obligations, under the Huge RLAs, and Huge shall issue and allot the Consideration Shares to the Relevant Shareholders in the Relevant Shareholders' proportions;
- 59% of the Consideration Shares shall be pledged by the Relevant Shareholders to Huge as security for the payment of any claims of Huge instituted against the Relevant Shareholders for, amongst other things, a breach of the Profit Warranty, on the terms and subject to the conditions of the Cession and Pledge Agreements;

- the Relevant Shareholders warrant in favour of Huge that the Connectnet Group Cumulative Aggregate Operating Profit shall be equivalent to at least 80% of the Connectnet Group Cumulative Aggregate Operating Profit Target;
- the Relevant Shareholders, severally in the Relevant Shareholders' proportions, indemnify Huge against all loss which Huge may incur or suffer as a result of, or which may be attributable to, any breach by the Relevant Shareholders of the provisions of the Subscription and Repurchase Agreement, including without limitation, the Relevant Shareholders warranties;
- in the event of a breach of the Profit Warranty, the loss incurred by Huge in consequence of such breach shall be capped at an amount of R75 625 000;
- the Independent Accountant shall determine whether a Huge Deemed Loss has occurred and, if so, the quantum thereof with reference to the financial statements of Connectnet and Sainet Internet for the financial years ending 28 February 2018, 28 February 2019 and 29 February 2020 and the Huge Deemed Loss Cap Amount, within 15 Business Days of date of finalisation of the financial statements of Connectnet for the financial year ending 29 February 2020. The Relevant Parties shall procure that the Independent Accountant shall give notice immediately to the Relevant Parties as to whether a Huge Deemed Loss has occurred and, if so, the quantum thereof;
- in the event that the Independent Accountant determines that a Huge Deemed Loss has occurred, a Huge Deemed Loss Notice shall be delivered to the Relevant Shareholders. The indemnity obligations of the Relevant Shareholders to Huge arising from or in connection with a breach of the Profit Warranty shall be discharged by means of the Relevant Shareholders selling to Huge, in the Relevant Shareholders' Proportions, and with effect from the date that is 10 Business Days after the date of delivery of the Huge Deemed Loss Notice, such number of Transaction Pledged Shares as is equivalent to the Huge Deemed Loss divided by the VWAP of Huge ordinary Shares calculated as at the Designated Date, such that the number of Transaction Pledged Shares so sold have an aggregate sale price equivalent to the Huge Deemed Loss, and provided that the obligation of Huge to effect payment to the Relevant Shareholders of the Transaction Pledged Shares Sale Price shall be discharged by way of set-off against the Relevant Shareholders' obligation to effect payment to Huge of the Huge Deemed Loss; and
- the Relevant Shareholders and Connectnet will appoint TMF Corporate Services as the Escrow Agent to hold the Pledged Shares.

2.5 **Conditions precedent with regard to the Transaction Agreements**

The Transaction Agreements are interconditional on one another and remain subject to the following conditions precedent:

- approval by Huge shareholders in General Meeting;
- the receipt of all regulatory approvals required for the implementation of the Transaction Agreements, either unconditionally or subject to conditions as are reasonably acceptable to all of the parties, including the approval of the following to the extent required:
    - the TRP; and
    - the Competition Authorities, as applicable.
- that the Relevant Shareholders, Huge and Connectnet have complied with the provisions of section 48(8) and sections 114 and 115 of the Companies Act, in relation to the Repurchase;
- the procuring by Huge of unconditional and irrevocable undertakings from Third Parties to subscribe for as many Huge Shares as are required to settle R123 750 000 of the Connectnet Subscription Shares Cash Price, supported by such proof of funding as is reasonably acceptable to the Relevant Shareholders;
- Huge obtaining loan funding from an institutional funder amounting to not less than R143 000 000, on terms and conditions acceptable to Huge, for the purpose of funding the remaining portion of the Connectnet Subscription Shares Cash Price;
- on or before the last Business Day prior to the Closing Date, there has not occurred any:
    - other act or event, which, upon occurrence, has or is reasonably likely to have, when measured on the day prior to the Closing Date (individually or in aggregate), a material adverse effect on Connectnet; and
    - any event of default as defined in the facilities agreement regulating the terms of the senior debt provided to Connectnet by Futuregrowth;

- on or before the last business day prior to the Closing Date, there has not occurred any other act or event, which, upon occurrence, has or is reasonably likely to have, when measured on the day prior to the closing date (individually or in aggregate), a material adverse effect on Huge;
- where such consent is necessary, consent to the transactions contained in the Transaction Agreements being obtained from the relevant counterparties to certain key contracts identified during the course of the due diligence;
- the Transaction Agreements (other than any condition whereby one Transaction Agreement is conditional upon another Transaction Agreement) have been duly executed by the parties thereto and shall have become unconditional in accordance with their terms;
- each of the Relevant Shareholders has irrevocably and in perpetuity waived all and any pre-emptive rights in relation to the Subscription and the Repurchase;
- the Relevant Shareholders have notified Huge in writing that the Relevant Shareholders, acting in their sole discretion, are satisfied with the outcome of any due diligence undertaken by the Relevant Shareholders with regard to Huge; and
- Huge has notified the Relevant Shareholders and Connectnet in writing that Huge, in its sole discretion, is satisfied with the outcome of its due diligence exercise with regard to Connectnet.

2.6 **Terms of the Cession and Pledge Agreements**

Cession and Pledge Agreements have been signed with each of the Relevant Shareholders, in terms of which the Relevant Shareholders shall cede all of the Transaction Pledged Shares to Huge as security for any claims by Huge instituted against the Relevant Shareholders for a breach of any of the warranties contained in Schedule 2 to the Subscription and Repurchase Agreement or any breach of the Profit Warranty.

The Cession and Pledge Agreements shall come into force with effect from the Closing Date, and the Relevant Shareholders shall notify their CSDP(s) of the cession and pledge of their Consideration Shares within five Business Days of the Closing Date.

In terms of the Cession and Pledge Agreements signed by Huge and each of the Relevant Shareholders:

1. The Security Cession and Pledge operates in respect of all rights, powers and privileges attaching to 59% of the total ordinary shares held by the cedent (the ceded Shares) and/or ceded rights, including but not limited to those set out in clause 2 below. Without prejudice to clause 4 below such rights, powers and privileges vest in the cessionary with effect from the Closing Date.
2. Subject to clause 1 above, such rights, powers and privileges attaching to the ceded Shares and/or the ceded rights include (but are not limited to) the following:
    - the right to receive payment of the distributions and any other benefits which become due in respect of the ceded Shares and/or the ceded rights from time to time; and
    - the right to receive notice of every meeting of the shareholders of the cessionary which are to be forwarded to the cessionary just as if it were a shareholder; and
    - the right to employ such professional and other advisors, consultants and agents, and on such terms, as the cessionary in its discretion may consider necessary in order to exercise the rights attaching to the ceded Shares and/or the ceded rights.
3. The cessionary has the power to exercise the rights, powers and privileges attaching to the ceded rights in terms of this agreement either in its own name or in the name of the cedent or the cedent must, if the cessionary so directs, exercise such rights, powers and privileges in its own name and in accordance with the cessionary’s directions to the greatest extent permitted by applicable law.
4. Notwithstanding the provisions of clauses 1, 2 and 3 or anything to the contrary contained in the Cession and Pledge Agreement, until the occurrence of a default event the cedent is hereby authorised to exercise all rights, powers and privileges and perform all obligations attaching to, and collect and retain and use all amounts payable in respect of the ceded Shares and the ceded rights in its own name and for its own benefit.

2.7 **Terms of the Escrow Agreement**

In terms of the Escrow Agreement, the Escrow Agent shall hold the Transaction Pledged Shares pledged by the Relevant Shareholders in terms of the Cession and Pledge Agreements in escrow until such time as the cession and pledge is cancelled.

The costs of the Escrow Agent shall be borne by Huge.

2.8 **Vendor information**

The Vendors of Connectnet are:

Name	Address	Amount payable to vendor in cash	Amount payable to vendor (in shares)	Total (in cash and shares)
CNET	5th Floor, Protea Place, Protea Road, Claremont, 7708	R14 200 312.50	R17 355 937.50	R 31 536 250.00
DataWireless	2nd Floor, 267 West Building, 267 West Avenue, Centurion, 0157	R2 028 262.50	R2 478 987.50	R4 507 250.00
DM Holdco	6th Floor, Terraces Building, Black River Park, Observatory, Cape Town, 7925	R9 129 037.50	R11 157 712.50	R20 286 750.00
Oberholzer	35 Balfour Road, Vincent, East London, 5247	R28 401 862.50	R34 713 387.50	R63 115 250.00
Unwire	2nd Floor, 267 West Building, 267 West Avenue, Centurion, 0157	R69 990 525.00	R85 543 975.00	R155 534 500.00

The balance of the R418 000 000 Connectnet Subscription Shares Price (being R143 000 000 after decucting the Initial Repurchase Consideration of R275 000 000) will be utilised by Connectnet to settle the facility owing by Connectnet to Futuregrowth in terms of the Futuregrowth Facility Agreement.

No financial guarantees have been given by the parties to the Proposed Transaction pursuant to the books debts and/or other assets.

There are no restraint of trade agreements in place with the Vendors.

As at 31 August 2016, Connectnet had no accrued tax liability.

Any goodwill created on the subscription by Huge for ordinary shares in Connectnet will be treated in accordance with the existing accounting policy of Huge in relation to goodwill.

In terms of the accounting policies of Huge:

Goodwill on consolidation

- On consolidation, goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Impairment of assets

- The Group assesses at each reporting date whether there is any indication that an asset other than goodwill may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.
- Irrespective of whether there is any indication of impairment, the Group also tests goodwill acquired in a business combination for impairment annually.

- Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.
- Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment before aggregation.
- An impairment loss is recognised for CGUs if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:
  - first, to reduce the carrying amount of any goodwill allocated to the CGU; and
  - then, to the other assets of the unit, *pro rata* on the basis of the carrying amount of each asset in the unit.
- The Group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated. The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

Determination of impairment of goodwill

- The Group determines annually whether goodwill has been subject to impairment. This requires an estimation of the value in use of the CGUs to which goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Goodwill impairments cannot be reversed.

Connectnet concluded a repurchase agreement in October 2015. At the time of concluding this agreement, Connectnet also concluded a facility agreement with Futuregrowth, in terms of which Futuregrowth advanced a principal amount of R152 700 000 to Connectnet for the purpose of funding the repurchase. In terms of the repurchase agreement, Connectnet acquired 158 ordinary shares from certain shareholders for the sum of R152 391 685. It also paid a pre-closing dividend of R36 957 090 immediately prior to the conclusion of the repurchase agreement.

No promoter or director has a direct or indirect beneficial interest in the Proposed Transaction. No sums have been paid or agreed to be paid, within the three years preceding the date of this Circular, to any director or to any company in which he is beneficially interested, directly or indirectly, or of which he is a director or to any partnership, syndicate or other association of which he is a member in cash, securities or otherwise, by any person, either to induce him to become or qualify him as a director or otherwise for services rendered by him with regard to the promotion or formation of Huge.

The assets shall be transferred to Huge once all conditions precedent have been fulfilled.

2.9 **Lock-in**

It is the intention of Huge to procure that the Relevant Shareholders undertake in writing not to dispose of the balance of their Consideration Shares, being 41% of the Consideration Shares, for a period of 24 months from the date of renunciation of the Huge RLAs to the Relevant Shareholders. The terms and conditions of the proposed lock-in are in the process of being negotiated.

2.10 **Warranties**

In addition to the Profit Warranty as disclosed in paragraph 2.4 above, normal warranties for a transaction of this type have been given.

3. **FINAL REPURCHASE CONSIDERATION**

In terms of the Subscription and Repurchase Agreement, the Initial Repurchase Consideration may be subject to upward or downward adjustment should the Connectnet Group Cumulative Aggregate Operating Profit Target not be met or be exceeded as the case may be.

The Final Repurchase Consideration is subject to the following conditions:

- the downward adjustment of the Initial Repurchase Consideration should the Independent Accountant issue a Huge Deemed Loss Notice to the Relevant Shareholders; and
- the upward adjustment of the Initial Repurchase Consideration in the event that the Aggregate Operating Profit of the Connectnet Group for the financial years ending 28 February 2018, 28 February 2019 and 28 February 2020 respectively, plus the Intelpay Deemed Income amount is greater than the Connectnet Group Cumulative Aggregate Operating Profit Upper Threshold, which adjustment shall be calculated as follows:

  A = [(B-C)/D] x E

  where

  A = Initial Repurchase Consideration Upward Adjustment Amount

  B = Connectnet Group Cumulative Aggregate Operating Profit

  C = Connectnet Group Cumulative Aggregate Operating Profit Upper Threshold

  D = Connectnet Group Cumulative Aggregate Operating Profit Target

  E = Initial Repurchase Consideration

  provided that in no event shall the Final Repurchase Consideration be greater than the Final Repurchase Consideration Cap Amount.
- the Initial Repurchase Consideration Upward Adjustment Amount or the Initial Repurchase Consideration Downward Adjustment Amount, and the resultant Final Repurchase Consideration Cap Amount or Final Repurchase Consideration Collar Amount, as the case may be, shall be determined by the Independent Auditor with reference to the annual financial statements of Connectnet for the years ending 28/29 February 2018, 2019 and 2020 respectively within fifteen Business Days of the date of finalisation of the annual financial statements of Connectnet for the year ending 29 February 2020. Huge shall procure that Connectnet's auditor shall give notice immediately of the Initial Repurchase Consideration Upward Adjustment Amount or the Initial Repurchase Consideration Downward Adjustment Amount.
- in the event that the Initial Repurchase Consideration is subject to an upward adjustment, then an aggregate amount equivalent to the Initial Repurchase Consideration Upward Adjustment Amount shall be paid by Huge to the Relevant Shareholders in the Relevant Shareholder's Proportions on the date that is 10 Business Days after the date of delivery of the Initial Repurchase Consideration Adjustment Amount Notice. Huge may, at its election and notified to the Relevant Shareholders in writing, discharge its obligations with regard to the Initial Repurchase Price Upward Adjustment Amount, by either:
  - effecting payment of the Initial Repurchase Consideration Upward Adjustment Amount to the Relevant Shareholders in the Relevant Shareholder's Proportion in cash, free of deduction or set off (including, without limitation, any costs incurred in making the payment), by electronic funds transfer to South African banks notified by each Relevant Shareholder to Huge in writing; or
  - subject to Shareholder approval, to the extent required at the time, issuing to the Relevant Shareholders in the Relevant Shareholder's Proportion, such number of Huge Shares as have an aggregate issue price equivalent to the Initial Repurchase Consideration Upward Adjustment divided by the 30-day VWAP of the Huge Shares as at the date of issue.

4. **THE PRAESIDIUM SPECIFIC ISSUE**

Huge and Praesidium entered into a subscription agreement on 27 December 2016, in terms of which Praesidium agreed to subscribe for 17 500 000 new Huge Ordinary Shares on 28 February 2019, at an issue price of 850 cents per share, being at a premium to the 30-day VWAP at the time of signature of the Praesidium Subscription Agreement. Praesidium held in excess of 10% of the issued share capital of Huge at date of signature of the Praesidium Subscription Agreement, and is therefore regarded as a related party to the Company. Accordingly, shareholder approval of the Praesidium Subscription Agreement is required.

On 20 December 2016, Shareholders approved the Specific Issue, which allows Huge to commence a bookbuild process to raise the cash it requires to fund the cash portion of the Proposed Transaction.

As a result of market volatility, Huge has no guarantee that it will be able to raise funds in the future. In order to improve its ability to raise funds in the future it approached Praesidium to conclude a forward subscription agreement. The conclusion of the forward subscription agreement will assist Huge when negotiating future acquisitions because it will provide comfort to prospective vendors that Huge has the ability to secure funding. Huge is required to achieve a trailing historical headline earnings per share of no less than R0,60 per share in order to enforce the obligation of Praesidium to subscribe.

Praesidium will be precluded from voting on the special resolution to be proposed in this regard at the General Meeting convened in terms of the Notice attached to this Circular.

Application shall be made to the JSE for the listing of these shares (should Shareholder approval thereof be obtained) with effect from 5 March 2019.

5. FINANCIAL INFORMATION

5.1 *Pro forma* financial effects of the Proposed Transaction and Praesidium Specific Issue

The table below sets out the *pro forma* financial effects of the Proposed Transaction and the Praesidium Specific Issue based on the unaudited condensed consolidated interims results of Huge for the six months ended 31 August 2016. The *pro forma* financial effects are presented for illustrative purposes only, for the purposes of this Circular and, because of their nature, may not give a fair reflection of Huge's financial position, changes in equity, results of operations and cash flows after the Proposed Transaction and the Praesidium Specific Issue. It has been assumed for purposes of the *pro forma* information presented below that the Proposed Transaction and the Praesidium Specific issue were effective from 31 August 2016 for statement of financial position purposes and at 1 March 2016 for statement of comprehensive income purposes. The *pro forma* financial information is the responsibility of the directors of Huge, and should be read in conjunction with the Independent Reporting Accountants' report thereon contained in **Annexure 2** to this Circular. Full *pro forma* financial iformation is contained in **Annexure 1** to this Circular.

	Before – six months ended 31 August 2016	**After Specific Issue, issue of Placement Shares and raising of senior debt**	***Pro forma* –]After the Proposed Transaction**	***Pro forma* – After Praesidium specific issue only**	***Pro forma* adjustment**	***Pro forma* – After the Proposed Transaction**	**% change**
Basic earnings per share (cents)	10.05	7.81	19.98	13.84	10.69	21.40	112.9
Diluted earnings per share (cents)	10.05	7.81	19.98	13.84	10.69	21.40	112.9
Headline earnings per share (cents)	10.05	7.81	19.63	13.84	10.37	21.08	109.8
Diluted headline earnings per share (cents)	10.05	7.81	19.63	13.84	10.37	21.08	109.8
Net asset value per share (cents)	269.85	376.40	408.34	355.34	22.68	448.19	66.1
Tangible net asset value per share (cents)	55.92	233.19	73.05	172.94	(154.00)	143.15	156.0
Number of shares in issue ('000)	101 255	151 255	176 463	118 755	25 208	193 963	91.6

Notes:

1. Extracted without adjustment from the published unaudited condensed consolidated interim results of Huge for the six months ended 31 August 2016.

2. Transaction costs of approximately R3,9 million are expected to be incurred in respect of the Proposed Transaction and the Praesidium Specific Issue. Costs have been accounted for in share capital.
3. Basic earnings per share, diluted earnings per share, headline earnings per share and diluted headline loss per share effects are calculated based on the assumption that the Proposed Transaction and Praesidium Specific Issue was effected on 1 March 2016.
4. The net asset value per share and tangible net asset value per share effects are based on the assumption that the Proposed Transaction was effected on 31 August 2016.

5.2 Historical financial information in respect of Connectnet

The historical financial information in respect of Connectnet for the three financial years ended 28 February 2014, 28 February 2015 and 29 February 2016, together with the interim financial information for the six months ended 31 August 2016 is set out in **Annexures 3** and **5** and the Independent Reporting Accountants' report thereon is set out in **Annexures 4** and **6** to this Circular.

6. NATURE OF BUSINESS AND PROSPECTS OF HUGE

6.1 Nature of business

Huge is an investment holding company which holds investments in subsidiaries operating in the telecommunications, technology and media industries. The group of companies comprising Huge are focused on building value for all of its stakeholders. Its treasury operations are mandated to maximise the financial position of the Company in the debt and equity markets using both cash and derivative based instruments.

Huge Telecom and Huge Connect, the principal trading operations of the Group, are two of South Africa's leading providers of voice, messaging, data and video connectivity services utilising a wireless GSM-based, fixed cellular, last-mile solution.

Eyeballs Mobile Advertising is a technology provider whose technology consists of a software application that recipient users download and install, at no cost to themselves, on their mobile phones. It displays advertising and content images on the phone screen when calls are made or messages received.

6.2 Prospects

Huge Telecom has found a niche in the SMME segment of the market – but with the margins currently being enjoyed by it, and with every other telecommunications operator in South Africa wanting to make inroads into this segment of the market, Huge Telecom will have to ensure that it continues to be ahead of the game. While Huge Telecom's business model and approach to the market is unique currently, it may not take long before other competitors attempt to replicate Huge Telecom's model and success.

Huge Telecom is currently the only provider of full outbound and inbound telephony services to corporate South Africa using GSM technology over fixed-cellular customer premises equipment (CPE). It therefore has a *de facto* leading position in this segment.

The combination of Connectnet, Huge Telecom and Huge Connect is compelling. Firstly, the bulk of Connectnet's 29 000 customers fit squarely into Huge Telecom's target market of customer (with little overlap). It is therefore expected that Connectnet will assist Huge Telecom in expanding its base of 14 000 customers and 37 000 telephone lines. Secondly, Sainet Internet will create a critical entry for Huge Telecom and Huge Connect to participate in the data market.

Huge, enlarged by Connectnet and Sainet Internet, is building an investment theme focused on connectivity, mobile payments and financial technology. People live in a connected world – everyone and everything needs to be connected – Huge Telecom, Huge Connect, Connectnet and Sainet Internet make connections possible. Connectnet and Sainet Internet provide Huge with an entry into the data telecommunications and mobile payments markets, and an opportunity to participate in the expected explosive growth as the Internet transforms from being a source of information to one focused on value and its movement. Connectnet's participation as a trusted payments service provider, makes it invaluable real-estate for expansion into Fintech-type opportunities.

The directors are of the opinion that the Proposed Transaction provides an opportunity to grow the business of Huge as well as that of Connectnet and Sainet Internet, affording both companies the potential to realise synergies in product distribution, development and support.

7. **SHARE CAPITAL INFORMATION**

7.1 **Authorised and issued share capital prior to the Proposed Transaction and the Praesidium Specific Issue**

The table below reflects the authorised and issued share capital prior to the Proposed Transaction and the Praesidium Specific Issue:

	R
Authorised	
1 000 000 000 ordinary shares of R0.0001 each	100 000
Issued	
110 901 443 ordinary shares of R0.0001 cent each	11 901
Share premium	230 675 332
Total share capital	**230 686 422**

As at the Last Practicable Date, Huge Telecom held 9 646 926 Shares as treasury shares.

7.2 **Authorised and issued share capital after the Proposed Transaction but prior to the Praesidium Specific Issue**

The table below reflects the authorised and issued share capital subsequent to the Proposed Transaction but prior to the Praesidium Specific Issue, assuming that the prior Specific Issue is fully subscribed and that Shareholders approve the Proposed Transaction:

	R
Authorised	
1 000 000 000 ordinary shares of R0.0001 cent each	100 000
Issued	
186 109 776 ordinary shares of R.0001 cent each	18 611
Share premium	451 242 477
Total share capital	**451 261 088**

Pursuant to the Proposed Transaction and the Praesidium Specific Issue, Huge Telecom will still hold 9 646 926 Shares as treasury shares.

7.3 **Authorised and issued share capital after the Proposed Transaction and after the Praesidium Specific Issue**

The table below reflects the authorised and issued share capital subsequent to the Proposed Transaction and the Praesidium Specific Issue, assuming that the prior Specific Issue is fully subscribed:

	R
Authorised	
1 000 000 000 ordinary shares of R0.0001 cent each	100 000
Issued	
203 609 776 ordinary shares of R.0001 cent each	20 361
Share premium	830 666 059
Total share capital	**830 686 420**

Pursuant to the Proposed Transaction and the Praesidium Specific Issue, Huge Telecom will still hold 9 646 926 Shares as treasury shares.

7.4 **Material prior issues of Shares**

On 19 August 2014, Huge embarked on a Rights Offer, whereby 20 million new Huge Shares were offered to existing Shareholders recorded in the Register at 22 August 2014, in the ratio of 22.24658 new Shares for every 100 Shares held, and at an issue price of 100 cents per Share. The Rights

Offer closed on 5 September 2014 and was oversubscribed. An additional 416 000 shares were issued on 22 September 2014, at an issue price of 121 cents per share.

7.5 **Major shareholders**

Insofar as is known to the Directors, as at the Last Practicable Date, Huge Shareholders who hold a direct and indirect beneficial interest of 5% or more in the issued share capital of Huge before and after the implementation of the prior Specific Issue, the Proposed Transaction and the Praesidium Specific Issue, are as follows:

Shareholder	Before the transaction	%	After the transaction	%	After the Praesidium Specific Issue	%
Peregrine Equities Proprietary Limited	15 718 280	14.2	15 718 280	8.4	15 718 280	7.7
Eagle Creek Investments Proprietary Limited*	9 844 967	8.9	9 844 967	5.3	9 844 967	4.8
Praesidium Family Trust	10 350 000	9.3	10 350 000	5.6	10 350 000	5.1
Pacific Breeze Trading Proprietary Limited#	14 260 891	12.9	14 260 891	7.7	14 260 891	7.0
Praesidium SA Hedge Fund	23 592 844	23.4	23 592 844	12.7	41 092 844	20.18

* An associate of J Herbst.

\# An associate of J Herbst.

8. DIRECTORS' INFORMATION

8.1 **Directors' interests**

The direct and indirect beneficial interests of the Directors (and their associates) in the Company's Shares as at the Last Practicable Date are as follows:

Director	Direct	Indirect	Total	Percentage held
JC Herbst	184 907	24 445 549	24 630 456	22.21
AD Potgieter	3 831 135	3 664 325	7 495 460	6.76
D Deetlefs	1 767 348	393 174	2 160 522	1.95
Total	**5 783 390**	**28 503 048**	**34 286 438**	**30.92**

There has been no change in the directors' direct or indirect shareholding between 29 February 2016 and the Last Practicable Date. There will be no change in the number of Shares held by Directors as disclosed in the above table subsequent to the Proposed Transaction or the Praesidium Specific Issue.

No Directors have resigned in the 12 months immediately preceding the Last Practicable Date.

8.2 **Directors' interests in transactions**

None of the Directors have any direct or indirect beneficial interests in any transactions entered into by Huge in the current or preceding financial year, or in any transactions during an earlier financial year that remain currently outstanding or unperformed.

8.3 **Directors' emoluments**

There will be no variation to the remuneration of the Directors as a result of the Proposed Transaction.

8.4 **Directors' service contracts**

All executive Directors have service contracts with a notice period of three months.

9. LITIGATION STATEMENT

9.1 Huge

Huge is currently party to the following litigation:

Proactive monitoring of financial statements

The first correspondence with regard to this matter was received from the JSE on 2 February 2012, the main theme of which was that the JSE was instructing the Company to restate its AFS for the 2010, 2011 and 2012 financial years (the **Relevant AFS**) as a result of the accounting treatment by the Company of, amongst other matters, the purchase by the Company of Single Stock Futures (**SSFs**) on 16 October 2008, with which the JSE, after consulting with the Financial Reporting Investigations Panel, disagreed (the **Restatement Decision**).

The Company treated its acquisition of the SSFs as financial instruments with the resultant losses being accounted through profit and loss. The JSE contends that the acquisition of the SSFs should have been treated as equity instruments and that the resultant losses ought not to have been accounted through profit and loss.

The Company objected to the JSE's findings and the Restatement Decision. On 20 January 2014 the Company received a letter from the JSE stating that the Company's objections had been dismissed, and that the Company was instructed to restate the Relevant AFS.

On 21 February 2014, the Company addressed a letter to the JSE explaining that the SSFs which were the subject of the Restatement Decision had been closed out during December 2013, and requesting the JSE to take this fact into consideration.

The JSE directed a reply to the Company dated 27 October 2014, wherein it informed the Company that it had decided that there was no merit in Huge's request that the JSE has to "revisit" its decision nor is it correct to attempt to suggest that the JSE's decision was rendered without duly considering all of the facts.

In reply, the Company addressed a letter to the JSE dated 27 November 2014, wherein the Company advised the JSE that the Company's legal advisors had been instructed to prepare review application papers.

On 24 April 2015, the Company instituted an action in the Gauteng Local Division of the High Court of South Africa, for the judicial review of the decisions of the JSE in terms of section 6(2)(e)(iii) of the Promotion of Administrative Justice Act, 2 of 2000.

A court date for the hearing of the review application has not been set.

Arbitration

Dispute between Huge and TeleMasters Holdings Limited (TeleMasters)

During February 2013, TeleMasters cancelled an agreement with Huge for the supply of MTN airtime and suspended the SIM cards held by the Company relating to this airtime. A net amount of R311 500 is being claimed by Telemasters in this regard.

After protracted correspondence, the matter was referred for arbitration. No formal date for arbitration had been set down as at the Last Practicable Date.

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.

Other than the matters disclosed above, there are no other legal or arbitration proceedings, including any proceedings that are pending or threatened, of which Huge is aware, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Group's financial position.

9.2 Connectnet

As at the Last Practicable Date, Connectnet was not party to any litigation.

10. MATERIAL BORROWINGS

10.1 Huge

Huge Software is party to a loan agreement in the amount of R20 million with Stellar. The loan is secured and bears interest at prime plus 9%, is repayable by no later than 31 January 2017, and is subject to the following covenants:

Collateral:

- a General Notarial Bond over the assets of Huge Software to the value of R56 455 113;
- corporate guarantees by Huge and Huge Telecom;
- the cession of 100% of the shares in and claims against Huge Software;
- the cession of an insurance policy over Huge movable assets;
- the cession and pledge of the bank accounts of Huge Software;
- the cession of Mobile Network Operator supply contracts by Huge Cellular;
- a reversionary cession of the treasury shares held by Huge Telecom;
- the subordination of all shareholder and inter-company loans against Huge Software, Huge and Huge Telecom; and
- second ranking rights over the security held by FirstRand Bank Limited.

Covenants:

- the prior approval of Stellar with regard to any change in the capital structure of any company within the Group, with the exception of any equity issues by Huge Software;
- the incurrence of any material indebtedness of issuing security or furnishing of any loans or other form of financial assistance by companies in the Group, with the exception of the FirstRand Bank facility;
- the disposal of any assets held by Huge Software;
- the amendment to or cancellation of any Mobile Network Operator agreements held by Huge Cellular; and
- the payment or declaration of any distributions.

Financial covenants:

- EBITDA to interest expense to be at a minimum ratio of 2:1;
- a cash flow available to debt service ratio of 1:3:1; and
- for total interest-bearing debt – an annualised 12-month rolling EBITDA ratio to be a minimum of 3:1.

An initial terms sheet has been discussed with a senior debt provider in terms of which it is anticipated that the senior debt provider may advance two facilities to Huge, as follows:

Facility A:

An amount of R100 000 000 attracting an interest rate of JIBAR plus 4.25% and repayable in 20 quarterly instalments based on a sliding scale over five years.

Facility B:

An amount of R63 000 000 attracting an interest rate of JIBAR plus 4.5% and repayable in a single lump sum after five years.

The facilities would be utilised to fund the Subscription and to repay the R20 000 000 Stellar loan. The facilities have as yet not been finalised.

The facilities would be subject to the following guarantees and covenants:

- guarantees from Connectnet, Sainet Internet and Huge Telecom;
- the cession of the bank accounts of Connectnet and Sainet Internet;
- the cession of dividends payable by Connectnet and Sainet Internet; and
- the cession of Connectnet's shares.

Financial covenants:

- minimum debt interest to Connectnet and Sainet Internet EBITDA cover ratio of 3:1;
- minimum debt service to Connectnet and Sainet Internet EBITDA cover ratio of 1,5:1;
- maximum debt to Connectnet and Sainet Internet EBITDA ratio of 2,5:1; and
- maximum Group debt to Group EBITDA ratio of 2,5:1.

In addition, no distribution is to be made to shareholders unless there is a minimum gross debt interest over ratio of at least 3,5:1 and a debt service cover ration of 1,75:1.

10.2 **Connectnet**

Connectnet is party to two loan facilities in the amount of R100 000 000 (Facility A) and R52 391 685 (Facility B) with Futuregrowth.

Facility A was first drawn down on 30 October 2015, and is a five-year facility attracting an interest rate of three-month JIBAR +4.25%. The repayment of the loan will be in 20 quarterly instalments based on a sliding scale. The facility was utilised by Connectnet to repurchase its shares, and is secured by the following:

- a cession of the shares of Connectnet;
- a cession of the shares of Sainet;
- guarantees from the subsidiaries of Connectnet;
- guarantees from the shareholders of Connectnet;
- a cession of the bank accounts of Connectnet;
- a cession of the receivables of Connectnet; and
- a cession of cyber insurance policies.

Facility B was first drawn down on 30 October 2015, and is a five-year facility attracting an interest rate of three-month JIBAR +4.50%. The repayment of the loan is by means of a single payment on maturity. The facility was utilised by Connectnet to repurchase its shares, and is secured by the following:

- a cession of the shares of Connectnet;
- a cession of the shares of Sainet;
- guarantees from the subsidiaries of Connectnet;
- guarantees from the shareholders of Connectnet;
- a cession of the bank accounts of Connectnet;
- a cession of the receivables of Connectnet; and
- a cession of cyber insurance policies.

Connectnet will utilise a portion of the Connectnet Subscription Shares Cash Price to extinguish these obligations.

11. CHANGE IN CONTROL

There has been no change in controlling shareholder nor in the trading objects of Huge during the previous five years.

12. WORKING CAPITAL STATEMENT

The directors have considered the working capital requirements of the Company, and are of the opinion that the working capital available to the Company and its subsidiaries is sufficient for the Group's present requirements, subsequent to the Proposed Transaction, that is, for at least the next 12 months from the date of issue of this Circular.

13. MATERIAL CHANGE

There have been no material changes in the financial or trading position of the Group since the publication of its unaudited condensed consolidated interim results for the six months ended 31 August 2016.

14. **MATERIAL CONTRACTS**

14.1 **Huge**

Other than the restrictive funding arrangements detailed in paragraph 10 above, no other material contracts have been entered into either verbally or in writing by Huge or any of its major subsidiaries, other than in the ordinary course of business.

14.2 **Connectnet**

No material contracts have been entered into either verbally or in writing by Connectnet or any of its major subsidiaries other than in the ordinary course of business.

15. **EXPENSES**

The costs and expenses of the Proposed Transaction and Praesidium Specific Issue payable by Huge, estimated at R3 914 000 (excluding VAT), are set out below:

	R
Sponsor – Questco Proprietary Limited (documentation fee)	400 000
Legal fees – Norton Rose Fulbright South Africa Inc.	811 500
Legal fees – Hogan Lovell Inc.	612 000
Reporting accountants – Moore Stephens Inc.	700 000
JSE documentation fees	86 000
JSE listing fees	200 000
Due diligence – Moore Stephens Inc.	300 000
Printing and publishing – Ince Proprietary Limited	300 000
Costs relating to prior corporate action (specific issue of shares for cash)	407 010
Transfer Secretaries – Computershare	20 000
Miscellaneous	27 490
	3 914 000

No preliminary expenses were incurred during the past three years by Huge or Connectnet.

16. **CONSENTS**

Questco, Norton Rose Fulbright South Africa Inc., Moore Stephens Cape Town Inc. and Computershare, being the advisors to Huge, and Broadreach Advisory Proprietary Limited, being the advisors to Connectnet, have consented in writing to act in the capacity stated, and have not, prior to the Last Practicable Date, withdrawn their written consents for inclusion of their names and where applicable, their reports (or extracts thereof) referred to and/or included in this Circular.

17. **DIRECTORS' RESPONSIBILITY STATEMENT**

The directors, whose names appear on page 1 of this Circular, collectively and individually accept full responsibility for the accuracy of the information given in this Circular and certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading, and that they have made all reasonable enquiries in this regard to ascertain such facts and certify that, to the best of their knowledge and belief, the Circular contains all information required by the Listings Requirements and by law.

18. **DIRECTORS' RECOMMENDATIONS**

The directors have considered the terms of the Proposed Transaction and the Praesidium Specific Issue, and recommend that Shareholders vote in favour of the Proposed Transaction and the Praesidium Specific Issue at the General Meeting convened for the purposes of considering, and if deemed fit, passing with or without modification the ordinary and special resolutions required to give effect to the Proposed Transaction and the Praesidium Specific Issue. The directors who hold Huge Shares as disclosed in paragraph 8.1, intend voting, where permitted, in favour of the ordinary and special resolutions required to give effect to the Proposed Transaction and the Praesidium Specific Issue.

19. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the Company's registered office from the date of posting of this Circular until the date of the General Meeting:

- a signed copy of this Circular and the Form of Proxy;
- the audited annual financial information of Huge for the three years ended 29 February 2016, 28 February 2015 and 28 February 2014;
- the Transaction Agreements;
- the Praesidium Subscription Agreement;
- the Memorandum of Agreement;
- the audited historical financial information of Connectnet for the three years ended 29 February 2016, 28 February 2015 and 28 February 2014;
- a signed copy of the independent reporting accountants' report on the historical financial information of Connectnet;
- the interim financial information of Connectnet for the six months ended 31 August 2016;
- a signed copy of the independent reporting accountants' report on the interim financial information of Connectnet
- a signed copy of the independent reporting accountants' limited assurance report on the *pro forma* financial information of Huge;
- the Memorandum of Incorporation of Huge and the Memoranda of Incorporation of its major subsidiaries;
- written consents from each of the experts referred to in paragraph 16; and
- the Directors' service agreements.

Signed in Johannesburg by or on behalf of all the directors on 11 January 2017, in terms of powers of attorney granted by the directors.

By order of the board

JC Herbst

PRO FORMA STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME OF HUGE

The table below sets out the *pro forma* financial information of the Proposed Transaction and the Praesidium Specific Issue based on the unaudited condensed consolidated results of Huge for the six months ended 31 August 2016.

The *pro forma* financial information has been presented for illustrative purposes only, to provide information about the financial position of Huge assuming that the Proposed Transaction and the Praesidium Specific Issue had been implemented on 1 March 2016 for purposes of the statement of comprehensive income and on 31 August 2016 for purposes of the statement of financial position. Due to its nature, the *pro forma* financial information may not give a fair reflection of Huge's financial position, changes in equity, results of operations and cash flows after the Proposed Transaction and the Praesidium Specific Issue.

The *pro forma* financial information has been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the results of Huge for the six months ended 31 August 2016, in accordance with the applicable criteria of the JSE Listings Requirements and in terms of the Guide on *Pro Forma* Financial Information issued by SAICA.

The directors are responsible for the compilation, contents and preparation of the *pro forma* financial information. Their responsibility includes determining that the *pro forma* financial information has been properly compiled on the basis stated, which is consistent with the accounting policies of Huge and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial information disclosed pursuant to the Listings Requirements.

The *pro forma* condensed group statement of financial position as at 31 August 2016 and the *pro forma* condensed group statement of comprehensive income for the six months then ended, should be read in conjunction with the independent reporting accountant's report thereon contained in **Annexure 2**.

Huge Group Limited

Pro forma Statement of Comprehensive Income

Set out below is the *pro forma* statement of comprehensive income of Huge, reflecting the effects of the Proposed Transaction and the Praesidium Specific Issue

	Huge as at 31 August 2016[1] R'000	Specific issue of the Placement Shares[2] R'000	Specific issue of shares for cash[3] R'000	Raising of senior debt[4] R'000	Repayment of Stellar bridging facility[5] R'000	Huge after the specific issue of the Placement Shares, the specific issue for cash and raising of senior debt R'000	ConnectNet as at 31 August 2016[6] R'000	[Cash settled subscription for the ConnectNet Subcription Shares][7] R'000	[Share settled subscription for of ConnectNet Subscription Shares][8] R'000	[Repayment of existing senior debt[9]] R'000	[Repurchase of Shares in ConnectNet][10] R'000	[ConnectNet after the Subscription, the repayment of existing senior debt and the Repurchase] R'000	Investment in Subsidiary Company[11] R'000	Consolidating Journal Entries[12] R'000	Huge after the Proposed Transaction as at 31 August 2016[13] R'000	Praesidium Specific` Issue[14] R'000	Huge after the Praesidium Specific Issue at 31 August 2016[15] R'000	Huge after the Proposed Transaction and the Praesidium Specific Issue as at 31 August 2016[16] R'000
Total revenue	116 010					116 010	93 263					93 263			209 273		116 010	209 273
Gross profit	**52 270**					**52 270**	**46 304**					**46 304**			**98 574**		**52 270**	**98 574**
Other income	569					569	728					728			1 297		569	1 297
Operating expenses	(37 499)					(37 499)	(17 571)					(17 571)			(55 070)		(37 499)	(55 070)
Operating profit	**15 340**					**15 340**	**22 442**					**29 461**			**44 801**	**–**	**15 340**	**44 801**
Investment income	88		10 065			10 153	1 574					1 574			11 727	8 688	8 776	20 415
Share of (losses)/ earnings from equity accounted investments	7					7	–					–			7		7	7
Finance costs	(2 696)			(9 753)	1 964	(10 485)	(8 593)			8 584		(8)			(10 494)		(2 696)	(10 494)
Profit before taxation	**12 739**		**10 065**	**(9 753)**	**1 964**	**15 015**	**22 442**			**8 584**		**31 027**			**46 042**	**8 688**	**21 427**	**54 729**
Income tax credit/ (expense)	(2 505)		(2 818)	2 731	(550)	(3 142)	(7 584)					(7 584)			(10 494)	(2 433)	(4 938)	(13 159)
Net profit for the period	**10 234**		**7 247**	**(7 022)**	**1 414**	**11 873**	**14 858**			**8 584**		**23 443**			**35 315**	**6 255**	**16 489**	**41 570**
Non-controlling interest	57		–			57						–			57		57	57
Net profit attributable to owners of the company	**10 177**		**7 247**	**(7 022)**	**1 414**	**11 816**	**14 858**			**8 584**		**23 442**			**35 258**	**6 255**	**16 432**	**41 513**
Number of shares in issue (excl. treasury shares) ('000)	101 255	20 625	29 375			151 255							25 208		176 463	17 500	118 755	193 963
Weighted average number of shares in issue at the end of the period ('000)	101 255	20 625	29 375			151 255							25 208		176 463	17 500	118 755	193 963
Basic and diluted earnings per share (cents)	10.05					7.81									19.98		13.84	21.40

	Huge as at 31 August 2016[1] R'000	Specific issue of the Placement Shares[2] R'000	Specific issue of shares for cash[3] R'000	Raising of senior debt[4] R'000	Repayment of Stellar bridging facility[5] R'000	Huge after the specific issue of the Placement Shares, the specific issue for cash and raising of senior debt R'000	ConnectNet as at 31 August 2016[6] R'000	[Cash settled subscription for the ConnectNet Subcription Shares][7] R'000	[Share settled subscription for of ConnectNet Subscription Shares][8] R'000	[Repayment of existing senior debt[9]] R'000	[Repurchase of Shares in ConnectNet][10] R'000	[ConnectNet after the Subscription, the repayment of existing senior debt and the Repurchase] R'000	Investment in Subsidiary Company[11] R'000	Consolidating Journal Entries[12] R'000	Huge after the Proposed Transaction as at 31 August 2016[13] R'000	Praesidium Specific` Issue[14] R'000	Huge after the Praesidium Specific Issue at 31 August 2016[15] R'000	Huge after the Proposed Transaction and the Praesidium Specific Issue as at 31 August 2016[16] R'000
Headline and diluted headline earnings per share (cents)	10.05					7.81									19.63		13.84	21.08
Reconciliation of headline earnings:																		
Profit attributable to the equity holders of the parent	10 177		7 247	**(7 022)**	**1 414**	11 816	14 858			8 584		23 442			35 258	6 255	16 432	41 513
Basic earnings	10 177		7 247	(7 022)	1 414	11 816	14 858			8 584		23 442			35 258	6 255	16 432	41 513
Profit on disposal of property, plant and equipment							(622)					(622)			(622)			
Headline earnings	10 177		7 247	(7 022)	1 414	11 816	14 236			8 584		22 820			34 636	6 255	16 432	41 513

Notes and assumptions:

1. Extracted, without modification, from the published unaudited condensed consolidated interim results of Huge for the six months ended 31 August 2016.
2. Represents the subscription by Qualifying Investors for the Placement Shares, which proceeds will be utilised to settle the Cash Portion of the Connectnet Subscription Shares Cash Price. It is assumed that the Shares will be issued at a price of R6.00 per share. This *pro forma* adjustment has no effect on the comprehensive income of Huge.
3. Represents interest earned on the balance of the proceeds arising from the Placement Shares, it being assumed that this cash will be placed on call at a rate of JIBAR plus 4.25%, which is equal to approximately Prime plus 1.11%.
4. Represents interest expense incurred on the Senior Debt raised with the existing service provider of Connectnet, it being assumed that this facility will bear interest at a rate of JIBAR plus 4.25% per annum.
5. Represents the interest saving arising from the settlement of the Bridging Facility with Stellar Specialised Lending Proprietary Limited, being calculated as the principal debt of R20 000 000 multiplied by prime plus 9%, pro rated for the six-month period.
6. Extracted, without modification, from the reviewed condensed consolidated interim results of the Connectnet Group for the six months ended 31 August 2016.
7. Represents the Connectnet Subscription Shares Cash Price portion of the Connectnet Subscription Shares. This *pro forma* adjustment has no effect on the comprehensive income of Huge.
8. Represents the Consideration Shares, issued by Huge to settle the balance of the Connectnet Subscription Shares price, being R418 000 000 less the Connectnet Subscription Shares Cash Price of R266 750 000. It is assumed that the Shares will be issued at a price of R6.00 per share. This *pro forma* adjustment has no effect on the comprehensive income of Huge.
9. Represents the interest saving arising from the settlement of the Existing Senior Debt, being calculated as the outstanding loan balance on the Futuregrowth loan multiplied by an interest of JIBAR plus 4.25% for six months.

10. Represents the Initial Repurchse Consideration in respect of the Repurchase, it being assumed for the purposes of these *pro forma*s that this will also represent the Final Repurchase Consideration.

The Initial Repurchase Consideration is subject to adjustment, arising from the Profit Warranty. Any potential upward adjustment is limited to the Final Repurchase Consideration Cap Amount and likewise, any potential downward adjustment is limited to the Huge Deemed loss Cap Amount. The *pro forma* financial effect of these two scenarios on the above *pro forma* statement of comprehensive income, after the implementation of the Proposed Transaction and the Praesidium Specific Issue, is summarised as follows:

	Final Repurchase Consideration Cap Amount		**Huge Deemed Loss Cap Amount**
	Share settled option	**Cash settled option**	
Number of shares in issue (excluding treasury shares) ('000)	206 568	193 963	181 359
Weighted average number of shares in issue at the end of the period ('000)	206 568	193 963	181 359
Basic and diluted earnings per share (cents)	20.10	19.76	22.89
Headline and diluted headline earnings per share (cents)	19.80	19.44	22.55
(It is assumed that the shares would be issued at a price of R6.00 per share)			

11. Represents the subscription by Huge for the Connectnet Subscription Shares, in terms of the Proposed Transaction. This *pro forma* adjustment has no effect on the comprehensive income of Huge.
12. Represents the journal entries arising on the consolidation of Connectnet by Huge, being the elimination of share capital and pre-acquisition retained earnings of the Connectnet Group. This *pro forma* adjustment has no effect on the comprehensive income of Huge.
13. Represents the *pro forma* comprehensive income of Huge after the implementation of the Proposed Transaction only.
14. Represents interest earned on the Praesidium subscription proceeds, it has been assumed that this cash will be placed on call at a rate of JIBAR plus 4.25% which is equivalent to approximately Prime plus 1.11 for the six-month period.
15. Represents the *pro forma* comprehensive income of Huge after the implementation of the Praesidium Specific Issue only.
16. Represents the *pro forma* comprehensive income of Huge after the implementation of the Proposed Transaction and the Praesidium Specific Issue.
17. *Pro forma* adjustments 3, 4, 5, 9 and 14 above will have a continuing effect on the comprehensive income of Huge.
18. Where appropriate, taxation has been provided for on *pro forma* adjustments at the assumed taxation rate of 28%.
19. Transaction costs of approximately R3,9 million are expected to be incurred in respect of the Proposed Transaction and the Praesidium Specific Issue. Costs have been accounted for in share capital.
20. No tax impact is shown as the finance costs relating to the Futuregrowth Facility were not tax deductible in the books of Connectnet.

Huge Group Limited

Pro forma Statement of Financial Position

Set out below is the *pro forma* statement of financial position of Huge, reflecting the effects of the Proposed Transaction and the Praesidium Specific Issue:

	Huge as at 31 August 2016[1] R'000	Specific issue of the Placement Shares[2] R'000	Specific issue of shares for cash[3] R'000	Raising of senior debt[4] R'000	Repayment of Stellar bridging facility[5] R'000	Huge after the specific issue of the Placement Shares, the specific issue for cash and raising of senior debt R'000	ConnectNet as at 31 August 2016[6] R'000	[Cash settled subscription for the ConnectNet Subscription Shares][7] R'000	[Share settled subscription for the ConnectNet Subscription Shares][8] R'000	[Repayment of existing senior debt][9] R'000	[Repurchase of Shares in ConnectNet][10] R'000	[ConnectNet after the Subscription, the repayment of existing senior debt and the Repurchase] R'000	Investment in Subsidiary Company[11] R'000	Consolidating Journal Entries[12] R'000	Huge after the Proposed Transaction as at 31 August 2016 R'000	Praesidium Specific Issue[13] R'000	Huge after the Praesidium Specfic Issue as at 31 August 2016[15] R'000	Huge after the Proposed Transaction and the Praesidium Specific Issue as at 31 August 2016[16] R'000
Assets																		
Non-current assets	**304 022**	**–**	**–**	**–**	**–**	**304 022**	**38 315**	**–**	**151 250**	**–**	**(151 250)**	**38 315**	**418 000**	**(66 130)**	**694 207**	**–**	**304 022**	**694 207**
Property, plant and equipment	65 672					65 672	9 969					9 969			75 641		65 672	75 641
Goodwill	215 153					215 153	23 181					23 181		351 870	590 204		215 153	590 204
Intangible assets	1 464					1 464	–					–			1 464		1 464	1 464
Investment in subsidiary company	–					–	–					–	418 000	(418 000)	–			
Investment in joint venture	716					716	–					–			716		716	716
Other financial assets	–					–	4 439		151 250		(151 250)	4 439			4 439		–	4 439
Deferred tax	4 385					4 385	726					726			5 111		4 385	5 111
Deferred expenditure	16 632					16 632	–					–			16 632		16 632	16 632
Current assets	**36 187**	**123 750**	**172 336**	**163 000**	**(20 000)**	**475 273**	**44 413**	**266 750**	**–**	**(143 000)**	**(123 750)**	**44 413**	**(266 750)**	**–**	**252 936**	**148 750**	**184 937**	**401 686**
Inventories	1 211					1 211	1 035					1 035			2 246		1 211	2 246
Trade and other receivables	30 753					30 753	10 860					10 860			41 613		30 753	41 613
Deferred expenditure	3 826					3 826	–					–			3 826		3 826	3 826
Current tax receivable						–	318					318			318		–	318
Cash and cash equivalents	397	123 750	172 336	163 000	(20 000)	439 483	32 200	266 750		(143 000)	(123 750)	32 200	(266 750)		204 933	148 750	149 147	353 683
Total assets	**340 209**	**123 750**	**172 336**	**163 000**	**(20 000)**	**779 295**	**82 728**	**266 750**	**151 250**	**(143 000)**	**(275 000)**	**82 728**	**151 250**	**(66 130)**	**947 143**	**148 750**	**488 959**	**1 095 893**
Equity and liabilities																		
Equity	**270 110**	**123 750**	**172 336**	**–**	**–**	**566 196**	**(76 870)**	**266 750**	**151 250**	**–**	**(275 000)**	**66 130**	**151 250**	**(66 130)**	**717 446**	**148 750**	**418 860**	**866 196**
Share capital	229 323	123 750	172 336			525 409	25 065	266 750	151 250		(275 000)	168 065	151 250	(168 065)	676 659	148 750	378 073	825 409
Retained earnings	43 915					43 915	(101 935)					(101 935)		101 935	43 915		43 915	43 915

	Huge as at 31 August 2016[1] R'000	Specific issue of the Placement Shares[2] R'000	Specific issue of shares for cash[3] R'000	Raising of senior debt[4] R'000	Repayment of Stellar bridging facility[5] R'000	Huge after the specific issue of the Placement Shares, the specific issue for cash and raising of senior debt R'000	ConnectNet as at 31 August 2016[6] R'000	[Cash settled subscription for the ConnectNet Subscription Shares][7] R'000	[Share settled subscription for the ConnectNet Subscription Shares][8] R'000	[Repayment of existing senior debt][9] R'000	[Repurchase of Shares in ConnectNet][10] R'000	[ConnectNet after the Subscription, the repayment of existing senior debt and the Repurchase] R'000	Investment in Subsidiary Company[11] R'000	Consolidating Journal Entries[12] R'000	Huge after the Proposed Transaction as at 31 August 2016 R'000	Praesidium Specific Issue[13] R'000	Huge after the Praesidium Specific Issue as at 31 August 2016[15] R'000	Huge after the Proposed Transaction and the Praesidium Specific Issue as at 31 August 2016[16] R'000
Equity attributable to equity holders of parent																		
Non-controlling interest	(3 128)					(3 128)	–					–			(3 128)		(3 128)	(3 129)
Non-current liabilities	**2 387**	**–**	**–**	**163 000**	**–**	**165 387**	**132 236**	**–**	**–**	**(131 892)**	**–**	**344**	**–**	**–**	**165 731**	**–**	**2 387**	**165 731**
Long-term loans	–			163 000		163 000	131 892			(131 892)		–			163 000		–	163 00
Finance lease obligations	1 802					1 802	–					–			1 802		1 802	1 802
Deferred tax	585					585	344					344			929		585	929
Current liabilities	**67 712**	**–**	**–**	**–**	**(20 000)**	**47 712**	**27 362**	**–**	**–**	**(11 108)**	**–**	**16 253**	**–**	**–**	**63 965**	**–**	**67 712**	**63 966**
Interest-bearing liability	20 000				(20 000)	–	–					–			–		20 000	–
Loans from shareholders	177					177	–					–			177		177	177
Other financial liabilities	716					716	18 801			(11 108)		7 693			8 409		716	8 409
Current tax payable	2 562					2 562	–					–			2 562		2 562	2 562
Finance lease obligations	1 357					1 357	–					–			1 357		1 357	1 357
Trade and other payables	35 311					35 311	8 561					8 561			43 872		35 311	43 872
Bank overdraft	7 589					7 589						–			7 589		7 589	7 589
Total liabilities	**70 099**	**–**	**–**	**163 000**	**(20 000)**	**213 099**	**159 598**	**–**	**–**	**(143 000)**	**–**	**16 598**	**–**	**–**	**229 697**		**70 099**	**229 697**
Total equity and liabilities	**340 209**	**123 750**	**172 336**	**163 000**	**(20 000)**	**779 295**	**82 728**	**266 750**	**151 250**	**(143 000)**	**(275 000)**	**82 728**	**151 250**	**(66 130)**	**947 143**	**148 750**	**488 959**	**1 095 893**
Number of shares in issue (in 000's)	101 255	20 625	29 375			151 255							25 208		193 963	176 463	118 755	193 963
Net asset value per share (cents)	269.85					376.40									448.19	408.34	355.34	448.19
Tangible net asset value per share (cents)	55.92					233.19									143.15	73.05	172.94	143.15

Notes and assumptions:

1. Extracted, without modification, from the published unaudited condensed consolidated interim results of Huge for the six months ended 31 August 2016.
2. Represents the subscription by Qualifying Investors for the Placement Shares, which proceeds will be utilised to settle the Cash Portion of Connectnet Subscription Shares Cash Price. It is assumed that the Shares will be issued at a price R6.00 per share.
3. Represents the balance of the cash raised from the subscription by Qualifying investors, in terms of the Huge Bookbuild Process, it being assumed that the Maximum Amount, being R300 000 000, will be raised in terms of the Bookbuild Placement. It is further assumed that the Shares will be issued at a price R6.00 per share. The amount of R172 335 589 is net off one-off expenses relating to the Proposed Transaction of R3 914 411, which costs have been set off against share capital.

4. It is assumed that senior debt of R163 000 000 will be raised from a senior debt provider. The loan is assumed to bear interest at a rate of JIBAR plus 4.25%.
5. The proceeds from the senior debt is used to repay the existing bridging facility of R20 000 000 with Stellar.
6. Extracted, without modification, from the reviewed condensed consolidated interim results of the Connectnet Group for the six months ended 31 August 2016. The Connectnet Group consolidation was performed in accordance with the principles of IFRS10: Consolidated Financial Statements.
7. Represents the Connectnet Subscription Shares Cash Price portion of the Connectnet Subscription Shares.
8. Represents the Consideration Shares, issued by Huge to settle the balance of the Connectnet Subscription Shares price, being R418 000 000 less the Connectnet Subscription Shares Cash Price of R 266 750 000. It is assumed that the Shares will be issued at a price R6.00 per share.
9. The settlement of the existing senior debt loan in the amount of R143 000 000 of Connectnet with Futuregrowth from the proceeds of the Connectnet Subscription Shares Cash Price.
10. Represents the Initial Repurchase Consideration in respect of the Repurchase, it being assumed for the purposes of these *pro forma*s that this will also represent the Final Repurchase Consideration.

    The Initial Repurchase Consideration is subject to adjustment, arising from the Profit Warranty. Any potential upward adjustment is limited to the Final Repurchase Consideration Cap Amount and likewise, any potential downward adjustment is limited to the Huge Deemed loss Cap Amount. The *pro forma* financial effect of these two scenarios on the above *pro forma* statement of comprehensive income, after the implementation of the Proposed Transaction and the Praesidium Specific Issue, is summarised as follows:

	Final Repurchase Consideration Cap Amount		**Huge Deemed Loss Cap Amount**
	Share settled option	**Cash settled option**	
Net asset value (cents)	457.45	448.19	437.64
Tangible net asset value (cents)	134.41	104.16	153.10
(It is assumed that the shares would be issued at a price of R6.00 per share)			

11. Represents the share-settled portion of the subscription by Huge for the Connectnet Subscription Shares, in terms of the Proposed Transaction.
12. Represents the journals entries arising on the consolidation of Connectnet by Huge, being the elimination of the share capital and pre-acquisition retained earnings of the Connectnet Group.

    The goodwill adjustment represents the value paid in excess of the book net asset value of the Connectnet Group, calculated as follows:

	R'000
Connectnet Subscription Shares Price	418 000
Book net asset value of the Connectnet Group as at 31 August 2016	(66 130)
Fair value uplift attributed to goodwill	351 870

    Based on preliminary fair value allocation exercise, the surplus of the subscription price over the book net asset value of the Connectnet Group is attributed to goodwill. A fair value allocation exercise in terms of IFRS 3: Business Combinations will need to be performed at the effective date of the Proposed Transaction.

13. Represents the *pro forma* financial position of Huge after implementation of the Proposed Transaction only, as at 31 August 2016.
14. Represents the subscription by Praesidium for 17 500 000 Huge Shares, at an assumed issue price of R8.50 per share.
15. Represents the *pro forma* financial position of Huge after implementation of the Praesidium Specific Issue only, as at 31 August 2016.
16. Represents the *pro forma* financial position of Huge after implementation of both the Proposed Transaciton and the Praesidium Specific Issue as at 31 August 2016.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF HUGE

The Directors
Huge Group Limited
First Floor, East Wing
146a Kelvin Drive
Woodmead
Johannesburg
2191

11 January 2017

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF HUGE GROUP LIMITED

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Huge Group Limited ("Huge" or "the Company") by the directors. The *pro forma* financial information, as set out in **Annexure 1** of the circular to be dated on or about 11 January 2017 ("the Circular"), consists of the *pro forma* consolidated statement of comprehensive income, the *pro forma* consolidated statement of financial position and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("JSE") Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the Proposed Transaction and the Praesidium Specific Issue on the results and financial position of Huge, assuming that these transactions were implemented on 1 March 2016 for the purposes of the *pro forma* consolidated statement of comprehensive income and 31 August 2016 for the purposes of the *pro forma* consolidated statement of financial position. As part of this process, information about the Huge and Connectnet Group's financial position and financial performance have been extracted by the directors from the respective company's interim financial information for the six months ended 31 August 2016.

Directors' responsibility for the pro forma financial information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in **Annexure 1** of the Circular.

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420 Assurance Engagements to Report on the Compilation of *Pro forma* Financial Information Included in a prospectus. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in a prospectus is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for the purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

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

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in **Annexure 1** of the Circular.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Part A and B).

The firm applies International Standard on Quality Control and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Consent

We consent to the inclusion of this report, which will form part of the Circular, in the form and context in which it appears.

Moore Stephens Cape Town Inc.
Chartered Accountants (SA)
Registered Auditor and Reporting Accountant Specialist

Per: **Adele Smith**
Director
2nd Floor, Block 2, Northgate Park
Corner Section Street and Koeberg Road
Paarden Eiland
7405

HISTORICAL FINANCIAL INFORMATION OF CONNECTNET FOR THE YEARS ENDED 28 FEBRUARY 2014, 28 FEBRUARY 2015 AND 29 FEBRUARY 2016

Set out below are extracts from the audited consolidated financial statements of Connnectnet Broadband Wireless Proprietary Limited and its subsidiary (the "group") for the year ended 29 February 2016. These extracts are the responsibility of the directors of Huge. The consolidated financial statements for the period ended 29 February 2016, from which the information below was extracted, were prepared in accordance with the Companies Act and International Financial Reporting Standards and interpretations adopted by the international Accounting Standards Board and which were audited by Moore Stephens, who issued an unqualified audit report thereon. The audited consolidated financial statements for the period ended 29 February 2016 are available for inspection at Connectnet's registered offices. The reporting accountants report on the historical financial information is presented in **Annexure 4**.

The report of historical information has been prepared in accordance with International Financial Reporting Standards and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

1. NATURE OF BUSINESS

Connectnet Broadband Wireless Proprietary Limited is engaged in the provision of data communication services and operated principally in South Africa.

There have been no material changes to the nature of the group's business from the prior year.

2. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 71 of 2008 (amended).

During the period under review, Connectnet has increased revenue by 5.6% (2015: 31.6%; 2014: 15.4%) and gross profit by 7.6% (2015: 38.3%; 2014: 23.8%). Operating profit decreased by 0.2% (2015: 48.8%; 2014: 21.1%). Gross profit margins increased from 48.5% to 49.9% (2014: 46.1%). Operating expenses increased by 22.6% (2015: 22.5%; 2014: 23.8%).

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidation annual financial statements.

3. SHARE CAPITAL

Refer to note 12 of the consolidated annual financial statements for detail of the movement in authorised and issued share capital.

4. DIVIDENDS

Dividends of R36 957 090 (2015: R28 000 000; 2014: R23 000 000) have been declared and paid during the year under review.

5. **DIRECTORATE**

The directors in office at the date of this report are as follows:

Director	Changes
A Lessing	
KB Sinclair	
K Schmulian	
DDB Meintjies	
SM Oberholzer	
SE Warner	Resigned 2 November 2015
NSS Shabason	Resigned 2 November 2015

6. **INTERESTS IN SUBSIDIARIES, ASSOCIATES AND JOINT ARRANGEMENTS**

Details of material interests in subsidiary companies, associates and joint arrangements are presented in the consolidated annual financial statements in note 5.

There were no significant acquisitions or divestitures during the year ended 29 February 2016.

7. **EVENTS AFTER THE REPORTING PERIOD**

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

8. **GOING CONCERN**

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated financial statements have been prepared on a going-concern basis. The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any changes to legislation which may affect the group.

9. **AUDITORS**

Gregory, Butt & Marx continued in office as auditors for the company and its subsidiaries for 2016.

10. **SECRETARY**

The Company Secretary is Mrs E van Heerden.

HISTORICAL FINANCIAL INFORMATION OF CONNECTNET FOR THE YEAR ENDED 29 FEBRUARY 2016

STATEMENT OF FINANCIAL POSITION

Figures in Rand	Note(s)	2016	2015	2014
ASSETS				
Non-current assets				
Property, plant and equipment	3	12 554 974	15 876 687	22 798 637
Goodwill	4	23 180 564	23 180 564	–
Other financial assets	6	3 369 258	–	–
Deferred tax	8	592 386	477 452	405 442
		39 697 182	**39 534 703**	**23 204 079**
Current assets				
Inventories	9	1 131 926	845 368	628 749
Trade and other receivables	10	9 406 066	9 383 085	2 757 203
Current tax receivable		–	291 164	133 562
Cash and cash equivalents	11	26 447 552	21 003 319	13 408 248
		36 985 544	**31 522 936**	**16 927 762**
Total assets		**76 682 726**	**71 057 639**	**40 131 841**
EQUITY AND LIABILITIES				
Equity				
Share capital	12	25 064 967	33 769 061	12 000 200
Retained income		(116 793 413)	29 137 817	18 553 524
		(91 728 446)	**62 906 878**	**30 553 724**
Liabilities				
Non-current liabilities				
Other financial liabilities	13	139 391 685	–	–
Deferred tax	8	79 110	83 231	25 212
		139 470 795	**83 231**	**25 212**
Current liabilities				
Trade and other payables	16	9 134 439	8 009 402	9 497 90
Other financial liabilities	13	18 497 076	–	–
Current tax payable		1 229 794	–	–
Provisions	14	79 068	58 128	54 996
		28 940 377	**8 067 530**	**9 552 905**
Total liabilities		**168 411 172**	**8 150 761**	**9 578 117**
Total equity and liabilities		**76 682 726**	**71 057 639**	**40 131 841**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in Rand	Note(s)	2016	2015	2014
Revenue	17	180 279 829	170 675 879	129 720 267
Cost of sales	18	(91 268 724)	(87 939 868)	(69 895 955)
Gross profit		**89 011 105**	**82 736 011**	**59 824 312**
Other income	19	1 507 702	863 635	845 529
Operating expenses		(38 246 994)	(31 199 298)	(25 465 967)
Operating profit	20	**52 271 813**	**52 400 348**	**35 203 874**
Investment revenue	21	1 934 538	1 239 991	737 799
Finance costs	22	(5 57 065)	(16 885)	(7 036)
Profit before taxation		**48 699 286**	**53 623 454**	**35 934 637**
Taxation	23	(15 756 835)	(15 039 161)	(10 025 706)
Profit for the year		**32 942 451**	**38 584 293**	**25 908 931**
Earnings per share				
Per share information				
Basic earnings per share (cents)	34	14 490 814	13 879 242	10 363 572
Diluted earnings per share (cents)	34	14 490 814	13 879 242	10 363 572

STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Share capital	Share premium	Total share capital	Retained income	Total equity
Balance at 1 March 2014	250	11 999 950	12 000 200	18 553 524	30 553 724
Profit for the year	–	–	–	38 584 293	38 584 293
Issue of shares	21 768 861	–	21 768 861	–	21 768 861
Transfer	11 999 950	(11 999 950)	–	–	–
Dividends	–	–	–	(28 000 000)	(28 000 000)
Total contributions by and distributions to owners of company recognised directly in equity	33 768 811	(11 999 950)	21 768 861	(28 000 000)	(6 231 139)
Balance at 1 March 2015	33 769 061	–	33 769 061	29 137 817	62 906 878
Profit for the year	–	–	–	32 942 451	32 942 451
Issue of shares	1 771 000	–	1 771 000	–	–
Buyback of shares	(10 475 094)	–	(10 475 094)	(141 916 591)	(152 391 685)
Dividends	–	–	–	(36 957 090)	(36 957 090)
Total contributions by and distributions to owners of company recognised directly in equity	(8 704 094)	–	(8 704 094)	(178 873 681)	(187 577 775)
Balance at 29 February 2016	25 064 967	–	25 064 967	(116 793 413)	(91 728 446)
Note	12	12	12		

STATEMENT OF CASH FLOWS

Figures in Rand	Note(s)	2016	2015	2014
Cash flows from operating activities				
Cash generated from operations	24	62 834 837	57 585 885	48 571 973
Interest income		1 934 538	1 239 991	737 799
Dividends received		–	–	–
Finance costs		(5 507 065)	(16 885)	(7 036)
Tax paid	25	(14 354 932)	(15 216 049)	(10 573 871)
Net cash from operating activities		**44 907 378**	**43 592 942**	**38 728 865**
Cash flows from investing activities				
Purchase of property, plant and equipment	3	(7 862 312)	(6 081 042)	(15 284 194)
Sale of property, plant and equipment	3	1 457 439	813 682	745 581
Acquisition of subsidiary	27	–	(327 133)	–
Net movement in other financial assets		(1 598 258)	–	–
Net cash from investing activities		**(8 003 131)**	**(5 594 493)**	**(14 538 613)**
Cash flows from financing activities				
Buyback of shares	12	(152 391 685)	–	–
Net movement in other financial liabilities		157 888 761	–	–
Repayment of shareholders' loans		–	(2 403 378)	–
Dividends paid	26	(36 957 090)	(28 000 000)	(23 000 000)
Net cash from financing activities		**(31 460 014)**	**(30 403 378)**	**(23 000 000)**
Total cash movement for the year		5 444 233	7 595 071	1 190 252
Cash at the beginning of the year		21 003 319	13 408 248	12 217 996
Total cash at end of the year	11	**26 447 552**	**21 003 319**	**13 408 248**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 71 of 2008 (amended). The consolidated annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rand.

1.1 Consolidation

Basis of consolidation

The Company has control of an investee when it has power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and its ability to use its power over the investee to affect the amount of the investor's returns.

These annual financial statements incorporate the financial statements of the Company and its subsidiary company. The annual financial statements present the results of the Company and its subsidiary company (the Group) as if they formed a single entity. Intercompany transactions and balances between Group companies are eliminated in full.

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

Subsidiary company

A subsidiary company is an entity controlled by the Company. The annual financial statements of the subsidiary company are included in the Consolidated and Separate Annual Financial Statements from the date that control is acquired until the date that control ceases.

The accounting policies of the subsidiary company has been changed were necessary to align them with the accounting policies adopted by the Company. Losses applicable to non-controlling interests in a subsidiary company are allocated to the non-controlling interests, even if doing so causes the non-controlling interests to have a deficit balance. An investment in a subsidiary company is carried at cost less accumulated impairment losses in the separate annual financial statements of the Company.

Details of consolidations

Details of the Company's subsidiary company are set out in note 5 of these annual financial statements.

Goodwill

Goodwill is determined as the consideration paid, plus fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

On disposal of a subsidiary company or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Significant judgements

Power to exercise significant influence

Investments held with less than 50% of the voting power are considered subsidiary companies provided that the definition of control in IFRS 10 has been satisfied.

Estimates and assumptions

Trade receivables and loans and receivables

The Group assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Taxation

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

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period may be impacted.

Determination of impairment of goodwill

The Group determines annually whether goodwill has been subject to impairment. This requires an estimation of the value in use of the CGUs to which goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Goodwill impairments cannot be reversed. Based on the calculations performed, there are no indications that an impairment of goodwill is required at year end. Refer to note 4.

Property, plant and equipment

Property, plant and equipment is depreciated over its useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Management applies estimation and judgement in determining the useful lives and residual values. In assessing useful lives factors such as the customer profile and the terms of the contract are considered.

Inventory

Inventory is initially recognised at cost. Management applies judgement in determining the aggregate cost of purchase and other costs taking into account factors such as technological advancements, profile of the customers and expected trends.

1.3 **Property, plant and equipment**

Property, plant and equipment are tangible assets which the Group holds for its own use or for rental to others and which are expected to be used for more than one year.

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Leasehold improvements and other assets capitalised under finance leases are depreciated over the shorter of the useful life of the asset, or the lease term, to residual value.

There are no decommissioning obligations in respect of leasehold improvements as the Company will hand over leased premises, including and leasehold improvements existing at the time of termination of the lease. All leasehold improvements are subject to approval by the lessor at the time of concluding the lease.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Item	**Average useful life**
Dataloggers	three years
Edge modems (CPE)	three years
GPRS modems (CPE)	three years
UPS (CPE)	three years
Furniture and fixtures	six years
Motor vehicles	four years
Office equipment	five years
IT equipment	three years
Systems	three years
Leasehold improvements	three to five years
Routers (CPE)	three years
S-Pads (CPE)	three years
Etherpads (CPE)	three years
VSAT (CPE)	three years
IP Phones (CPE)	three years

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been a significant change from the previous estimate, the change is accounted for as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

1.4 Goodwill

Goodwill is initially measured at cost, being the excess of the cost of the business combination over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

The excess of the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in profit or loss after reassessing the identification and measurement of the acquiree's assets, liabilities, provisions for contingent liabilities and the measurement of the cost of the combination.

1.5 Investment in subsidiary

Company consolidated annual financial statements

In the Company's separate consolidated annual financial statements, the investment in the subsidiary is carried at cost less any accumulated impairment.

Group consolidated annual financial statements

The Group consolidated annual financial statements include those of the holding company and its subsidiaries. The results of the subsidiary are included from the effective date of acquisition.

1.6 **Financial instruments**

Classification

The Group classifies financial assets and financial liabilities into the following categories:

Description of asset/liability	Classification
Trade and other receivables	Loans and receivables
Loans receivable	Loans and receivables
Cash and cash equivalents	Loans and receivables
Trade and other payables	Other liabilities at amortised cost
Other financial liabilities	Other liabilities at amortised cost
Loans payable	Other liabilities at amortised cost
Interest-bearing liability	Other liabilities at amortised cost

Classification depends on the purpose for which the financial instruments were obtained or incurred and takes place at initial recognition.

Initial recognition and measurement

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

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

Financial instruments are measured initially at fair value.

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

Derecognition

Derecognition of financial assets occurs when the Group no longer controls the contractual rights relating to the financial instrument in question, which is normally the case when the financial instrument is sold, or all the cash flows attributable to the financial instrument are passed through to an independent third party.

The Group derecognises a financial liability when its contractual obligations are extinguished, cancelled or expire.

Fair value determination

The best evidence of fair value on initial recognition is an observable price in an active market, unless the fair value is evidenced by comparison with other observable current market transactions of the same instrument or based on discounted cash flow models and option pricing valuation techniques whose variables include only data from observable markets.

Subsequent to initial recognition, the fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active (as for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other financial instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer's specific circumstances.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other payables, loans payable and other financial liabilities

Such financial liabilities include trade and other payables, loans and other payables, and bank overdrafts. These financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are convertible readily into a known amount of cash and are subject to an insignificant risk of changes in value. These are recorded initially at fair value and subsequently measured at amortised cost.

Offsetting

Financial assets and financial liabilities are set-off against each other and the net amount presented in the statement of financial position when the Group has a legal right to set off the amounts and intends to settle on a net basis to realise the asset and settle the liability simultaneously.

Profit or loss

All income and expenses relating to financial assets that are recognised in profit or loss are presented as part of finance costs, finance income or financial items, with the exception of the impairment of trade receivables which is presented within other expenses.

1.7 Tax

Current tax assets and liabilities

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

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences and for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income (i.e. continuing operations, discontinued operations, or other comprehensive income) or equity as the transaction or other event that resulted in the tax expense.

1.8 **Leases**

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

Operating leases – lessee

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

Any contingent rents are expensed in the period they are incurred.

1.9 **Inventories**

Inventories are measured at the lower of cost and selling price less costs to complete and sell, on the weighted average basis.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

1.10 **Impairment of assets**

The Group assesses at each end of the reporting period whether there is any indication that an asset other than goodwill may be impaired.

Irrespective of whether there is any indication of impairment, the Group also tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined, which is higher of fair value or value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

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

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment before.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, *pro rata* on the basis of the carrying amount of each asset in the unit.

The Group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

1.11 **Share capital and equity**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Share premium includes any premium received on the issue of share capital and premiums paid on the repurchase of share capital. Any transaction cost associated with the issuing of shares is deducted from share premium, net of any related income tax benefit.

Retained earnings include all current and prior period retained profits.

1.12 **Employee benefits**

Short-term employee benefits

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

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

Defined contribution plans

A defined contribution plan is one under which a company pays a fixed percentage of employees' remuneration as contributions into a separate entity (a fund), and which will entail no further legal or constructive obligations to pay additional contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods. Contributions to defined contribution plans in respect of services rendered during a period are recognised as an employee benefit expense when they are due. The Group does not have any defined benefit plans.

1.13 **Provisions and contingencies**

Provisions are recognised when:

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

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised.

1.14 **Government grants**

Grants that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Grants that impose specified future performance conditions are recognised in income only when the performance conditions are met.

Grants received before the revenue recognition criteria are satisfied are recognised as a liability. Grants are measured at the fair value of the asset received or receivable.

1.15 **Revenue**

Revenue from the sale of goods and devices is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor
  - effective control over the goods sold;

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group renders telecommunication services comprising activation fees, annuity revenue and miscellaneous other revenue. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably on the basis of the contractually agreed tariffs;
- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably in accordance with the contract term and monthly billings; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.16 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Amendment to IAS 24: Related Party Disclosures: Annual improvements project:

The definition of a related party has been amended to include an entity, or any member of a group of which it is a part, which provides key management personnel services to the reporting entity or to the parent of the reporting entity ("management entity"). Disclosure is required of payments made to the management entity for these services but not of payments made by the management entity to its directors or employees.

The Group has adopted the amendment for the first time in the 2016 consolidated annual financial statements and Separate Annual Financial Statements.

The impact of the amendment is not material.

The following standards and interpretations have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2016 or later periods but are not relevant to its operations:

Disclosure Initiative: amendments to IAS 7: Amendments requiring entities to disclose information about changes in their financing liabilities.

The additional disclosures will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses).

The effective date of the amendment is for years beginning on or after 1 January 2017.

The Group expects to adopt the amendment for the first time in the 2018 Consolidated and Separate Annual Financial Statements.

The impact of this amendment is currently being assessed.

Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements

The amendment provides new requirements when an entity presents subtotals in addition to those required by IAS 1 in its consolidated and separate annual financial statements. It also provides amended guidance concerning the order of presentation of the notes in the consolidated and separate annual financial statements, as well as guidance for identifying which accounting policies should be included. It further clarifies that an entity's share of comprehensive income of an associate or joint venture under the equity method shall be presented separately into its share of items that a) will not be reclassified subsequently to profit or loss and b) that will be reclassified subsequently to profit or loss.

The effective date of the amendment is for years beginning on or after 1 January 2016.

The Group expects to adopt the amendment for the first time in the 2017 Consolidated and Separate Annual Financial Statements.

The impact of this amendment is currently being assessed.

Amendment to IAS 34: Interim Financial Reporting: Annual Improvements Project

The amendment allows an entity to present disclosures required by paragraph 16A either in the interim consolidated and separate annual financial statements or by cross reference to another report, for example, a risk report, provided that other report is available to users of the consolidated and separate annual financial statements on the same terms as the interim consolidated and separate annual financial statements and at the same time.

The effective date of the amendment is for years beginning on or after 1 January 2016.

The Group does not envisage the adoption of the amendment until such time as it becomes applicable to the Group's operations.

The impact of this amendment is currently being assessed.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive

income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 1 January 2018.

The Group does not envisage the adoption of the standard until such time as it becomes applicable to the group's operations. The impact of this standard is currently being assessed.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 1 January 2018. The impact of this standard is currently being assessed.

IFRS 16 Leases

IFRS 16 is a new leases standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows.

IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

IFRS 16 supersedes the following Standards and Interpretations:

(a) IAS 17 Leases;

(b) IFRIC 4 Determining whether an Arrangement contains a Lease;

(c) SIC-15 Operating Leases – Incentives; and

(d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The effective date of the amendments is for years beginning on or after 1 January 2019.

The impact of this amendment is currently being assessed.

3. PROPERTY, PLANT AND EQUIPMENT

	2016			2015			2014		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Dataloggers	–	–	–	–	–	–	83 520	(74 240)	9 280
Furniture and fixtures	1 776 811	(1 246 809)	530 002	1 740 622	(1 038 231)	702 391	1 494 116	(770 513)	723 603
Motor vehicles	1 034 475	(528 890)	505 585	898 626	(311 810)	586 816	323 042	(131 051)	191 991
Office equipment	183 588	(130 605)	52 893	154 983	(103 494)	51 489	84 090	(29 666)	54 424
IT equipment	5 060 501	(4 365 452)	695 049	4 389 445	(3 445 852)	943 593	2 225 069	(1 585 972)	639 097
Leasehold improvements	1 133 079	(1 044 444)	88 635	1 133 079	(683 034)	450 045	1 010 952	(272 774)	738 178
Systems	6 302 254	(4 799 177)	1 503 077	5 312 649	(4 012 936)	1 299 713	4 436 164	(3 374 245)	1 061 919
Customer Premises Equipment (CPE)	72 455 663	(63 276 020)	9 179 643	73 377 928	(61 535 288)	11 842 640	71 991 689	(52 611 543)	19 380 146
Total	**87 946 371**	**(75 391 397)**	**12 554 974**	**87 007 332**	**(71 130 645)**	**15 876 687**	**81 648 642**	**(58 850 004)**	**22 798 638**

Reconciliation of property, plant and equipment – 2016

	Opening balance	Additions and transfers from inventory	Disposals	Depreciation	Total
Furniture and fixtures	702 391	46 408	(10 219)	(208 578)	530 002
Motor vehicles	586 816	135 849	–	(217 080)	505 585
Office equipment	51 489	43 161	(14 557)	(27 110)	52 893
IT equipment	943 593	786 592	(43 571)	(991 565)	695 049
Leasehold improvements	450 045	–	–	(361 410)	88 635
Systems	1 229 713	997 131	(7 527)	(786 240)	1 503 077
Customer Premises Equipment (CPE)	11 842 640	5 853 171	(30 036)	(8 486 132)	9 179 643
	15 876 687	**7 862 312**	**(105 910)**	**(11 078 115)**	**12 554 974**

Reconciliation of property, plant and equipment – 2015

	Opening balance	Additions and transfers from inventory	Additions through business combinations	Disposals	Other changes, movements	Depreciation	Total
Dataloggers	9 280	–	–	–	–	9 280	–
Furniture and fixtures	723 603	184 106	26	(23 285)	408	(182 467)	702 391
Motor vehicles	191 991	575 585	–	–	–	(180 760)	586 816
Office equipment	54 424	20 043	709	–	(408)	(23 279)	51 489
IT equipment	639 097	536 930	897 310	(20 586)	–	(1 109 158)	943 593
Leasehold improvements	738 178	–	73 276	–	–	(361 409)	450 045
Systems	1 061 919	919 407	–	(26 389)	–	(655 224)	1 299 713
Customer Premises Equipment (CPE)	19 380 146	3 844 971	–	(42 204)	–	(11 340 273)	11 842 640
	22 798 638	**6 081 042**	**971 321**	**(112 464)**	**–**	**(13 861 850)**	**15 876 687**

Reconciliation of property, plant and equipment – 2014

	Opening balance	Additions and transfers from inventory	Disposals	Depreciation	Total
Dataloggers	37 120	–	–	(27 840)	9 280
Furniture and fixtures	354 277	556 603	(16 924)	(170 353)	723 603
Motor vehicles	160 933	107 345	–	(76 288)	191 991
Office equipment	30 470	56 296	(17 748)	(14 594)	54 424
IT equipment	574 530	474 955	(57 092)	(353 296)	639 097
Leasehold improvements	–	1 010 952	–	(272 774)	738 178
Systems	916 946	737 535	(21 890)	(570 672)	1 061 919
Customer Premises Equipment (CPE)	18 840 337	12 340 507	(63 674)	(11 377 024)	19 380 146
	20 554 613	**15 284 194**	**(177 328)**	**(12 862 841)**	**22 798 638**

4. GOODWILL

	2016			2015		
	Cost	**Accumulated impairment**	**Carrying value**	**Cost**	**Accumulated impairment**	**Carrying value**
Goodwill	23 180 564	–	23 180 564	23 180 564	–	23 180 564

Reconciliation of goodwill – 2016

	Opening balance	Total
Goodwill	23 180 564	23 180 564

Reconciliation of goodwill – 2015

	Opening balance	Additions through business combinations	Total
Goodwill	–	23 180 564	23 180 564

5. INVESTMENT IN SUBSIDIARY COMPANY

Name of subsidiary	% voting power 2016	% holding 2016	Carrying amount 2016	Carrying amount 2015
Sainet Internet Proprietary Limited	100	100	25 768 861	25 768 861

The subsidiary was purchased (effective date) on 1 March 2014. See note 27 for further details.

The carrying amount of subsidiaries is shown at cost less accumulated impairment losses.

6. OTHER FINANCIAL ASSETS

	2016	2015	2014
Equity instruments at cost			
Preference shares – Datawireless Proprietary Limited	1 640 155	–	–

The preference shares consist of 1 640 cumulative non-convertible redeemable preference shares at a subscription price of R1 000 per preference share.

During the year under review 131 preference shares were redeemed.

The preference shares originally issued on 1 March 2015 consisted of 1 771 cumulative non-convertible redeemable preference shares at a subscription price of R1 000 per preference share.

The preference shares were originally redeemable 48 months from the mentioned subscription date. After the reporting date, the redemption date was extended to 108 months from the mentioned subscription date.

The preference share dividend is a cumulative preferential dividend ranking in priority to any other dividends of whatever nature that may be declared to the holders of any other class of shares. The dividend shall be declared by and shall be due and payable in arrears on each date on which Datawireless Proprietary Limited receives an ordinary dividend from the company (and also on the redemption date) on the basis that (before the third anniversary of the subscription date) Datawireless Proprietary Limited shall apply an amount equal to at least 80% of each ordinary dividend received from the company and after the third anniversary of the subscription date, at least 70% of each ordinary dividend received from the company.

The preference share dividend is calculated at a rate equal to the official rate of interest as defined in paragraph 1 of the Seventh Schedule to the Income Tax Act, 1962, accrue on a daily basis and is calculated on the actual number of days elapsed.

Until the preference shares have been redeemed in full, Datawireless Proprietary Limited shall ensure that all ordinary dividends received from the Company are applied in the following order of priority:

- 20% of the dividend may be used to pay and/or provide for the normal administration expenses and tax liabilities of Datawireless Proprietary Limited and to pay a dividend to the holders of ordinary shares; and
- the remaining cash balance shall be used firstly to pay dividends that have accrued in respect of the preference shares and thereafter, the remaining cash balance will either be retained by Datawireless Proprietary Limited in a bank account and ceded to and in favour of the Company as security for its obligation to the Company under the Preference Shares Subscription Agreement, or be applied to redeem preference shares (at the Company's election).

Datawireless Proprietary Limited also pledged, ceded, transferred and made over to the Company all its rights, title and interests in two ordinary shares of the Company owned by Datawireless Proprietary Limited.

	2016	2015	2014
At amortised cost			
Loan – Intelpay Proprietary Limited	1 729 103	–	–

The loan bears interest at prime plus 2% compounded monthly. The loan is repayable after 24 months by applying it to the cost price (to be determined by a predetermined formula) of ordinary shares of Intelpay Proprietary Limited to be issued to the Company equivalent to 35% shareholding. If the ordinary shares' issue price is greater than the loan amount, the difference has to be settled. If the loan amount is greater than the shares' issue price, a loan account will be created in the name of the Company.

The Company has the right to terminate the conversion of the loan into ordinary shares if certain predetermined milestones are not achieved. This will result in the undrawn amount of the loan to be cancelled and that the outstanding amount will then be repayable in 48 equal monthly instalments.

The total loan facility is R4 000 000 of which R1 650 000 has been advanced to Intelpay Proprietary Limited at the end of the financial year.

	2016	2015	2014
Total other financial assets	**3 369 258**	**–**	**–**
Non-current assets			
Equity instruments at cost	1 640 155	–	–
At amortised cost	1 729 103	–	–
	3 369 258	**–**	**–**

7. **FINANCIAL ASSETS BY CATEGORY**

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

2016	**Loans and receivables**	**Total**
Trade and other receivables	9 406 066	9 406 066
Cash and cash equivalents	26 447 552	26 447 552
	35 853 618	**35 853 618**
2015		
Trade and other receivables	9 383 085	9 383 085
Cash and cash equivalents	21 003 319	21 003 319
	30 386 404	**30 386 404**
2014		
Trade and other receivables	2 757 203	2 757 203
Cash and cash equivalents	13 408 248	13 408 248
	16 165 451	**16 165 451**

8. **DEFERRED TAX**

	2016	**2015**	**2014**
Deferred tax liability			
Prepayments	(79 110)	(83 231)	(25 212)
Deferred tax asset			
Leave pay accrual	469 626	477 452	405 442
Provision for doubtful debts	122 760	–	–
Deferred tax balance from temporary differences other than unused tax losses	592 386	477 452	405 442
Total deferred tax asset	**592 386**	**477 452**	**405 442**
Deferred tax liability	(79 110)	(83 231)	(25 212)
Deferred tax asset	592 386	477 452	405 442
Total net deferred tax asset	**513 276**	**394 221**	**380 230**
Reconciliation of deferred tax asset/(liability)			
At beginning of year	394 221	380 230	268 050
Originating and reversal of temporary difference on leave pay accrual	(7 826)	72 010	72 034
Originating and reversal of temporary difference on prepayments	4 121	(58 019)	40 146
Originating temporary difference on provision for doubtful debt	122 760	–	–
	513 726	**394 221**	**380 230**

9. INVENTORIES

	2016	2015	2014
Merchandise	1 131 926	845 368	628 749

10. TRADE AND OTHER RECEIVABLES

	2016	2015	2014
Trade receivables	9 123 531	9 085 833	2 665 164
Prepayments	282 535	297 252	90 039
Deposits	–	–	2 000
	9 406 066	**9 383 085**	**2 757 203**

Trade and other receivables pledged as security
Trade receivables of the Company have been pledged and ceded as security for the loans mentioned in note 13.

Trade and other receivables past due but not impaired
Trade and other receivables which are less than 30 days past due are not considered to be impaired. At 29 February 2016, R3 896 009 (2015: R3 662 676; 2014: R549 191) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	2016	2015	2014
30 days past due	1 482 559	1 837 111	497 885
60 days past due	842 977	1 015 583	40 453
90 days past due	854 788	645 926	–
120+ days past due	715 685	164 056	10 853

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2016	2015	2014
Cash on hand	3 674	6 320	2 126
Bank balances	19 022 338	19 774 101	12 180 177
Short-term deposits	7 421 540	1 222 898	1 225 945
	26 447 552	**21 003 319**	**13 408 248**
Cash and cash equivalents pledged as collateral	26 443 878	1 222 898	1 225 945

Guarantees – Suppliers
Securities were provided to ERIS Property Group Proprietary Limited in the form of guarantees issued by Absa Bank Limited. R623 220 (2015: R623 220, 2014: R623 220) of one of the short-term deposits has been ceded to Absa Bank Limited as security for the guarantees issued. These guarantees will only materialise should the Company not settle its rental obligation to ERIS Property Group Proprietary Limited. The guarantees are limited to R624 000.

Guarantees – Bank
The remaining balance of this short-term deposit account has been ceded to BankServe as surety for the Company's debit order service. The guarantees are limited to R600 000.

Cession and pledge – other
The rights, title and interests in and to all other bank accounts and the balances standing to credit thereof, have been pledged and ceded as security for the loans mentioned in note 13.

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand, that is neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.

Credit rating

	2016	2015	2014
High credit rating	26 443 878	20 996 999	13 496 122

12. SHARE CAPITAL

	2016	2015	2014
Authorised			
Ordinary shares	1 000	1 000	1 000
Reconciliation of number of shares issued			
Reported as at 1 March 2015	278	250	250
Issue of shares – ordinary shares	2	28	–
Shares bought back by company	(158)	–	–
	122	**278**	**250**
Issued			
Ordinary	25 064 967	33 769 061	250
Share premium	–	–	11 999 950
	25 064 967	**33 769 061**	**12 000 200**

13. OTHER FINANCIAL LIABILITIES

Held at amortised cost

	2016	2015	2014
Loans – Futuregrowth Asset Management Proprietary Limited acting as agent on behalf of the lenders	157 888 761	–	–

R100 000 000 of the loans bear interest at the Johannesburg Inter Bank Agreed Rate (as at the first day of each quarter for a period of three months) plus 425 basis points. The interest on the loans accrue on a daily basis, is calculated on the actual number of days elapsed, is compounded quarterly and is payable on the first business day occurring after the last day of the quarterly interest periods. The capital portions of these loans are repayable in 20 quarterly escalating instalments, commencing 1 March 2016.

R52 391 685 of the loans bear interest at the Johannesburg Inter Bank Agreed Rate (as at the first day of each quarter for a period of three months) plus 450 basis points. The interest on the loans accrue on a daily basis, is calculated on the actual number of days elapsed, is compounded quarterly and is payable on the first business day occurring after the last day of the quarterly interest periods. The capital portions of these loans is repayable in one instalment after a period of five years.

The loans are secured by:

A cession and pledge by the Company of all the rights, title and interests in and to:

- all of the shares held by the Company in Sainet Internet Proprietary Limited (including shares that may be acquired in future);
- its bank accounts and the balances of these bank accounts (except the short-term deposit account that has already been ceded to Absa Bank Limited and BankServe (refer note 11));
- trade receivables; and
- the Cyber-insurance policy/policies and the Cyber-insurance policy/policies proceeds,

to a special purpose vehicle, as a continuing general covering collateral security, for the below mentioned guarantee provided, by the special purpose vehicle, for the Company's obligations in terms of the abovementioned loans. The Company in return indemnified the special purpose vehicle against all claims that may be made against it by the agent and/or the lenders, in terms of these loans.

The special purpose vehicle, as principle obligor and not merely as a surety, provided a guarantee to each lender for all amounts which at any time may become payable by the Company to each lender, in terms of the abovementioned loans. These guarantees provided are limited to the amount of the net proceeds actually received by the special purpose vehicle in realising the security which it holds, and shall only be obliged to make payments to the extent that it has recovered and received money from the Company, pursuant to the abovementioned indemnity, and the realisation of the security it holds.

A cession and pledge by Unwire Communications Proprietary Limited, DM Holdco Proprietary Limited, CNET Empowerment Proprietary Limited, DataWireless Proprietary Limited and SM Oberholzer of all the rights, title and interests in and to:

- all of the shares held in the Company (including shares that may be acquired in future); and
- any loan claims against the Company (including that may be acquired in future)

to the special purpose vehicle, as continuing general covering collateral security, for the guarantee provided by the special purpose vehicle for the Company's obligations in terms of the loans.

The mentioned companies and individual, each, as a principle obligor and not merely as a surety, also provided a guarantee to the special purpose vehicle for all amounts which at any time become payable by the Company to the special purpose vehicle in terms of the abovementioned indemnity. This guarantee provided is limited to the amount of the net proceeds actually received by the special purpose vehicle in realising each of the abovementioned shareholders' shares and loan claims. No other assets of the Company or individual may be pursued by the special purpose vehicle.

A cession and pledge by Sainet Internet Proprietary Limited of all the rights, title and interests in and to:

- its bank accounts and the balances of these bank accounts (including that may be opened in future)

to the special purpose vehicle, as a continuing general covering collateral security, for the guarantee provided by the special purpose vehicle for the Company's obligations in terms of the loans.

Sainet Internet Proprietary Limited, as a principle obligor and not merely as a surety, also provided a guarantee to the special purpose vehicle for all amounts which at any time become payable by the Company to the special purpose vehicle in terms of the abovementioned indemnity.

Non-current liabilities

	2016	2015	2014
At amortised cost	139 391 685	–	–
Current liabilities			
At amortised cost	18 497 076	–	–

14. **PROVISIONS**

Reconciliation of provisions – 2016

	Opening balance	Additions	Total
Audit fees	58 128	20 940	79 068
Reconciliation of provisions – 2015			
Audit fees	54 996	3 132	58 128
Reconciliation of provisions – 2014			
Audit fees	55 400	(404)	54 996

15. **FINANCIAL LIABILITIES BY CATEGORY**

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

2016	Financial liabilities at amortised cost	Total
Other financial liabilities	157 888 761	157 888 761
Trade and other payables	9 134 439	9 134 439
	167 023 200	**167 023 200**
2015		
Trade and other payables	8 009 402	8 009 402
	167 023 200	**167 023 200**
2014		
Trade and other payables	9 497 909	9 497 909
	167 023 200	**167 023 200**

16. **TRADE AND OTHER RECEIVABLES**

	2016	2015	2014
Trade payables	4 359 363	3 240 954	1 965 672
VAT	1 285 093	1 325 707	878 618
Accrued expenses	1 812 747	1 737 556	1 851 489
Accrued performance bonuses	–	–	3 354 122
Accrued leave pay	1 667 236	1 705 185	1 448 008
	9 134 439	**8 009 402**	**9 497 909**

17. **REVENUE**

	2016	2015	2014
Devices – local	489 583	1 539 813	808 294
Devices – foreign	414 449	441 267	253 192
Activation fees – local	718 797	542 903	881 642
Activation fees – foreign	101 056	12 000	88 539
Annuity revenue – local	129 570 373	123 539 378	114 007 563
Annuity revenue – foreign	10 777 233	9 728 377	8 594 691
Miscellaneous other revenue – local	3 422 954	4 159 602	5 004 707
Sale of goods	34 572 551	30 566 917	–
Miscellaneous other revenue – foreign	212 833	145 622	81 639
	180 279 829	**170 675 879**	**129 720 267**

18. **COST OF SALES**

Sale of goods	2016	2015	2014
Annuity revenue and devices	53 492 779	51 571 776	37 160 877
Employee costs	28 286 493	24 182 557	20 683 253
Depreciation	9 489 452	12 185 535	12 951 825
	91 268 724	**87 939 868**	**69 895 955**

19. **OTHER INCOME**

	2016	2015	2014
Profit and loss on sale of assets	1 351 529	701 218	568 253
Recoveries	83 499	89 173	114 830
Government grants	72 674	73 244	162 446
	1 507 702	**863 635**	**845 529**

20. **OPERATING PROFIT**

Operating profit for the year is stated after accounting for the following:

	2016	2015	2014
Operational lease charges			
Premises – contractual amounts	3 755 864	3 424 457	2 616 953
Equipment – contractual amounts	69 671	67 636	83 837
	3 825 535	**3 492 093**	**2 700 780**
Profit on sale of property, plant and equipment	1 351 529	701 218	568 253
Depreciation on property, plant and equipment	11 078 115	13 861 850	12 862 841
Employee costs	47 627 738	39 798 110	33 770 290

21. **INVESTMENT REVENUE**

	2016	2015	2014
Interest revenue			
Bank	1 366 648	945 701	737 799
Interest charged on trade and other receivables	392 227	294 290	–
Other financial assets	79 103	–	–
Preference dividends – local	80 338	–	–
Interest – South African Revenue Service	16 222	–	–
	1 934 538	**1 239 991**	**737 799**

22. **FINANCE COSTS**

	2016	2015	2014
Trade and other payables	9 989	16 885	7 036
Other financial liabilities	5 497 076	–	–
	5 507 065	**16 885**	**7 036**

23. **TAXATION**

Major components of the tax expense

	2016	2015	2014
Current			
Local income tax – current period	15 875 890	15 011 405	10 128 396
Local income tax – recognised in current tax for prior periods	–	41 746	9 491
	15 875	**15 053 151**	**10 137 887**
Deferred			
Originating and reversing temporary differences	(119 055)	(13 990)	(112 181)
	15 756 835	**15 039 161**	**10 025 706**
Reconciliation of the tax expense			
Reconciliation between accounting profit and tax expense.			
Accounting profit	48 499 286	53 623 454	35 934 637
Tax at the applicable tax rate of 28% (2015: 28%)	13 635 800	15 014 567	10 061 698
Tax effect of adjustments on taxable income			
Government grants	(20 349)	(20 508)	(45 483)
Dividends received	(22 495)	–	–
Prior period adjustments	–	41 746	–
Expenses of a capital nature/not incurred in the production of taxable income	2 326 567	–	9 491
Interest and penalties	991	3 356	–
Other	(163 679)	–	–
	15 756 835	**15 039 161**	**10 025 706**

24. **CASH GENERATED FROM OPERATIONS**

	2016	2015	2014
Profit before taxation	48 699 286	53 623 454	35 934 637
Adjustments for:			
Depreciation and amortisation	11 078 115	13 861 850	12 862 841
Net loss on disposal of property, plant and equipment	(1 351 529)	(701 218)	(568 253)
Interest received	(1 934 538)	(1 239 991)	(737 799)
Finance costs	5 507 065	16 885	7 036
Movements in provisions	20 940	3 132	(404)
Changes in working capital:			
Inventories	(286 558)	(216 619)	(309 227)
Trade and other receivables	(22 891)	(4 114 963)	1 012 066
Trade and other payables	1 125 037	(3 646 645)	371 076
	62 834 837	**57 585 885**	**48 571 973**

25. TAX PAID

	2016	2015	2014
Balance at beginning of year	291 164	133 562	(302 422)
Current tax for the year recognised in profit or loss	(15 875 890)	(15 053 151)	(10 137 887)
Adjustment in respect of a subsidiary acquired during the year	–	(5 296)	–
Balance at the end of the year	1 229 794	(291 164)	(133 562)
	(14 354 932)	**(15 216 049)**	**(10 573 871)**

26. DIVIDENDS PAID

	2016	2015	2014
Dividends	(36 957 090)	(28 000 000)	(23 000 000)

27. ACQUISITION OF SUBSIDIARY

	2016	2015	2014
Fair value of assets acquired			
Property, plant and equipment	–	971 321	–
Goodwill	–	23 180 565	–
Trade and other receivables	–	2 510 919	–
Trade and other payables	–	(2 158 137)	–
Tax assets/liabilities	–	(5 296)	–
Cash and cash equivalents	–	3 672 867	–
Loans from shareholders	–	(2 403 378)	–
	–	**25 768 861**	**–**
Consideration paid			
Cash	–	(4 000 000)	–
Equity – 28 ordinary shares in Connectnet Broadband Wireless Proprietary Limited	–	(21 768 861)	–
	–	**(25 768 861)**	**–**
Net cash outflow on acquisition			
Cash consideration paid	–	(4 000 000)	–
Cash acquired	–	3 672 867	–
	–	**(327 133)**	**–**

On 1 March 2014, the Company purchased Sainet Internet Proprietary Limited, who operated as an internet service provider. Also see note 5.

28. COMMITMENTS

	2016	2015	2014
Minimum lease payments due			
– within one year	3 825 535	3 492 093	3 430 214

Operating lease payments represent rentals payable by the Group for its office properties.

29. RELATED PARTIES

Relationships

Subsidiary	Refer to note 5.
Shareholders	Unwire Communications Proprietary Limited – 56.56% shareholding DM Holdco Proprietary Limited – 7.38% shareholding CNet Empowerment Proprietary Limited – 11.48% shareholding SM Oberholzer – 22.85% shareholding DataWireless Proprietary Limited – 1.64% shareholding
Entities with common directors	Connection telecom Proprietary Limited Adroit Communications Proprietary Limited Nowire Technologies Proprietary Limited Dave Meintjies Consulting

Related party balances and transactions with other related parties

Related party balances

Amounts included in Trade receivable (Trade payable) regarding related parties

	2016	2015	2014
Connection Telecom Proprietary Limited	(44 941)	(82 287)	(79 158)
Nowire Technologies Proprietary Limited	–	–	(1 039)

	2016	2015	2014
Related party transaction			
Purchases from/(sales to) related parties			
Connection Telecom Proprietary Limited	1 296 945	977 913	867 702
Adroit Communications Proprietary Limited	–	–	11 153 019
Nowire Technologies Proprietary Limited	–	–	14 647
Rent paid to/(received from) related parties			
Adroit Communciations Proprietary Limited	–	–	(14 523)
Consulting and professional fees			
Dave Meintjies Consulting	217 800	205 500	191 700
Compensation to directors			
Short-term employee benefits	7 181 463	5 287 117	4 841 907

30. **DIRECTORS' EMOLUMENTS**

Executive	Emoluments	Total
2016		
A Lessing	2 166 642	2 166 642
KB Sinclair	1 847 860	1 847 860
K Schmulian	1 489 468	1 489 468
SM Oberholzer	1 677 493	1 677 493
	7 181 463	**7 181 463**
2015		
A Lessing	1 580 298	1 580 298
KB Sinclair	1 257 491	1 257 491
K Schmulian	1 148 279	1 148 279
SM Oberholzer	1 301 049	1 301 049
	5 287 117	**5 287 117**
2014		
A Lessing	1 926 463	1 926 463
KB Sinclair	1 580 418	1 580 418
K Schmulian	1 030 866	1 030 866
BD Stevens	304 160	304 160
	4 841 907	**4 841 907**

31. **RISK MANAGEMENT**

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, while retaining ultimate responsibility for them, has delegated the authority for designing and operating processes that ensure the effective implementation of objectives and policies to the Group's finance function. The Board receives monthly reports from the Executive: Finance through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies which it sets.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 13, and equity as disclosed in the statement of financial position.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

There are no externally imposed capital requirements.

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

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities.

The Group's risk to liquidity is a result of the funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecasting cash inflows and outflows on a monthly basis. Liquidity needs are monitored in various time bands, on a month-to-month basis as well as on an annual basis.

Long-term liquidity needs for a 180-day and a 360-day outlook period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or shortfalls. This analysis indicates whether available borrowing facilities are expected to be sufficient over the outlook period.

In order to meet its liquidity requirement for the periods referred to above, the Group maintains cash balances at appropriate levels.

Funding for long-term liquidity needs is secured by an adequate amount of committed credit facilities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 29 February 2016	Carrying value	Contractual cash flow	Within six months	Between six and 12 months	Between one and five years
Trade and other payables	9 134 439	9 134 439	9 134 439	–	–
Other financial liabilities	157 888 761	215 414 461	15 597 961	14 874 304	184 942 196

At 28 February 2015	Carrying value	Contractual cash flow	Within six months
Trade and other payables	8 009 402	8 009 402	8 009 402
At 28 February 2014			
Trade and other payables	9 497 909	9 497 909	9 497 909

Interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings secured at variable rates expose the Group's cash flow to change in the level of interest rates. During 2016 and 2015, the Group's borrowings at variable rate were denominated in Rand.

At 29 February 2016, if interest rates on Rand-denominated borrowings had been 1% higher/lower with all other variables held constant, pre-tax profit for the year of the Group would have been R378 401 lower/higher.

Variable interest rate instruments

	2016	2015	2014
Cash and cash equivalents	26 447 552	21 003 319	13 408 248
Other financial liabilities	157 888 761	–	–

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, cash and cash equivalents and other receivables.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and is managed on a Group basis.

Financial assets exposed to credit risk at year-end were as follows:

Financial instrument	2016	2015	2014
Trade receivables	9 406 066	9 383 085	2 757 203
Cash and cash equivalents	26 447 552	21 003 319	13 408 248

The Group continuously monitors the potential default by its customers and other counterparties, identified either individually or as a group, and incorporates this information into its credit risk controls.

Debtors' terms are current (debit orders), seven days, 14 days, 30 days and 60 days. Interest can be charged on overdue customer accounts.

Trade and other receivables past due but not impaired
Trade and other receivables which are less than 30 days past due are not considered to be impaired. At 29 February 2016, R3 896 009 (2015: R3 662 676; 2014: R549 191) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Financial instrument	2016	2015	2014
30 days past due	1 482 559	1 837 111	497 885
60 days past due	842 977	1 015 583	40 453
90 days past due	854 788	645 926	–
120+ days past due	715 686	164 056	10 853

Foreign exchange risk
The Group reviews its foreign currency exposure, including commitments on an ongoing basis.

32. GOING CONCERN

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

33. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has applied the International Financial Reporting Standards, for the first time for the 2016 year-end. On principle this standard has been applied retrospectively and the 2014 and 2015 comparatives contained in these consolidated annual financial statements do not differ from those published in the consolidated annual financial statements published for the year ended 28 February 2015.

34. **EARNINGS PER SHARE**

	2016	2015	2014
Actual number of shares in issue	122	278	250
Weighted average number of ordinary shares			
Issued ordinary shares at 1 March	278	250	250
Effects of issue	2	28	–
Effects of buyback	(52)	–	–
Weighted average number of ordinary shares in issue at 28/29 February	227	278	250
Earnings attributable to ordinary equity shareholders	32 942 451	38 584 293	25 908 931
Adjusted for:			
Profit on disposal of assets	(1 351 529)	(701 218)	(568 253)
Headline earnings attributable to ordinary shareholders	**31 590 922**	**37 883 075**	**25 340 678**
Per share statistics			
Basic earnings per share (cents)	14 490 814	13 879 242	10363 572
Headline earnings per share (cents)	13 896 300	13 627 005	10 136 271
Diluted earnings per share is equal to earnings per share because there are no dilutive potential ordinary shares in issue.			
Net asset value per share			
Net asset value per share (cents)	(40 349 756)	22 628 373	12 221 490
Net tangible asset value per share (cents)	(50 546 485)	14 290 041	12 221 490

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF CONNECTNET

The Directors
Huge Group Limited
First Floor, East Wing
146a Kelvin Drive
Woodmead
Johannesburg
2191

11 January 2017

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE CONNECTNET GROUP

Introduction

This Reporting Accountants' Report on the Historical Financial Information of the Connectnet Group is prepared for the purposes of complying with the Listings Requirements of the JSE Limited and for inclusion in the circular to be issued to shareholders of Huge Group Limited on or about 11 January 2017 (the "Circular").

We have audited the historical financial information of the Connectnet Group in respect of the year ended 29 February 2016, and have reviewed the historical financial information of the Connectnet Group in respect of the years ended 28 February 2014 and 28 February 2015, which collectively comprise the consolidated statements of financial position, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes thereto, which include a summary of significant accounting policies and other explanatory notes, as set out in **Annexure 3** (the "Historical Financial Information"), in compliance with International Financial Reporting Standards ("IFRS") and the JSE Listings Requirements.

Directors' responsibility for the Historical Financial Information

The directors of Huge are responsible for the compilation, contents and preparation of the Circular, in accordance with the JSE Listings Requirements.

The directors of the Connectnet Group are responsible for the preparation and fair presentation of the Historical Financial Information in accordance with IFRS and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information based on our audit for the year ended 29 February 2016 and our review for the years ended 28 February 2014 and 28 February 2015.

Scope of the audit

We conducted our audit of the Historical Financial Information for the year ended 29 February 2016 in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Historical Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Historical Financial Information.

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

Scope of the review

We conducted our review in accordance with International Standards on Review Engagements ISRE 2400, "Review of Financial Statements". This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Historical Financial Information is free of material misstatement. A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Audit opinion

In our opinion, the Historical Financial Information for year ended 29 February 2016, presents fairly, in all material respects, for the purposes of the Circular, the consolidated financial position of the Connectnet Group at this date and its financial performance and cash flows for the year then ended, in accordance with IFRS and in the manner required by the Listings Requirements.

Review conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Historical Financial Information of the Connectnet Group for the years ended 28 February 2014 and 28 February 2015 is not fairly presented, in all material respects, for the purposes of the Circular, in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the JSE Listings Requirements.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Part A and B).

The firm applies International Standard on Quality Control and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Consent

We consent to the inclusion of this report, which will form part of the Circular, in the form and context in which it appears.

Moore Stephens Cape Town Inc.
Chartered Accountants (SA)
Registered Auditor and Reporting Accountant Specialist

Per: **Adele Smith**
Director
2nd Floor, Block 2, Northgate Park
Corner Section Street and Koeberg Road
Paarden Eiland
7405

INTERIM FINANCIAL INFORMATION OF CONNECTNET FOR THE SIX MONTHS ENDED 31 AUGUST 2016

FINANCIAL OVERVIEW

GROUP FINANCIAL PERFORMANCE

During the period under review, ConnectNet has increased revenue by 5.2%, gross profit by 4.4% and operating profit by 5%. Gross profit margins decreased from 50.3% to 49.9% as a result of cost of sales increasing by 5.9% due to a pricing dispute with a supplier (refer to note 3). Operating expenses increased by 5%.

SUBSEQUENT EVENTS

Subsequent to 31 August 2016, on 17 November 2016, the Huge Group Limited ("Huge") announced the conclusion of a transaction agreement with the vendors of Connectnet, with a view to subscribing for 185 new ordinary Connectnet shares, followed by the repurchase of 122 existing ordinary Connectnet shares held by the vendors (constituting all of the existing shares held by the vendors). The net effect of the subscription and repurchase will be that Connectnet will become wholly owned by Huge. The proposed acquisition of Connectnet remains subject to a number of conditions precedent, including approval by Huge shareholders in general meeting.

GOING CONCERN

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.

CHANGES TO THE BOARD

There were no changes to the Board during the six months ended 31 August 2016.

DIVIDENDS

No dividends were declared or paid during the period under review.

STATEMENT OF FINANCIAL POSITION

Figures in Rand	31 August 2016	29 February 2016
ASSETS		
Non-current assets		
Property, plant and equipment	9 969 153	12 554 974
Goodwill	23 180 564	23 180 564
Other financial assets	4 439 470	3 369 258
Deferred tax	725 978	592 386
	38 315 165	**39 697 182**
Current assets		
Inventories	1 034 548	1 131 926
Trade and other receivables	10 859 261	9 406 066
Current tax receivable	318 350	–
Cash and cash equivalents	32 200 392	26 447 552
	44 412 551	**36 985 544**
Total assets	**82 727 716**	**76 682 726**
EQUITY AND LIABILITIES		
Equity		
Share capital	25 064 967	25 064 967
Retained income	(101 934 945)	(116 793 413)
	(76 869 978)	**(91 728 446)**
LIABILITIES		
Non-current liabilities		
Other financial liabilities	131 891 685	139 391 685
Deferred tax	344 381	79 110
	132 236 066	**139 470 795**
Current liabilities		
Trade and other payables	8 560 538	9 134 439
Other financial liabilities	18 801 090	18 497 076
Current tax payable	–	1 229 794
Provisions	–	79 068
	27 361 628	**28 940 377**
Total liabilities	**159 597 694**	**168 411 172**
Total equity and liabilities	**82 727 716**	**76 682 726**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in Rand	Note(s)	31 August 2016	29 February 2016
Revenue		92 926 930	180 279 829
Cost of sales		(46 622 990)	(91 268 724)
Gross profit		**46 303 940**	**89 011 105**
Other income		728 403	1 507 702
Operating expenses		(17 570 914)	(38 246 994)
Operating profit		**29 461 429**	**52 271 813**
Investment revenue		1 574 144	1 934 538
Finance costs		(8 592 621)	(5 57 065)
Profit before taxation		**22 442 952**	**48 699 286**
Taxation		(7 584 486)	(15 756 835)
Profit for the period		**14 858 466**	**32 942 451**
Earnings per share			
Per share information			
Number of shares in issue		122	122
Weighted average number of shares in issue		122	122
Basic earnings per share (cents)	4	12 179 070	14 490 814
Diluted earnings per share (cents)	4	11 669 057	14 490 814

STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Share capital	Share premium	Total share capital	Retained income	Total equity
Balance at 1 March 2014	**250**	**11 999 950**	**12 000 200**	**18 553 524**	**30 553 724**
Profit for the year	–	–	–	38 584 293	38 584 293
Issue of shares	21 768 861	–	21 768 861	–	21 768 861
Transfer	11 999 950	(11 999 950)	–	–	–
Dividends	–	–	–	(28 000 000)	(28 000 000)
Total contributions by and distributions to owners of company recognised directly in equity	33 768 811	(11 999 950)	21 768 861	(28 000 000)	(6 231 139)
Balance at 1 March 2015	**33 769 061**	**–**	**33 769 061**	**29 137 817**	**62 906 878**
Profit for the year	–	–	–	32 942 451	32 942 451
Issue of shares	1 771 000	–	1 771 000	–	–
Buyback of shares	(10 475 094)	–	(10 475 094)	(141 916 591)	(152 391 685)
Dividends	–	–	–	(36 957 090)	(36 957 090)
Total contributions by and distributions to owners of company recognised directly in equity	(8 704 094)	–	(8 704 094)	(178 873 681)	(187 577 775)
Balance at 1 March 2016	**25 064 967**	**–**	**25 064 967**	**(116 793 413)**	**(91 728 446)**
Profit for the period	–	–	–	14 858 466	14 858 466
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the period	–	–	–	14 858 466	14 858 466
Balance at 31 August 2016	**25 064 967**	**–**	**25 064 967**	**(101 934 945)**	**(76 869 978)**

STATEMENT OF CASH FLOWS

Figures in Rand	31 August 2016	29 February 2016
Cash flows from operating activities		
Cash generated from operations	31 314 648	62 834 837
Interest income	1 474 144	1 934 538
Dividends received	–	–
Finance costs	(8 592 621)	(5 507 065)
Tax paid	(9 000 952)	(14 354 932)
Net cash from operating activities	**15 295 219**	**44 907 378**
Cash flows from investing activities		
Purchase of property, plant and equipment	(3 367 395)	(7 862 312)
Sale of property, plant and equipment	2 095 014	1 457 439
Acquisition of subsidiary	–	–
Net movement in other financial assets	(1 070 212)	(1 598 258)
Net cash from investing activities	**(2 342 593)**	**(8 003 131)**
Cash flows from financing activities		
Buyback of shares	–	(152 391 685)
Net movement in other financial liabilities	(7 195 986)	157 888 761
Repayment of shareholders' loans	(3 800)	–
Dividends paid	–	(36 957 090)
Net cash from financing activities	**(7 199 786)**	**(31 460 014)**
Total cash movement for the period	5 752 840	5 444 233
Cash at the beginning of the period	26 447 552	21 003 319
Total cash at end of the year	**32 200 392**	**26 447 552**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM RESULTS

1. **Basis of preparation and accounting policies**

   The financial information has been prepared in accordance with and containing the information required by the *International Financial Reporting Standards* ("IFRS"); the *International Accounting Standard 34: Interim Financial Reporting*; the Listings Requirements of the JSE Limited; the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, as well as the South African Companies Act, Act 71 of 2008. The condensed consolidated financial statements do not include all of the information required for a complete set of IFRS annual financial statements.

   These condensed consolidated financial statements have been prepared in accordance with the historical cost basis except for certain financial instruments which are stated at fair value. The condensed consolidated financial statements are presented in Rand, rounded to the nearest million. The accounting policies applied in the presentation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those presented in the previous annual financial statements.

   These reviewed results have been prepared under the supervision of Elsabe van Heerden CA(SA).

2. **Related party transaction**

   Related party transactions for the current period are similar to those disclosed in the Group's annual financial statements for the year ended 31 August 2016. No new significant related party transactions arose during the current period.

3. **Contingent liabilities**

   The Company is currently in negotiation with one of its suppliers regarding a pricing dispute. The estimated credit note claim amounts to R2 460 911. The provision for the credit note was not accounted for in the interim financial statements due to the uncertainty of the credit note being issued, as this is not under the control of the Company.

4. **Earnings per share**

Weighted average number of ordinary shares in issue during the period	122
Weighted average number of shares potentially in issue	122
Earnings attributable to shareholders	14 858 466
Non-controlling interest	–
Earnings attributable to ordinary shareholders	14 858 466
Profit on disposal of assets	(622 217)
Headline earnings attributable to ordinary shareholders	14 236 249
Actual number of shares in issue at the end of the period	122
Earnings per share (cents)	12 179 070
Headline earnings per share (cents)	11 669 057

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE INTERIM FINANCIAL INFORMATION OF CONNECTNET FOR THE SIX MONTHS ENDED 31 AUGUST 2016

The Directors
Huge Group Limited
First Floor, East Wing
146a Kelvin Drive
Woodmead
Johannesburg
2191

11 January 2017

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE INTERIM FINANCIAL INFORMATION OF THE CONNECTNET GROUP

We have reviewed the interim financial information of the Connectnet Group, as set out in **Annexure 5** of the Circular, which comprise the consolidated statement of financial position as at 31 August 2016, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 31 August 2016, and the notes, comprising a summary of significant accounting policies and other explanatory information (the "Interim Financial Information").

Directors' responsibility for the Interim Financial Information

The directors of Huge are responsible for the compilation, contents and preparation of the Circular, in accordance with the JSE Listings Requirements.

The directors of the Connectnet Group are responsible for the preparation and fair presentation of this Interim Financial Information in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, and the requirements of the Companies Act, 71 of 2008, and for such internal control as the directors determine is necessary to enable financial information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express a conclusion on the Interim Financial Information based on our review.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements ISRE 2400 "Review of Financial Statements". This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Interim Financial Information is free of material misstatement. We conducted our review in accordance with International Standards on Review Engagements ISRE 2400, "Review of Financial Statements". This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial information is free of material misstatement. A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information is not fairly presented in all material respects in accordance with International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and

Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the requirements of the Companies Act, 71 of 2008 and the JSE Listings Requirements.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Part A and B).

The firm applies International Standard on Quality Control and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Consent

We consent to the inclusion of this report, which will form part of the Circular, in the form and context in which it appears.

Moore Stephens Cape Town Inc.
Chartered Accountants (SA)
Registered Auditor and Reporting Accountant Specialist

Per: **Adele Smith**
Director
2nd Floor, Block 2, Northgate Park
Corner Section Street and Koeberg Road
Paarden Eiland
7405

HUGE GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2006/023587/06)
Share code: HUG ISIN: ZAE000102042

NOTICE OF GENERAL MEETING OF THE SHAREHOLDERS OF THE COMPANY

Notice is hereby given that a General Meeting of the Company shall be held in the Woody Woods Boardroom, 146a Kelvin Drive, Woodmead, 2191, at 10:00 on Tuesday, 14 February 2017, to consider and if deemed fit, to pass, with or without modification, the following ordinary and special resolutions.

In terms of section 63(1) or the Companies Act, meeting participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to participate in or vote at the General Meeting. Forms of identification that will be acceptable include original and valid identity documents, driver's licences and passports.

Electronic participation in the General Meeting

Please note that the Company intends to make provisions for shareholders of the Company, or their proxies, to participate in the General Meeting by way of electronic communication. Should you wish to participate in the General Meeting by way of electronic communication, you will need to contact the Company at 0860 03 04 03 (Contact – Jean Tyndale-Biscoe) by Friday, 10 February 2017, so that the Company can provide for a teleconference dial-in facility. Please ensure that if you are participating in the meeting via a teleconference facility that the voting proxies are sent through to the Company Secretary, Jean Tyndale-Biscoe, 146a Kelvin Drive, Woodmead, 2191 so as to be received by no later than 10:00 on Friday, 10 February 2017.

The Board has determined that the record date for the purpose of determining which shareholders of the Company are entitled to receive this notice of General Meeting is Friday, 6 January 2017 and that the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the General Meeting is Friday, 3 February 2017. Accordingly the last day to trade in the Company's shares in order to be recorded in the Register to be entitled to vote will be Tuesday, 31 January 2017.

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE SUBSCRIPTION FOR CONNECTNET SHARES

"**RESOLVED THAT**, the Company be and is hereby authorised to subscribe for 185 (one hundred and eighty-five) ordinary shares in the authorised share capital of Connectnet Broadband Wireless Proprietary Limited at a subscription price of R418 000 000 (four hundred and eighteen million Rand)."

Reason for Ordinary Resolution Number 1

The reason for proposing Ordinary Resolution Number 1 is to seek an authority to subscribe for 185 shares in Connectnet Broadband Wireless Proprietary Limited.

The percentage of voting rights that will be required for Shareholders to pass Ordinary Resolution Number 1 is a simple majority of the votes cast in favour of the resolution by all Shareholders present in person or by proxy at the General Meeting.

ORDINARY RESOLUTION NUMBER 2 – ISSUE OF RENOUNCEABLE LETTERS OF ALLOCATION

"**RESOLVED THAT**, subject to the passing of Ordinary Resolution Number 1, Huge issues Renounceable Letters of Allocation with regard to Huge Ordinary Shares and with a total value of R151 250 000 (one hundred and fifty-one million two hundred and fifty thousand Rand) to Connectnet Broadband Wireless Proprietary Limited."

Reason for Ordinary Resolution Number 2

The reason for proposing Ordinary Resolution Number 2 is to seek an authority to issue Renounceable Letters of Allocation of Huge Ordinary Shares with a total value of R151 250 000 to Connectnet Broadband Wireless Proprietary Limited in part settlement of the Subscription Consideration payable for the subscription for 185 Connectnet Broadband Wireless Property Limited ordinary shares.

The percentage of voting rights that will be required for Shareholders to pass Ordinary Resolution Number 2 is a simple majority of the votes cast in favour of the resolution by all Shareholders present in person or by proxy at the General Meeting.

ORDINARY RESOLUTION NUMBER 3 – PRAESIDIUM SPECIFIC ISSUE

"**RESOLVED THAT**, in accordance with paragraph 5.51(g) of the Listings Requirements, the Companies Act and the Memorandum of Incorporation of Huge Group Limited, the Company be and is hereby authorised, by way of a specific authority, to issue 17 500 000 Huge Ordinary Shares to Praesidium on 28 February 2019 at an issue price of 850 cents per share."

Reason for Ordinary Resolution Number 3

The reason for proposing Ordinary Resolution Number 3 is to seek an authority to issue 17 500 000 new Huge Ordinary Shares to Praesidium, a related party to Huge.

In terms of the Listings Requirements of the JSE Limited, the percentage of voting rights that will be required for Shareholders to pass Ordinary Resolution Number 3 is 75% (seventy-five percent) of the votes cast in favour of the resolution by all Shareholders present in person or by proxy at the General Meeting.

Praesidium SA Hedge Fund and the Praesidium Family Trust will be precluded from voting on this Ordinary Resolution Number 3.

SPECIAL RESOLUTION NUMBER 1 – SPECIFIC REPURCHASE

"**RESOLVED THAT**, subject to the approval of Ordinary Resolutions 1 and 2 above and in the event of a breach of any profit warranties offered by the vendors of Connectnet Broadband Wireless Proprietary Limited, Huge is authorised to repurchase Huge ordinary shares with a value of up to a maximum of the profit warranty breach from the vendors of Connectnet Broadband Wireless Proprietary Limited."

Reason for Special Resolution Number 1

The reason for proposing Special Resolution Number 1 is to seek an authority to repurchase Huge ordinary Shares from the vendors of Connectnet Wireless Broadband Proprietary Limited in the event of a breach of the profit warranties provided by said vendors.

ORDINARY RESOLUTION NUMBER 4 – ENABLING RESOLUTION

"**RESOLVED THAT**, any director and the Company Secretary be and are hereby authorised to do all such things and sign all such documents as may be required to give effect to Ordinary Resolution Numbers 1, 2 and 3, and Special Resolution Number 1."

Reason for Ordinary Resolution Number 4

The reason for proposing the Ordinary Resolution Number 4 is to seek a specific authority and approval for the directors and the Company Secretary to implement Ordinary Resolution Numbers 1, 2 and 3 and Special Resolution Number 1.

The percentage of voting rights that will be required for Shareholders to pass Ordinary Resolution Number 4 is at least 50% (fifty percent) of the votes cast in favour of the resolution by all Shareholders present in person or by proxy at the General Meeting.

PROXIES

Certificated shareholders and dematerialised shareholders with "own name" registration

If you are unable to attend the General Meeting of Huge Shareholders to be held in the Woody Woods Boardroom, 146a Kelvin Drive, Woodmead, 2191, at 10:00 on Tuesday, 14 February 2017 and wish to be represented thereat, you are requested to complete and return the attached Form of Proxy in accordance with the instructions contained therein and lodge it with, or post it to, the Transfer Secretaries, so as to be received by no later than 10:00 on Friday, 10 February 2017. Nevertheless, completed Forms of Proxy may be lodged with the Chairman at any time prior to the commencement of voting on the resolutions at the General Meeting.

Dematerialised shareholders, other than those with "own name" registration

If you hold dematerialised shares in Huge through a CSDP or Broker and do not have an "own name" registration, you must timeously advise your CSDP or Broker of your intention to attend and vote at the General Meeting or be represented by proxy thereat in order for your CSDP or Broker to provide you with the necessary authorisation to do so, or should you not wish to attend the General Meeting in person, you must timeously provide your CSDP or Broker with your voting instruction in order for the CSDP or Broker to vote in accordance with your instruction at the General Meeting.

Each Shareholder, whether present in person or represented by proxy, is entitled to attend and vote at the General Meeting. On a show of hands every Shareholder who is present in person or by proxy shall have one vote and, on a poll, every Shareholder present in person or by proxy shall have one vote for each Share held by him/her.

By order of the Board

Jean Michelle Tyndale-Biscoe
Company Secretary

17 January 2017

huge group

HUGE GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2006/023587/06)
Share code: HUG ISIN: ZAE000102042

FORM OF PROXY (FOR USE BY CERTIFICATED AND OWN NAME DEMATERIALISED SHAREHOLDERS ONLY)

For use by certificated and "own name" registered dematerialised shareholders of the Company ("shareholders") at the General Meeting of Huge to be held at 10:00 on Tuesday, 14 February 2017 in the Woody Woods Boardroom, 146a Kelvin Drive, Woodmead, 2191 ("the General Meeting").

I/We (please print) (Full name in BLOCK LETTERS) ______________________________

of (address) ______________________________

Telephone numbers – Landline: ______________ Mobile: ______________

Email address: ______________________________

being the holder/s of ____________ ordinary shares of R0.0001 cent each in Huge, appoint (see note 1):

1. ______________________________ or failing him/her,

2. ______________________________ or failing him/her,

3. the chairman of the General Meeting,

as my/our proxy to act for me/us and on my/our behalf at the General Meeting which will be held for the purpose of considering, and if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against such resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions (see note 2):

	Number of votes		
	For	**Against**	**Abstain**
Ordinary Resolution Number 1 – Subscription for Connectnet shares			
Ordinary Resolution Number 2 – Issuing of Renounceable Letters of Allocation			
Ordinary Resolution Number 3 – Praesidium Specific Issue			
Special Resolution Number 1 – Specific Repurchase			
Ordinary Resolution Number 4 – Enabling Resolution			

Signed at ______________ on ______________ 2017

Signature ______________________________

Assisted by me (where applicable)

Name ______________ Capacity ______________

Signature ______________________________

Notes to the form of proxy

1. This form of proxy is for use by certificated shareholders and dematerialised shareholders with "own name" registration whose shares are registered in their own names on the record date and who wish to appoint another person to represent them at the General Meeting. If duly authorised, companies and other corporate bodies who are shareholders having shares registered in their own names may appoint a proxy using this form of proxy, or may appoint a representative in accordance with the last paragraph below.

   Other shareholders should not use this form. All beneficial holders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker, and do not have their shares registered in their own name, must provide the CSDP or broker with their voting instructions. Alternatively, if they wish to attend the General Meeting in person, they should request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between the beneficial owner and the CSDP or broker.

2. This form of proxy will not be effective at the General Meeting unless received at the registered office of the Company at 146a Kelvin Drive, Woodmead, 2191, South Africa, no later than 10:00 on Friday, 10 February 2017 or is handed to the Chairman of the General Meeting prior to the commencement of the meeting.
3. This proxy shall apply to all the ordinary shares registered in the name of shareholders at the record date unless a lesser number of shares are inserted.
4. A shareholder may appoint one person as the proxy by inserting the name of such proxy in the space provided. Any such proxy need not be a shareholder of the Company. If the name of the proxy is not inserted, the chairman of the General Meeting will be appointed as proxy. If more than one name is inserted, then the person whose name appears first on this form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of any persons whose names follow. The proxy appointed in this form of proxy may delegate the authority given to him/her in this form of proxy by delivering to the Company, in the manner required by these instructions, a further form of proxy which has been completed in a manner consistent with the authority given to the proxy of this form of proxy.
5. Unless revoked, the appointment of proxy in terms of this form of proxy remains valid until the end of the General Meeting even if such meeting or a part thereof is postponed or adjourned.
6. If:

   6.1 a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against or to abstain from voting on any resolution; or

   6.2 the shareholder gives contrary instructions in relation to any matter; or

   6.3 any additional resolution/s which are properly put before the General Meeting; or

   6.4 any resolution listed in the form of proxy is modified or amended,

   the proxy shall be entitled to vote or abstain from voting, as he/she thinks fit, in relation to that resolution or matter. If, however, the shareholder has provided further written instructions which accompany this form of proxy and which indicate how the form of proxy should vote or abstain from voting in any of the circumstances referred to in 6.1 to 6.4, then the form of proxy shall comply with those instructions.

7. If this proxy is signed by a person (signatory) on behalf of the shareholder, whether in terms of a power of attorney or otherwise, then this form of proxy will not be effective unless:

   7.1 it is accompanied by a certified copy of the authority given by the shareholder to the signatory; or

   7.2 the Company has already received a certified copy of that authority.

8. The chairman of the General Meeting may, at the chairman's discretion, accept or reject any form of proxy or other written appointment of a proxy which is received by the chairman prior to the time when the General Meeting deals with a resolution or matter to which the appointment of the proxy relates, even if that appointment of a proxy has not been completed and/or received in accordance with these instructions. However, the chairman shall not accept any such appointment of a proxy unless the chairman is satisfied that it reflects the intention of the shareholder appointing the proxy.
9. Any alterations made in this form of proxy must be initialled by the authorised signatory/ies.
10. This form of proxy is revoked if the shareholder who granted the proxy:

    10.1 delivers a copy of the revocation instrument to the Company and to the proxy or proxies concerned, so that it is received by the Company by no later than 10:00 on Friday, 10 February 2017; or

    10.2 appoints a later, inconsistent appointment of proxy for the General Meeting; or

    10.3 attends the General Meeting in person.

11. If duly authorised, companies and other corporate bodies who are shareholders of the Company having shares registered in their own name may, instead of completing this form of proxy, appoint a representative to represent them and exercise all of their rights at the General Meeting by giving written notice of the appointment of that representative. This notice will not be effective at the General Meeting unless it is accompanied by a duly certified copy of the resolution/s or other authorities in terms of which that representative is appointed and is received at the Company's registered office at 146a Kelvin Drive, Woodmead, 2191, South Africa, no later than 10:00 on Friday, 10 February 2017.

Summary of rights established by section 58 of the Companies Act, 71 of 2008 ("Companies Act"), as required in terms of sub-section 58(8)(b)(i):

1. A shareholder may at any time appoint any individual, including a non-shareholder of the Company, as a proxy to participate in, speak and vote at a shareholders' meeting on his/her behalf (section 58(1)(a)), or to give or withhold consent on behalf of the shareholder to a decision in terms of section 60 (shareholders acting other than at a meeting) (section 58(1)(b)).
2. A proxy appointment must be in writing, dated and signed by the shareholder, and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 6.3 below or expires earlier in terms of paragraph 10.4 below (section 58(2)).
3. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (section 58(3)(a)).
4. A proxy may delegate his/her authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy ("proxy instrument") (section 58(3)(b)).
5. A copy of the proxy instrument must be delivered to the Company, or to any other person acting on behalf of the Company, before the proxy exercises any rights of the shareholder at a shareholders' meeting (section 58(3)(c)) and in terms of the Memorandum of Incorporation ("MOI") of the Company at least 48 hours before the meeting commences.
6. Irrespective of the form of instrument used to appoint a proxy:
   - 6.1 the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder (section 58)4)(a));
   - 6.2 the appointment is revocable unless the proxy appointment expressly states otherwise (section 58(4)(b)); and
   - 6.3 if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company (section 58(4)(c)).
7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 6.3 above (section 58(5)).
8. If the proxy instrument has been delivered to a company, as long as that appointment remains in effect, any notice required by the Companies Act or the Company's MOI to be delivered by the Company to the shareholder must be delivered by the Company to the shareholder (section 58(6)(a)), or the proxy or proxies, if the shareholder has directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so (section 58(6)(b)).
9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the MOI or proxy instrument provides otherwise (section 58(7)).
10. If a Company issues an invitation to shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of proxy instrument:
    - 10.1 the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised (section 58(8)(a));
    - 10.2 the invitation or form of proxy instrument supplied by the Company must:
      - 10.2.1 bear a reasonably prominent summary of the rights established in section 58 of the Companies Act (section 58(8)(b)(i));
      - 10.2.2 contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name, and if desired, an alternative name of a proxy chosen by the shareholder (section 58(8)(b)(ii)); and
      - 10.2.3 provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting (section 58(8)(b)(iii));
    - 10.3 the Company must not require that the proxy appointment be made irrevocable (section 58(8)(c)); and
    - 10.4 the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to paragraph 7 above (section 58(8)(d)).

HUGE GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2006/023587/06)
Share code: HUG ISIN: ZAE000102042

REVISED LISTING PARTICULARS

PREPARED IN TERMS OF THE LISTINGS REQUIREMENTS OF THE JSE LIMITED

The definitions and interpretations contained in the Circular of which these Revised Listing Particulars form part, apply throughout this document.

The Corporate Information relative to the Company is provided on page 1 of the Circular.

These Revised Listing Particulars are not an invitation to the public to subscribe for shares in Huge, but are issued for the purpose of giving information to Huge Shareholders with regard to Huge, as the Proposed Transaction, the Praesidium Specific Issue and Specific Issue entered into by Huge during the past six months will result in Huge issuing in excess of 50% of the current issued share capital. Accordingly, in terms of the Listings Requirements, the Company is required to provide Shareholders with the information contained herein.

At the date of these Revised Listing Particulars:

- there are 1 000 000 000 authorised Huge ordinary shares of R0.0001 each;
- there are 110 901 443 issued Huge ordinary shares of R0.0001 each; and
- there are 9 646 926 shares held in treasury.

Pursuant to the Proposed Transaction and the Praesidium Specific Issue:

- there will be 1 000 000 000 authorised Huge ordinary shares of R0.0001 each;
- there will be 203 609 776 issued Huge ordinary shares of R0.0001 each; and
- there will be 9 646 926 shares held in treasury.

The directors, whose names appear on page 1 of the Circular, accept, collectively and individually, full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, there are no other facts that have been omitted which would make any statement herein false or misleading, and that they have made reasonable enquiries to ascertain such facts and that this document contains all information required by law and the Listings Requirements.

These Revised Listing Particulars have been prepared in compliance with the Listings Requirements and on the assumption that the resolutions proposed in the notice of General Meeting forming part of the Circular of which these Revised Listing Particulars form part, will be passed at the General Meeting of Huge Shareholders, which is to be held on Tuesday, 14 February 2017 and that the Proposed Transaction, the Specific Issue and the Praesidium Specific Issue giving rise to these Revised Listing Particulars will be implemented.

Sponsor to Huge

Questco Corporate Advisory

Independent Reporting Accountants to Huge

Moore Stephens

Transfer Secretaries

Computershare

Attorneys to Huge

Norton Rose Fulbright
Norton Rose Fulbright South Africa

Attorneys to Connectnet

Shepstone & Wylie
Attorneys

Advisors to Connectnet

Broadreach Advisory

Date of issue: 17 January 2017

TABLE OF CONTENTS

HUGE GROUP LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2006/023587/06)
Share code: HUG ISIN: ZAE000102042

REVISED LISTING PARTICULARS

1. **HISTORY**

1.1 **Huge**

Huge was incorporated on 31 July 2006 under the name Northern Lights Trading 107 Proprietary Limited. On 23 September 2006, the Company changed its name to Vanquish Fund Managers Proprietary Limited. The shareholders of Vanquish Fund Managers Proprietary Limited approved the conversion from a private to a public company, a name change to Huge Group Limited and the acquisition of Telepassport Proprietary Limited on 2 July 2007.

Huge listed on the Alternative Exchange of the JSE on Wednesday, 8 August 2007. On 1 March 2016, the listing was transferred to the Mobile Telecommunications sector of the Main Board of the JSE.

Other than the Proposed Transaction set out in the Circular, there have been no material changes in the business of Huge in the past five years.

Details of Huge's subsidiaries are included in **Annexure 6** to these Revised Listing Particulars.

1.2 **Connectnet**

Connectnet was incorporated on 2 March 2004 under the name Connectnet Broadband Wireless Proprietary Limited. Should shareholders vote in favour of the resolutions proposed at the General Meeting, Connectnet will become a wholly owned subsidiary of Huge.

Connectnet specialises in providing secure, reliable and managed bi-directional M2M and B2B telecommunication solutions utilising various platforms such as GSM Data, ADSL and point-to-point links wherever such services are provided by the respective operators. Connectnet's unique network architecture is fully redundant and capable of routing data traffic to any telecommunication network platform. In the event of a primary network failure, the products are designed to failover automatically to an alternate network ensuring that the connectivity is maintained. All solutions are designed, developed and produced locally and thus customer specific modifications can be readily implemented. Connectnet's ability to take these products and solutions to the market has secured blue-chip clients in the retail, financial, telemetry, healthcare and pharmaceutical sectors.

2. **DIRECTORS AND DIRECTORS' INTERESTS**

2.1 **Directors**

Information relating to the directors is set out below. Details of directorships and/or partnerships held by the Directors of Huge during the past five years are set out in **Annexure 2** of these Revised Listing Particulars.

Name	Business address	Position	Qualification
Duarte Ferdinand da Silva	146a Kelvin Drive Woodmead	Non-executive Chairman	DPhil Eng
Stephen Peter Tredoux	146a Kelvin Drive Woodmead	Lead Independent Non-executive Director	

Name	Business address	Position	Qualification
Dennis Robert Gammie	146a Kelvin Drive Woodmead	Independent Non-executive Director	CA(SA)
Zunaid Bulbulia	146a Kelvin Drive Woodmead	Non-executive Director	CA(SA)
Vincent Mokhele Mokholo	146a Kelvin Drive Woodmead	Non-executive Director	BSc
Anton Daniel Potgieter	146a Kelvin Drive Woodmead	Non-executive Director	BBusSC (Hons – Information Systems)
James Charles Herbst	146a Kelvin Drive Woodmead	Chief Executive Officer	CA(SA), CFA
David Deetlefs	146a Kelvin Drive Woodmead	Group Financial Director	CA(SA)

All of the directors are South African.

None of the directors have:

- been involved in any bankruptcies, insolvencies or individual voluntary compromise arrangements;
- been involved in any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company;
- been involved in any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships;
- been involved in any receiverships of any asset(s);
- been publicly criticised by a statutory or regulatory authority, including recognised professional bodies or disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- been convicted of an offence involving dishonesty, fraud, theft, perjury, misrepresentation or embezzlement;
- been adjudged bankrupt or sequestrated in any jurisdiction;
- been party to a scheme of arrangement or made any other compromise with creditors;
- been found guilty in disciplinary proceedings by an employer or regulatory body, due to dishonest activities;
- been barred from entry into any profession or occupation;
- been convicted in any jurisdiction of any criminal offence;
- been removed from an office of trust on the grounds of misconduct involving dishonesty; or
- had any court grant an order declaring him/her to be delinquent or placing him/her under probation in terms of section 162 of the Companies Act.

With the exception of the appointment of Dr da Silva on 1 March 2016, no change in the directorate has occurred since the financial year-end of the Company on 29 February 2016 and the Last Practicable Date.

There is currently no share incentive scheme in place for the directors.

2.2 Profile of directors

Directors' profiles are included in **Annexure 1** to these Revised Listing Particulars.

2.3 **Directors' interests**

The direct and indirect interests of the Directors, as at the Last Practicable Date and prior to the Proposed Transaction disclosed in the Circular to which these Revised Listing Particulars are attached and form part, are given in the table below:

Director	Direct shareholding	Indirect shareholding	Total	Percentage held
DF da Silva	–	–		
SP Tredoux	–	–		
DR Gammie	–	–		
Z Bulbulia	–	–		
VM Mokholo	–	–		
AD Potgieter	3 831 135	3 664 325	7 495 460	6.76
JC Herbst	184 907	24 445 549	24 630 456	22.21
D Deetlefs	1 767 348	393 174	2 160 522	1.95
Total	**5 783 390**	**28 503 048**	**34 286 438**	**30.92**

There has been no change in the direct or indirect interests of the Directors since the Company's year-end on 29 February 2016 and the Last Practicable Date.

There is not expected to be any change in the Directors' interests as a result of the Proposed Transaction, the Praesidium Specific Issue and the Specific Issue other than a reduction in the percentages held.

No sums have been paid or agreed to be paid to any Director in the three years preceding this Circular to induce him to become or qualify him as a director.

2.4 **Directors' interests in transactions**

No Director has had a material beneficial interest in the promotion of Huge or any transaction entered into by the Company. None of the Directors have any direct or indirect, beneficial or non-beneficial, interests in any transactions effected by Huge in the current or preceding financial year, or in any transactions during an earlier financial year that remain currently outstanding or unperformed.

2.5 **Directors' emoluments**

The Directors' emoluments paid by the Company for the year ended 29 February 2016 were as follows:

Executive

All figures in R	Basic salary	Medical Aid	Provident Fund	Total
JC Herbst	3 030 337	117 228	208 382	3 355 947
D Deetlefs	2 580 613	–	178 654	2 759 267
Total	**5 610 950**	**117 228**	**187 036**	**6 115 214**

Non-executive

All figures in R	Directors' fees	Total
VM Mokholo	494 900	494 900
DR Gammie	317 140	317 140
SP Tredoux	317 140	317 140
AD Potgieter	317 140	293 910
Z Bulbulia	34 845	34 845
Total	**1 659 195**	**1 659 195**

No management, consulting, technical or other fees, directly or indirectly, including payments to management companies, have been paid to any of the Directors.

On 20 December 2016, Dr da Silva, Mr Bulbulia and Mr Mokholo entered into call options with Praesidium as follows:

Director	Date of exercise of option	Number of shares	Strike price (cents)	Value of shares (R)
Dr DF da Silva	28 February 2019	7 500 000	850	63 750 000
Z Bulbulia	28 February 2019	7 500 000	850	63 750 000
VM Mokholo	28 February 2019	500 000	850	4 250 000

No other amounts have been paid to Directors for expense allowances, commissions, gains, bonuses or performance related payments, profit sharing or any other material benefit. Other than disclosed above, there are no share options held by Directors and no share incentive scheme is in place. In addition there are no contractual obligations with respect to directors' remuneration.

No fees have been paid to a third party *in lieu* of directors' fees, and the Directors' remuneration shall not be varied as a result of the Proposed Transaction, the Specific Issue and the Praesidium Specific Issue.

There are no restraint of trade payments paid nor due to any Director of the Company.

2.6 **Directors' service contracts**

All executive Directors have service contracts with a notice period of three months and do not contain any provisions for restraint of trade payments.

2.7 **Interests of promoter**

No amounts, in cash or securities, have been paid, or any benefit given within the preceding three years to any promoter.

No promoter of Huge has had a material beneficial interest in the promotion of Huge or any transaction entered into by the Company.

2.8 **Commissions paid in respect of underwriting**

No commissions in respect of underwriting have been paid in the three years preceding the Circular for subscribing or agreeing to subscribe for any Huge Shares nor have any discounts, brokerages or other special terms been granted in the preceding three years in connection with the issue/sale of Shares.

3. NATURE OF BUSINESS AND PROSPECTS OF HUGE

3.1 **Nature of business**

Huge is listed on the Main Board of the JSE.

Huge is an investment holding company which holds investments in subsidiary companies operating in the telecommunications, technology and media industries. The group of companies comprising Huge is focused on building value for all of its stakeholders.

Huge Telecom and Huge Connect are mobile telephony services business. Their principal business prior to the acquisition of Connectnet detailed below, is substituting fixed-line voice infrastructure with mobile solutions. Unlike a PSTN like Telkom, Huge Telecom and Huge Connect use GSM to provide a wireless "last-mile" connection from the customer's premises to the core of the network. Huge Telecom and Huge Connect's customers number in excess of 14 000 and comprise corporate organisations (of any size) and residential consumers who require a fixed location voice service. Huge Telecom and Huge Connect do not own the core network infrastructure – rather, they leverage off the existing mobile operator networks in South Africa.

Huge Telecom and Huge Connect's telephone services are not only a substitute for the fixed land-line telephone service provided by Telkom (comprising 3.217 million lines at its last reporting date) but they are also more cost-effective, easier to install and cheaper to maintain. The last-mile connection from the core of the network to the customer's premises is a single-variable solution, operating in a static ecosystem, with only one possible point of failure. The solution has been created as a plug, play and walk away implementation. This intelligent network enables Huge Telecom and Huge Connect to provide stable and highly reliable services that require very little post-installation maintenance.

Huge Telecom and Huge Connect have an extensive and growing distribution network, selling their telephony services, of more than 600 resellers (referred to as Business Partners).

The sum-of-the-parts valuation of Huge, is comprised of:

- the demonstrable fixed land-line telephony substitution blueprint; and
- the cash flow generative profile of its customer base coupled with the scalability of this base (via Huge Telecom and Huge Connect's large distribution channel).

The economies of scale enjoyed by the mobile network operators means that the existing Huge Telecom and Huge Connect customer bases would generate much higher cash flow returns to the networks, thereby imputing a far higher valuation in their hands, than currently attributed by the market to Huge.

Eyeballs Mobile Advertising is a technology provider whose technology consists of a software application that recipient users download and install, at no cost to themselves, on their mobile phones. It displays advertising and content images on the phone screen when calls are made or messages received.

There have been no material acquisitions perfected by Huge during the past three years. No material assets have been disposed of by Huge or its subsidiaries during the past three years.

3.2 **Prospects**

Huge Telecom has found a niche in the SMME segment of the market – but with the margins currently being enjoyed by it, and with every other telecommunications operator in South Africa wanting to make inroads into this segment of the market, Huge Telecom will have to ensure that it continues to be ahead of the game. While Huge Telecom's business model and approach to the market is unique currently, it may not take long before other competitors attempt to replicate Huge Telecom's model and success.

Huge Telecom is currently the only provider of full outbound and inbound telephony services to corporate South Africa using GSM technology over fixed-cellular customer premises equipment (CPE). It therefore has a *de facto* leading position in this segment.

The combination of Connectnet, Huge Telecom and Huge Connect is compelling. Firstly, the bulk of Connectnet's 29 000 customers fit squarely into Huge Telecom's target market of customer (with little overlap). It is therefore expected that Connectnet will assist Huge Telecom in expanding its base of 14 000 customers and 37 000 telephone lines. Secondly, Sainet Internet will create a critical entry for Huge Telecom and Huge Connect to participate in the data market.

Huge, enlarged by Connectnet and Sainet Internet, is building an investment theme focused on connectivity, mobile payments and financial technology. People live in a connected world – everyone and everything needs to be connected – Huge Telecom, Huge Connect, Connectnet and Sainet Internet make connections possible. Connectnet and Sainet Internet provide Huge with an entry into the data telecommunications and mobile payments markets, and an opportunity to participate in the expected explosive growth as the Internet transforms from being a source of information to one focused on value and its movement. Connectnet's participation as a trusted payments service provider, makes it invaluable real-estate for expansion into Fintech-type opportunities.

The directors are of the opinion that the Proposed Transaction provides an opportunity to grow the business of Huge as well as that of Connectnet and Sainet Internet, affording both companies the potential to realised synergies in product distribution, development and support.

Huge Telecom has found a niche in the SMME segment of the market – but with the margins currently being enjoyed by it, and with every other telecommunications operator in South Africa wanting to make inroads into this segment of the market, Huge Telecom will have to ensure that it continues to be ahead of the game. While Huge Telecom's business model and approach to the market is unique currently, it may not take long before other competitors attempt to replicate Huge Telecom's model and success.

Huge Telecom is currently the only provider of full outbound and inbound telephony services to corporate South Africa using GSM technology over fixed-cellular customer premises equipment (CPE). It therefore has a *de facto* leading position in this segment.

The combination of Connectnet, Huge Telecom and Huge Connect is compelling. Firstly, the bulk of Connectnet's 29 000 customers fit squarely into Huge Telecom's target market of customer (with little overlap). It is therefore expected that Connectnet will assist Huge Telecom in expanding its base of 13 000 customers and 35 000 telephone lines. Secondly, Sainet Internet will create a critical entry for Huge Telecom and Huge Connect to participate in the data market.

Huge, enlarged by Connectnet and Sainet Internet, is building an investment theme focused on connectivity, mobile payments and Financial Technology. People live in a connected world – everyone and everything needs to be connected – Huge Telecom, Huge Connect, Connectnet and Sainet Internet make connections possible. Connectnet and Sainet Internet provide Huge with an entry into the data telecommunications and mobile payments markets, and an opportunity to participate in the expected explosive growth as the Internet transforms from being a source of information to one focused on value and its movement. Connectnet's participation as a trusted payments service provider, makes it invaluable real-estate for expansion into Fintech-type opportunities.

The directors are of the opinion that the Proposed Transaction provides an opportunity to grow the business of Huge as well as that of Connectnet and Sainet Internet, affording both companies the potential to realised synergies in product distribution, development and support.

4. SHARE CAPITAL

4.1 Share capital and premium of Huge before the Proposed Transaction, Specific Issue and Praesidium Specific Issue:

	R
Authorised	
1 000 000 000 ordinary shares of R0.0001 each	100 000
Issued	
110 901 443 ordinary shares of R0.0001 each	11 090
Share premium	230 675 332
Total share capital	**230 686 422**

As at the Last Practicable Date, Huge Telecom held 9 646 926 Shares as treasury shares.

4.2 Share capital and premium of Huge after the Proposed Transaction, the Specific Issue and the Praesidium Specific Issue

The share premium and capital of Huge should the Specific Issue, the Praesidium Specific Issue and Proposed Transaction be implemented successfully will be as follows:

	R
Authorised	
1 000 000 000 ordinary shares of R0.0001 each	100 000
Issued	
203 609 776 ordinary shares of R0.0001 each	23 361
Share premium	830 666 059
Total share capital	**830 686 420**

Pursuant to the Proposed Transaction, the Specific Issue and the Praesidium Specific Issue, Huge Telecom shall hold 9 646 926 Shares as treasury shares.

No securities of Huge are listed on any other stock exchange. There are no other classes of share in issue aside from the ordinary shares detailed above.

No option or preferential right of any kind was or is proposed to be given to any person/s to subscribe for any Huge Shares.

In terms of a resolution passed at the Annual General Meeting of Huge Shareholders on 10 August 2016, the authorised but unissued ordinary shares in the Company were placed under the control of the directors until the next Annual General Meeting, subject to the provisions of the Companies Act and the Listings Requirements.

4.3 **Alterations to share capital**

The details of all alterations to share capital and issues or offers of securities during the past three years are disclosed in **Annexure 5**.

4.4 **Rights attaching to Huge Shares**

In accordance with the Memorandum of Incorporation, at any General Meeting every member present in person or by proxy shall have one vote on a show of hands, provided that a proxy shall, irrespective of the number of members he represents, have only one vote. On a poll, every member present in person or by proxy shall have that proportion of the total votes in the Company which the aggregate amount of the nominal value of the Shares held by that member bears to the aggregate of the nominal value of all the Shares issued by the Company.

All of the Shares are of the same class and rank *pari passu* in every respect. There are no conversion or exchange rights attached to such Shares. Any variation in the rights attaching to the Huge Shares will require either the written consent of the holders of at least three-forths of the nominal amount of the issued Huge Shares of that class or with the sanction of a resolution passed at a separate General Meeting of the holders of the Huge Shares of that class, which shall be passed in the same manner, *mutatis mutandis*, as if it were a special resolution in terms of the Companies Act.

Extracts from the Memorandum of Incorporation relating to the voting rights attaching to the Shares are set out in **Annexure 4** to these Revised Listing Particulars.

5. MAJOR SHAREHOLDERS

Insofar as is known to the directors, as at the Last Practicable Date, Huge Shareholders who hold a direct or indirect interest of 5% or more in the issued share capital of Huge before and after the implementation of the Proposed Transaction, the Specific Issue and the Praesidium Issue, are as follows:

Shareholder	**Before the transaction**	**%**	**After the transaction**	**%**	**After the Praesidium Specific Issue**	**%**
Peregrine Equities Proprietary Limited	15 718 280	14.2	15 718 280	8.4	15 718 280	7.7
Eagle Creek Investments Proprietary Limited*	9 844 967	8.9	9 844 967	5.3	9 844 967	4.8
Praesidium Family Trust	10 350 000	9.3	10 350 000	5.6	10 350 000	5.1
Pacific Breeze Trading Proprietary Limited#	14 260 891	12.9	14 260 891	7.7	14 260 891	7.0
Praesidium SA Hedge Fund	23 592 844	23.4	23 592 844	12.7	41 092 844	20.18

** An associate of J Herbst.*

 # An associate of J Herbst.

There is no controlling shareholder, and there will be no change in control as a result of the Specific Issue, the Praesidium Specific Issue or the implementation of the Proposed Transaction. There has been no change in control of Huge or in the trading objects of Huge and its subsidiaries over the past five years.

6. *PRO FORMA* FINANCIAL INFORMATION

6.1 ***Pro forma* net asset value and net tangible asset value per share in respect of the Proposed Transaction**

Shareholders are referred to **Annexure 1** of the Circular, which annexure lays out the *pro forma* net asset value and net tangible asset value per share with regard to the Proposed Transaction, the Praesidium Specific Issue and the Specific Issue.

6.2 ***Pro forma* consolidated statements of financial position of Huge**

Shareholders are referred to **Annexure 1** of the Circular to which these Revised Listing Particulars are attached and form part, which annexure sets out the *pro forma* statement of financial position of Huge should the Proposed Transaction, the Praesidium Specific Issue and the Specific Issue contemplated by the Circular, be approved by Huge Shareholders in General Meeting.

7. **MATERIAL CONTRACTS AND LOANS**

7.1 **Material contracts**

Other than the restrictive funding arrangements detailed in paragraph 10 of the Circular and the Transaction Agreements dealt with in the Circular, no other material contracts have been entered into either verbally or in writing by Huge or any of its major subsidiaries or Connectnet, other than in the ordinary course of business during the past two years.

At the Last Practicable Date, no other contracts had been entered into by Huge and/or Connectnet at any time, which contain an outstanding obligation or settlement that is material to either Huge and/or Connectnet.

There are no royalties payable to any third parties.

7.2 **Material loans**

7.2.1 **Huge**

Huge Software is party to a loan agreement in the amount of R20 million with Stellar. The loan was sourced in order to fund working capital requirements to finance the growth and expansion of the Group's activities. The loan is secured and bears interest at prime plus 9%, is repayable by no later than 30 November 2016, and is subject to the following covenants:

Collateral:

- a General Notarial Bond over the assets of Huge Software to the value of R56 455 113;
- corporate guarantees by Huge and Huge Telecom;
- the cession of 100% of the shares in and claims against Huge Software;
- the cession of an insurance policy over Huge movable assets;
- the cession and pledge of the bank accounts of Huge Software;
- the cession of Mobile Network Operator supply contracts by Huge Cellular;
- a reversionary cession of the treasury shares held by Huge Telecom;
- the subordination of all shareholder and inter-company loans against Huge Software, Huge and Huge Telecom; and
- second ranking rights over the security held by FirstRand Bank Limited.

Covenants:

- the prior approval of Stellar with regard to any change in the capital structure of any company within the Group, with the exception of any equity issues by Huge Software;
- the incurrence of any material indebtedness of issuing security or furnishing of any loans or other form of financial assistance by companies in the Group, with the exception of the FirstRand Bank facility;
- the disposal of any assets held by Huge Software;
- the amendment to or cancellation of any Mobile Network Operator agreements held by Huge Cellular; and
- the payment or declaration of any distributions.

Financial Covenants:

- EBITDA to interest expense to be at a minimum ratio of 2:1;
- a cash flow available to debt service ratio of 1:3:1; and
- for total interest-bearing debt – an annualised 12-month rolling EBITDA ratio to be a minimum of 3:1.

This facility has been extended to 31 January 2017.

A terms sheet has been discussed with a senior debt provider in terms of which the senior debt provider may advance two facilities to Huge, as follows:

Facility A:

An amount of R100 000 000 attracting an interest rate of JIBAR plus 4.25% and repayable in 20 quarterly instalments based on a sliding scale over five years.

Facility B:

An amount of R63 000 000 attracting an interest rate of JIBAR plus 4.5% and repayable in a single lump sum after five years.

The facilities shall be utilised to fund the Subscription and to repay the R20 000 000 Stellar loan. The facilities have as yet not been finalised.

The facilities would be subject to the following guarantees and covenants:

- guarantees from Connectnet, Sainet Internet and Huge Telecom;
- the cession of the bank accounts of Connectnet and Sainet Internet;
- the cession of dividends payable by Connectnet and Sainet Internet; and
- the cession of Connectnet's shares.

Financial Covenants:

- minimum debt interest to Connectnet and Sainet Internet EBITDA cover ratio of 3:1;
- minimum debt service to Connectnet and Sainet Internet EBITDA cover ratio of 1.5:1;
- maximum debt to Connectnet and Sainet Internet EBITDA ratio of 2.5:1; and
- maximum Group debt to Group EBITDA ratio of 2.5:1.

In addition, no distribution is to be made to shareholders unless there is a minimum gross debt interest over ratio of at least 3.5:1 and a debt service cover ration of 1.75:1.

7.2.2 **Connectnet**

Connectnet is party to two loan facility in the amount of R100 000 000 (Facility A) and R52 391 685 (Facility B) with Futuregrowth.

Facility A was first drawn down on 30 October 2015, and is a five-year facility attracting an interest rate of three-month JIBAR +4.25%. The repayment of the loan will be in 20 quarterly instalments based on a sliding scale. The facility was utilised by Connectnet to repurchase its shares, and is secured by the following:

- a cession of the shares of Connectnet;
- a cession of the shares of Sainet;
- guarantees from the subsidiaries of Connectnet;
- guarantees from the shareholders of Connectnet;
- a cession of the bank accounts of Connectnet;
- a cession of the receivables of Connectnet; and
- a cession of cyber insurance policies.

Facility B was first drawn down on 30 October 2015, and is a five-year facility attracting an interest rate of three-month JIBAR +4.50%. The repayment of the loan in a single payment on maturity. The facility was utilised by Connectnet to repurchase its shares, and is secured by the following:

- a cession of the shares of Connectnet;
- a cession of the shares of Sainet;
- guarantees from the subsidiaries of Connectnet;
- guarantees from the shareholders of Connectnet;
- a cession of the bank accounts of Connectnet;
- a cession of the receivables of Connectnet; and
- a cession of cyber insurance policies.

Connectnet will utilise a portion of the Connectnet Subscription Shares Cash Price to extinguish this obligation.

The Company has no loan capital outstanding nor any loans receivable

7.3 **Borrowing powers**

An extract from the Memorandum of Incorporation of Huge, detailing the Company's borrowing powers, is set out in **Annexure 4** to these Revised Listing Particulars. The borrowing powers of the Company and/or its major subsidiaries have not been exceeded during the three years preceding the date of these Revised Listing Particulars.

7.4 **Loans receivable**

As at the Last Practicable Date, Huge had no loans receivable.

7.5 **Material commitments, lease payments and contingent liabilities**

There are no material commitments, lease payments and contingent liabilities relating to either Huge, or in respect of the Proposed Transactions.

7.6 **Principal leasehold properties**

Huge has a month-to-month lease with 3M South Africa for its premises comprising 2 000m^2 and located at 3M Building, 146a Kelvin Drive, Woodmead, Johannesburg. The lease has no expiry date.

8. **DIVIDENDS**

Distributions that are dividends are paid to Shareholders according to their respective rights and interest in proportion to the number of Shares held by them in each class in respect of which the dividend is payable. If any share is issued on terms providing that it shall rank for dividends as from a particular date or for all dividends declared after a particular date, such share shall rank for dividends accordingly.

Dividends are payable to Shareholders that are registered as at a date subsequent to the date of declaration of the dividend or the date of confirmation of the dividend, whichever is the later.

A dividend may be declared out of the profits or reserves of the Company, whether realised or unrealised, whether of a revenue or a capital nature and whether designated distributions or not, and no dividend carries interest as against the Company, except as otherwise provided under the conditions of issue of the Shares in respect of which such dividend is payable. Dividends may be declared either free of or subject to the deduction of income tax and any other tax or duty for which the Company may be charged.

Subject to the laws of prescription, unclaimed distributions (including dividends) must be held in trust indefinitely for the benefit of the relevant Shareholders, whereupon the liability of the Company in relation thereto shall be extinguished.

Any distribution may be paid and satisfied, either wholly or in part, by the distribution of specific assets, or in Shares or debt instruments of the Company or of any other company, or in cash, or in any one or more of such ways as the board or Company in general meeting may at the time of declaring the dividend determine and direct, provided that the right of election to receive either scrip dividends or cash dividends (as contemplated in the Listings Requirements) is not prohibited in any way.

The board may before authorising any dividend whether preferential or otherwise, set aside out of the profits of the Company whether realised or unrealised and whether of a revenue or of a capital nature such sum as they think proper as reserves which shall, at the discretion of the board, be applied for any purpose to which the profits of the Company may be properly applied and pending such application may, at the board's discretion, either be employed in the business of the Company or be invested in such investments as the board may from time to time think fit. The board may also without placing the same to reserve, carry forward any profits of the Company which they may think prudent not to declare as a dividend.

Subject to the provisions of section 47 and any other requirements imposed by the Act, the Shareholders may (if authorised by the board) and the board may resolve that it is desirable to capitalise all or any part of the amount standing to the credit of any of the Company's reserves or of any share premium account or capital redemption reserve fund or to the credit of the income statement or otherwise available for distribution and not required for the payment of the fixed dividends on any preference Shares of the Company, and accordingly that such amount be set free for distribution among the Shareholders or any class of Shareholders who would be entitled thereto if distributed by way of dividend and in the same proportions on the footing that the same be not paid in cash but be applied in paying up unissued Shares of the Company to be issued to such Shareholders as fully paid capitalisation Shares.

There are no arrangements in place whereby any future dividends are waived or agreed to be waived.

9. MATERIAL CHANGE

Other than the proposed specific issue of 50 000 000 new Huge Ordinary Shares to Qualifying Investors to raise R300 000 000 as approved by shareholders at a general meeting held on 20 December 2016 and the Proposed Transaction and the Praesidium Specific Issue dealt with in the Circular, there are no other material changes in the financial or trading position of the Group since the publication of its unaudited interim results for the six months ended 31 August 2016.

10. HISTORY OF CHANGE

There has been no change in the trading objects of Huge and its subsidiaries during the previous five years.

11. STATEMENT AS TO WORKING CAPITAL

The directors of Huge have considered the working capital requirements of the enlarged Group, and are of the opinion that the working capital available to the enlarged Company and its subsidiaries is sufficient for the Group's present requirements, that is, for at least the next 12 months from the date of issue of these Revised Listing Particulars.

12. OTHER INFORMATION RELATING TO HUGE

A statement as to Huge's compliance with The Third King Report on Corporate Governance is set out in **Annexure 3**.

Extracts from Huge's memorandum and articles of association are set out in **Annexure 4**.

The share price history of Huge shares traded on the JSE is summarised in **Annexure 7** to the Circular.

At the Last Practicable Date the following material intercompany loans were in place:

Lender	Borrower	Amount (R)
Huge Group	Huge Software and Technologies	38 389 338
Huge Group	Eyeballs Mobile Advertising	21 139 066
Huge Telecom	Huge Group	11 223 781
Huge Cellular	Huge Telecom	26 019 057

The loans bear no interest, were advanced in the ordinary course of business and have no fixed repayment periods.

There is no government protection or any investment encouragement law pertaining to the businesses operated by Huge and its subsidiaries.

The historical financial information of Connectnet for the past three years and the Independent Reporting Accountants' report thereon are contained in **Annexures 3** and **4** to these Revised Listing Particulars

Information regarding the vendors of Connectnet is contained in paragraph 2.8 of the Circular.

13. LITIGATION STATEMENT

The litigation statement is set out in paragraph 8 of the Circular.

14. TRANSACTION COSTS

The transaction costs in respect to the Proposed Transaction and preliminary expenses in respect of the past three years are dealt with in paragraph 14 of the Circular.

15. **DIRECTORS' RESPONSIBILITY STATEMENT, OPINIONS AND RECOMMENDATIONS**

The Directors, whose names appear on page 1 of the Circular of which these Revised Listing Particulars form part, collectively and individually accept full responsibility for the accuracy of the information given in these Revised Listing Particulars and certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading, and that they have made all reasonable enquiries in this regard to ascertain such facts and certify that, to the best of their knowledge and belief, the Revised Listing Particulars contains all information required by the Listings Requirements and by law.

16. **EXPERTS' CONSENTS**

Details of the experts' consents are set out in paragraph 16 of the Circular.

17. **DOCUMENTS AVAILABLE FOR INSPECTION**

Details regarding the documents available for inspection are set out in paragraph 19 of the Circular.

Signed in Johannesburg by or on behalf of all the directors on 11 January 2017, in terms of powers of attorney granted by the directors.

JC Herbst

DIRECTORS' PROFILES

Dr Duarte Ferdinand da Silva (51) – Non-executive Chairman, DPhil Eng

Appointed: 1 March 2016

Dr da Silva has more than 20 years' experience in the investment industry. He holds a doctorate of Philosophy in Engineering from the University of the Witwatersrand, which he obtained at the age of 24. In 1988/1989 he lectured Thermodynamics and Propulsion Systems at Wits University.

Until recently he was Chief Executive Officer of Macquarie First South (MFS), a joint venture established in 2006 between Macquarie Bank of Australia and First South Financial Services (a company that he founded in 2001/2002 with the backing of the J&J Group, supported by Old Mutual). In 2013 Macquarie appointed Dr da Silva as Regional Head – sub-Saharan Africa – responsible for all of their African activities. He presided as Executive Chairman of the Corporate Finance and Equities businesses of MFS, including all Equity Capital Markets activities. He also had oversight of two other Macquarie businesses in South Africa: AIIM (the largest and oldest infrastructure fund in the region – until recently a joint venture with Old Mutual) and MSSA (the structuring and derivatives business). Dr da Silva left the Macquarie group at the end of 2015, after successfully selling the MFS joint venture to Macquarie Bank.

He is a past director of Merrill Lynch South Africa. While at Merrill Lynch (from 1994 to 1998) he was rated as the number one analyst covering the technology/electronics and industrials/diversified sectors. In 1998 he founded a technology fund with the support of institutional backers. The fund was established to conduct primarily private equity, technology related investments. The fund completed 18 successful investments (with notable IPOs in Helsinki, London and Johannesburg) and was used to assume control of McCarthy Bank, which was Chaired by Mr Cyril Ramaphosa. Dr da Silva was Deputy Chairman of McCarthy Bank.

In 2001, Dr da Silva founded First South Financial Services while assuming the Chief Investment Officer role for the J&J Group. Between 2001 and 2005 Dr da Silva actively identified and executed numerous investments for the J&J Group.

Stephen Peter Tredoux (56) – Lead Independent Non-executive Director

Appointed: 26 March 2008

Steve started his working career as an accountant but moved to general management where he worked in the property management and manufacturing industries. He subsequently joined the information technology sector where he was employed by National Data Systems as account director addressing all commercial and support issues for Nedbank. In 1995 Steve joined MTN working there with the service providers, as well as investigating new routes to market, new product sets, and new ways of communicating with customers. When MTNSP Limited acquired M-Tel Proprietary Limited, Steve was appointed in an executive sales and advertising capacity. He has considerable experience in sales distribution but is also a master of marketing and product development. Steve is a member of the Audit Committee, a member of the Risk Committee, a member of the Remuneration Committee and Chairman of the Social and Ethics Committee.

Dennis Robert Gammie (62) – Independent Non-executive Director CA(SA)

Appointed: 28 June 2012

Dennis is a CA(SA) and has previously served as the Financial Director of the Imperial Group, Murray & Roberts Materials and the Aveng Group. Prior to taking early retirement, Dennis served as an executive director on the board of the Aveng Group, where he was Chairman of the Growth Committee, the Tender Risk Committee, and acting Managing Director of an Aveng Group subsidiary company for a time. Dennis is Chairman of the Audit Committee and the Risk Committee.

Zunaid Bulbulia (47) – Non-independent Non-executive Director, CA(SA)

Appointed: 28 January 2016

Zunaid Bulbulia has more than 20 years' experience in the telecommunications industry and was one of the founding members of the MTN team. During his 20 years with MTN South Africa he served as Financial Manager and in various General Manager positions, including General Manager of Subscriber Operations and Service Operations. He was appointed Chief Financial Officer of MTN South Africa in 2005 and Chief Executive Officer in May 2013. In August 2014 he was appointed Group Chief Operations Executive of MTN Group Limited. As CEO of MTN South Africa and Group Chief Operations Executive for MTN Group, he was tasked with bolstering MTN's competitive position in the various markets in which MTN operates. He left MTN Group in December 2015 to pursue various business opportunities.

Vincent Mokhele Mokholo (43) – Non-independent Non-executive Director, BSc

Appointed: 2 July 2007

Vincent has worked in the telecommunications industry for the last 17 years. After graduating in 1995, he joined GSM Cellular where he applied himself across the different business disciplines within the company, developing his professional skills and finishing his tenure as the corporate account manager. Vincent joined TelePassport in 1999 to focus on business growth. Vincent was instrumental in developing TelePassport into a successful and growing business. At the helm of a consortium he played a major role in tailoring a BBBEE transaction for TelePassport, which culminated in Mojaho Trading acquiring 30% of the company. He assumed the role of Client Services Director when TelePassport and CentraCell formed Huge Telecom, and was responsible for bedding down the operations and service deliverables of the combined entity. Vincent was appointed to the position of Product and Business Development Director in January 2009, and was involved in rejuvenating the Group's product portfolio, with the continual introduction of new products. Huge Telecom acquired a controlling shareholding in Ambient Mobile in January 2011, which has resulted in Vincent's appointment as the head of Ambient Mobile Proprietary Limited. Vincent was instrumental in the acquisition of Ambient, having identified the potential growth of mobile messaging not only in South Africa but in the rest of the African continent as well. He has also completed a mini MBA (Telecoms) with Informa Telecom academy, based in the United Kingdom.

Anton Daniel Potgieter (47) – Non-independent Non-executive director, BBusSc (Hons – Information systems)

Appointed: 2 July 2007

Anton has 18 years of telecommunications experience in the Southern African market, with extensive experience in all facets of business within an industry which is ever-changing. He started an IT Company in 1991, and then founded TelePassport in 1993, which was focused initially on international call-back. In 1997, TelePassport extended its focus into GSM-based least cost routing. TelePassport's annual revenue grew to R350 million by 2006. Anton listed TelePassport as Huge in 2007 and fulfilled the role of Chief Executive Officer before being appointed as its Executive Chairman in 2008. In April 2011, Anton resigned as an employee of Huge Telecom and was appointed as a non-executive director on the Group's board. Anton is a member of the Audit Committee, a member of the Risk Committee and Chairman of the Remuneration Committee.

James Charles Herbst (45) – Chief Executive Officer, CA(SA), Chartered Financial Analyst

Appointed: 1 September 2006

James is a Chartered Accountant with sound experience in corporate finance, corporate law and investment management. After completing his articles with Coopers & Lybrand and the Chartered Financial Analyst programme, James worked for Fleming Martin Private Asset Management where he managed full discretionary funds. He left in 2001 to start a private equity business that later culminated in the listing of DataPro (which became Vox Telecom). Having completed his service contract with DataPro, James went on to pursue corporate finance and deal-making and in July 2007 he acted as corporate advisor to TelePassport, which was reverse-listed into Huge Group. James was appointed as CEO of Huge Group in 2008.

David Deetlefs (60) – Group Financial Director/Chief Operating Officer, CA(SA)

Appointed: 1 October 2012

Dave is a qualified Chartered Accountant, and holds BCom and BAcc degrees from the University of the Witwatersrand. Prior to joining the Huge Group, Dave held a number of senior executive positions within the ICT sector, including Chief Executive Officer and prior to that, Chief Financial Officer of the Glocell Group, Chief Financial Officer of the listed Unihold Group, and Chairman of companies within the Unihold Technologies division. Dave joined Huge Telecom Proprietary Limited in a consulting capacity in November 2011 and was appointed as Managing Director: Huge Business Support with effect from 1 March 2012. In this role he was responsible for the management of the Company's Commercial and Operations functions. On 1 October 2012, he was appointed Group Financial Director, and has subsequently assumed responsibility for all operational functions in his capacity as Chief Operating Officer. Dave sits on the Social and Ethics Committee.

DIRECTORSHIPS OF OTHER COMPANIES OVER THE PAST FIVE YEARS

Director	Current directorships	Past directorships
Dr DF da Silva	First South Specialised Finance Casa da Luz LXG Invest First South Financial Services First South Securities First South Group Calshelf Investments 210 Calshelf Investments 209 Calshelf Investments 208 Huge Group	Southern Goshawk Resources Jay and Jayendra MacQuarie Africa Trustlink MacQuarie Capital South Africa MacQuarie Holdings South Africa MacQuarie Equities South Africa MacQuare Securities South Africa
SP Tredoux	Favoriza Online City Kenton Estate Financial and General Agencies Huge Group Pooosh Cellulara Inflatable Architecture Mysnaps Kimotrim	Mine Restoration Investments Huge Telecom Evolution Group Inflate Structures SA Huge Cellular DRA Group Holdings
DR Gammie	Huge Group	
Z Bulbulia	Huge Group	AN Nakheel Flobal Investments (RF) MTN Treasury Mobile Telephone Networks MTN Business Solutions MTN Network Solutions Cell Place iTalk Cellular Aconcagua 11 Investments MTN Propco Oltio Holdings Oltio MTN South Africa Foundation Sea Star Motors MTN Cameroon MTN Ghana (Scancom) MTN Sudan MTN Ivory Coast MTN Uganda MTN Syria MTN Dubai MTN Guinea Conakry
VM Mokholo	Mano Coal Mojaho Trading Inzuzu Trading and Investments Huge Group Gonondo Telecom Ambient Mobile Farakanya	Huge Telecom Huge Connect

Director	Current directorships	Past directorships
AD Potgieter	Slipbox Huge Connect Huge Group	Le Gacy Telecom (FRA) Huge Cellular Huge Software and Technologies Managed Voice Solutions
JC Herbst	Whiteley Rose Herbst Advisors 3D Accounting Solutions Huge Telecom Huge Connect Level 4 IT Services Herbst Investments 001 Level 4 Group Holdings Eagle Creek Investments 223 AccKnowledge Systems Eagle Creek Investments 533 Eagle Creek Investments 535 Silver Meadow Trading 3 Pacific Breeze Trading 417 Huge Group Eyeballs Mobile Advertising Le Gacy Telecom (FRA) Huge Cellular Huge Software and Technologies Farakanya	Mine Restoration Investments Casey Business Solutions Atlantic Internet Services Casey Onsite Vox Wholesale Casey Electronics (Cape) Casey Business Solutions KZN Vox Telecom Casey Consulting Caseynet Bondnet Datapro Faxing Solutions Datapro Vox Telecom Sales Educated Risk Investments 57 Pooosh Cellular Managed Voice Solutions
D Deetlefs	Dee-Anco Investments Huge Telecom Huge Connect Huge Group Eyeballs Mobile Advertising Huge Cellular Huge Software and Technologies Anthrobex Ventrafin Trading	

CORPORATE GOVERNANCE

The board of directors endorses and has addressed and, where applicable, had applied the Code of Corporate Practices and Conduct ("the Code") and is fully committed to complying with the recommendation of the King III Report on corporate governance ("King III Report") as well as the JSE Listings Requirements.

In supporting the Code, the directors recognise the need to conduct the business of the Group with transparency, integrity and in accordance with generally accepted corporate practices.

The directors continually review the Group's policies and procedures to enhance corporate governance and to ensure that the Group continues to be managed under the highest ethical standards.

STATEMENT OF COMPLIANCE

The directors believe that the Group has applied good corporate governance in terms of the King III Report and the JSE Listings Requirements.

BOARD OF DIRECTORS

Huge has a unitary board and the role of the chairperson and chief executive do not vest in the same person. The chairperson of the board is an independent non-executive director.

There is a formal and transparent procedure with regard to appointments to the board and the board as a whole considers any new appointments. The board of Huge comprises two executive and six non-executive directors, three of whom are independent. The non-executive directors ensure that independent judgement is maintained at all times.

There is a clear balance of power and authority at board level, ensuring that no one director has unfettered powers of decision-making.

The board is in the process of developing and implementing a Board Gender Diversity Policy and is committed to the implementation thereof.

The Huge board meets regularly, retains full and effective control over affairs of the Group and monitors the asset management and property management processes. The board reserves to itself a range of key decisions to ensure that it retains proper direction and control of the Group.

The board is responsible for effective control over the affairs of the Group, including: strategic and policy decision-making, financial control, risk management communication with stakeholders, internal controls and the asset management process. It approves the annual strategic plan and budget for the Group.

Each of the members of the board is competent and has a wide range of expertise in the property environment, finance and general commerce.

JC Herbst is the CEO of the Company, and D Deetlefs is the Financial Director.

Directors are entitled, in consultation with the Chairman, to seek independent professional advice about the affairs of the Group, at the Group's expense.

The *curriculum vitae* of the directors are included in Annexure 1 of these Revised Listing Particulars.

COMPANY SECRETARY AND PROFESSIONAL ADVICE

The Company Secretary is Jean Michelle Tyndale-Biscoe, who holds a Bachelor of Arts degree in Law and Languages, and a Higher Diploma in Company Law. The Group Company Secretary is not an executive director of the Company, nor is she related to or connected to any of the directors. The appointment of the Group Company Secretary is a matter for the board as a whole.

The board and the Chief Executive Officer satisfy themselves annually that the Group Company Secretary:

- is competent, suitably qualified and experienced;
- has the necessary skills, knowledge and experience to advise the board on matters of governance;
- maintain's an arm's length relationship with the board and the directors; and
- has discharged her responsibilities.

All directors have access to the advice and services of the Company Secretary, whose responsibilities are set out in section 88 of the Act, including (but not restricted to) providing guidance to the directors as to their duties, responsibilities and powers, induction of new directors, liaising with the JSE, Strate, the Transfer Secretaries, Registrar of Companies, and ensuring that minutes are kept of meetings of directors and Shareholders and making directors aware of relevant changes in law.

Directors are entitled, in consultation with the Company Secretary, to seek independent professional advice about the affairs of the Group, at the Group's expense.

BOARD COMMITTEES

To assist the board in discharging its collective responsibility for the corporate governance, five committees have been established to which certain of the board responsibilities have been delegated.

These committees are composed of directors who have a mix of skills, experience and other qualities appropriate to their roles. A sufficient number of non-executive board members capable of exercising independent judgement to tasks where there is a potential conflict of interest, have been assigned to these committees.

AUDIT COMMITTEE

In light of the King Report on Corporate Governance which requires an independent director as chairman of the Audit Committee, the current board has appointed DR Gammie as Chairman of the committee due to his independence and expertise. The other members are SP Tredoux, AD Potgieter, Z Bulbulia and Dr DF da Silva.

The committee ensures integrity of the Group's accounting, audit and financial reporting processes and internal control systems.

The committee is responsible for the review of the financial statements and accounting policies, the effectiveness of management information, the overall risk profile of the Group, compliance with statutory and profit announcements, and the effectiveness and findings of the internal audit function.

It recommends to the board the appointment and selection of the Company's external auditors, their proposed audit fee and scope of the audit for the following financial year-end and ensures that financial statements are prepared according to International Financial Reporting Standards.

The Audit Committee annually reviews the qualifications and expertise of the Group Financial Director, Mr David Deetlefs, and is satisfied as to his experience and expertise with regard to fulfilling this position.

The committee meets at least twice a year. The Company Secretary and the external auditors attend these meetings to assist the committee in effectively carrying out its mandate.

RISK COMMITTEE

The board has appointed DR Gammie as Chairman of the committee due to his independence and expertise. The other members are SP Tredoux, AD Potgieter, Z Bulbulia and Dr DF da Silva.

The committee monitors the risks faced by the business, and regularly review's the Company's risk matrix. In addition, the Risk Committee ensures that management has implemented sound strategies in order to mitigate pre-identified risks.

INVESTMENT COMMITTEE

The committee has been established to review all proposed acquisitions and disposals, and other matters which may be specifically delegated to it. The committee operates within a clearly defined mandate and authority levels, more specifically to review the feasibility of investments, look at suitable property investments and ensure that the gearing of Huge does not exceed 40%.

The members of the Investment Committee are Dr DF da Silva, Z Bulbulia, J Herbst and D Deetlefs.

REMUNERATION COMMITTEE

The Remuneration Committee has been established to determine the remuneration and terms of employment of directors and senior management. The members of the Remuneration Committee are AD Potgieter, DR Gammie and VM Mokholo. The Remuneration Committee meets at least twice a year.

SOCIAL AND ETHICS COMMITTEE

The Social and Ethics Committee is mandated to ensure that the Company operates in a socially responsible and ethical manner at all times. The members are SP Tredoux (Chairman), D Deetlefs and JM Tyndale-Biscoe.

ETHICS

The board and the management of the Company are committed to the exercise of the highest ethical standards. A culture of compliance with the highest ethical standards has been developed and flourishes.

Huge's report with regard to the Company's compliance with the King Code on Corporate Governance is available on the Company's website – www.hugegroup.com.

EXTRACTS FROM HUGE'S MEMORANDUM OF INCORPORATION

The extracts below relate to the rights attaching to Huge Shares and the articles concerning the directors.

3. **SECURITIES OF THE COMPANY**

3.1 **Shares**

(1) The Company is authorised to issue the following Shares:

Number	**Class**
1 000 000 000	ordinary par value Shares

(2) Each share entitles the holder to the rights attaching to the particular class of share set out in this clause 3.1(2).

(a) Each ordinary share shall rank *pari passu* and *entitles* the holder to:

(i) vote on any matter to be decided by a vote of the ordinary Shareholders on the basis contemplated in clause 4.3(1);

(ii) participate in any distribution to the ordinary Shareholders; and

(iii) participate in the distribution of the residual value of the Company upon its dissolution.

(3) Subject always to the prior approval of the Shareholders of the Company in general meeting and the JSE, the Company's board is authorised to issue Shares and/or grant options to subscribe for unissued Shares in accordance with the Listings Requirements at any time, but only within the classes, and only to the extent that the Shares have been authorised by or in terms of this Memorandum of Incorporation. Any such approval may be in the form of a general authority to the directors, whether conditional or unconditional, to allot or issue any Shares or grant options in their discretion, or in the form of a specific authority in respect of any particular allotment or issue of Shares or grant of options. If any such approval is given in the form of a general authority to the directors, it shall be valid only until the next annual general meeting but it may be varied or revoked by any general meeting of the Company prior to the holding of the next annual general meeting.

(4) A special resolution of the Shareholders of the Company is required to issue shares in the circumstances contemplated in section 41 of the Act.

(5) Subject always to the prior approval of the Shareholders by ordinary resolution at a Shareholders' meeting and the JSE, the board is authorised to offer shares to existing Shareholders at any time, but such offer shall be *pro rata* to their existing shareholding, and on the same terms and conditions as have been offered to all Shareholders of the Company or to all Shareholders of the class or classes of shares being issued, unless issued for the acquisition of assets.

(6) The authority of the board to increase or decrease the number of authorised Shares of any class, to reclassify any classified Shares that have been authorised but not issued, to classify any unclassified Shares that have been authorised but not issued, or to determine the preferences, rights, limitations or other terms of any class of Shares, is restricted or varied in the manner contemplated in clauses 2.3(1)(b) and 2.3(2) and must be exercised in accordance with the Listings Requirements.

(7) The authority of the board to authorise the Company to provide financial assistance by way of a loan, guarantee, the provision of security or otherwise to any person in relation to the purchase of any Securities or the subscription of any option or security of the Company or a related or inter-related company, subject to the provisions of section 44(3), is not restricted or varied by this Memorandum of Incorporation.

(8) Subject to this clause 3.1 and the provisions of section 47, the board may approve the issuing of any authorised Shares of the Company as capitalisation Shares or the issuing of Shares of one class as capitalisation Shares in respect of Shares of another class and may permit Shareholders to elect to receive a cash payment *in lieu* of a capitalisation share.

(9) Subject to the provisions of sections 46 and 48 and the Listings Requirements, the board may determine that the Company will acquire a number of its own shares provided that such resolution by the board:

(a) is approved by a special resolution of the Shareholders, if any shares are to be acquired by the Company from a director or prescribed officer of the Company, or a person related to a director or prescribed officer of the Company; and

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

(10) Subject to the provisions of sections 46 and 48 the Company may determine that it will acquire shares in its holding company provided that:

(a) not more than 10%, in aggregate, of the number of issued shares of any class of shares of the holding company may be held by, or for the benefit of, all of the subsidiaries of the holding company, taken together; and

(b) no voting rights attached to those shares may be exercised while the shares are held by the Company, and it remains a subsidiary of the holding company whose shares it holds.

(11) The Company may not pay commission exceeding 10% to any person in consideration for their subscribing or agreeing to subscribe, whether absolutely or conditionally, for any Securities of the Company.

(12) Securities of the Company are to be issued in certificated form.

(13) A certificate evidencing any certificated Securities of the Company:

(a) must state on its face:

(i) the name of the Company;

(ii) the name of the person to whom the Securities were issued;

(iii) the number and class of Shares and the designation of the series, if any, evidenced by that certificate;

(iv) a number distinctive for each certificate; and

(v) any restriction on the transfer of the Securities evidenced by that certificate

provided that any share certificate issued by the Company as a pre-existing company will not be invalidated solely by reason of it failing to comply with these requirements;

(b) must be signed by two persons authorised by the board; and

(c) is proof that the named security holder owns the Securities, in the absence of evidence to the contrary.

(14) A signature contemplated in clause 3.1(13)(b) may be affixed or placed on the certificate by autographic, mechanical or electronic means.

(15) If a Securities certificate is defaced, lost or destroyed, it may be replaced on payment of any duty payable on the new certificate and on such terms (if any) as to evidence, indemnity and payment of the out-of-pocket expenses of the Company of investigating such evidence and, in the case of loss or destruction, of advertising the same, as the board may think fit and, in the case of defacement, on delivery of the old certificate to the Company.

(16) A Securities certificate in the names of two or more persons shall be delivered to the person named first in the register, or to that person's authorised agent, and in case of the legal capacity of any one or more of the joint registered holders of any security, the survivor then named first in the register will be the only person recognised by the Company as being entitled to such certificate, or any new certificate which may be issued in its place. The Company is not bound to register more than four persons as the holders of any security.

(17) Subject to clause 3.1(18), the Company must enter in its Securities register every transfer of certificated Securities, including in the entry:

(a) the name and address of the transferee;

(b) the description of the Securities or interest transferred;

(c) the date of the transfer; and

(d) the value of any consideration still to be received by the Company on each security or interest, in the case of a transfer of Securities contemplated in sections 40(5) and (6).

(18) The Company may make an entry contemplated in clause 3.1(17) only if the transfer:

(a) is evidenced by a proper instrument of transfer in a form and substance satisfactory to the board that has been delivered to the Company; or

(b) was effected by operation of law.

(19) The provisions of the Act shall apply in respect of the issuance or transfer of uncertificated Securities.

(20) All authorities to sign transfer deeds granted by Shareholders for the purpose of transferring Securities that may be lodged, produced or exhibited with or to the Company at any of its transfer offices shall as between the Company and the grantor of such authorities, be taken and deemed to continue and remain in full force and effect, and the Company may allow the same to be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the Company's transfer offices at which the authority was lodged, produced or exhibited. Even after the giving and lodging of such notices the Company shall be entitled to give effect to any instruments signed under the authority to sign, and certified by any officer of the Company, as being in order before the giving and lodging of such notice.

(21) Shareholders may provide the Company with an address either in the Republic of South Africa or elsewhere to be inserted in the Securities register.

(22) Under no circumstances shall the Company be entitled to claim a lien on any Securities issued by the Company.

6. DIRECTORS AND OFFICERS

6.1 Composition of the Board

(1) The Company's board must comprise not less than five directors, elected by the Shareholders, provided that any Shareholder may nominate any director for the purposes of such election.

(2) Subject to clause 6.1(6), each director, other than the first directors and any directors appointed in this Memorandum of Incorporation, must be elected by the persons entitled to exercise voting rights in such an election, provided that no director may be appointed for life or for an indefinite period.

(3) In any election of directors, the election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy.

(4) In each vote to fill a vacancy, each voting right entitled to be exercised may be exercised once and the vacancy is filled only if a majority of the voting rights exercised support the candidate.

(5) There are no *ex officio* directors in addition to any directors appointed in terms of this Memorandum of Incorporation and the elected directors.

(6) The authority of the board to fill any vacancy on the board on a temporary basis is not restricted or varied by this Memorandum of Incorporation. A director appointed on a temporary basis must be a person who satisfies the requirements for election as a director and has all the powers, functions and duties, and is subject to all the liabilities, of any other director.

(7) The appointment of a director, whether to fill a casual vacancy, or as an addition to the board (or otherwise), must be confirmed by Shareholders at the annual general meeting following such appointment.

(8) If the number of directors falls below the minimum provided in clause 00, the remaining directors must as soon as possible and, in any event not later than three months from the date that the number of directors falls below the minimum, fill the vacancies or call a general meeting for the purpose of filling the vacancies, provided that the failure by the Company to have the minimum number of directors during the three-month period does not limit or negate the authority of the board of directors or invalidate anything done by the board of directors or the Company. After the expiry of the three-month period the remaining directors shall only be permitted to act for the purpose of filling vacancies or calling general meetings of Shareholders.

(9) To become or to continue to act as a director or a prescribed officer of the Company, a person must not be:

(a) a juristic person;

(b) an unemancipated minor, or a person under a similar legal disability;

(c) a person who has been declared a delinquent or placed under probation by a court in terms of section 162 or section 47 of the Close Corporations Act, 1984, except to the extent permitted by the order of probation;

(d) an unrehabilitated insolvent;

(e) prohibited in terms of any public regulation to be a director;

(f) removed from an office of trust, on the grounds of misconduct involving dishonesty;

(g) a person who has been convicted, in the Republic or elsewhere, and imprisoned without the option of a fine, or fined more than the prescribed amount, for theft, fraud, forgery, perjury or an offence:

(i) involving fraud, misrepresentation or dishonesty;

(ii) in connection with the promotion, formation or management of a company;

(iii) in connection with having been appointed or elected as a director or acting as a director whilst ineligible or disqualified, or whilst having been placed under probation by a court; or

(iv) under the Act, the *Insolvency Act, 1936*, the *Close Corporations Act, 1984*, the *Competition Act, 1998*, the *Financial Intelligence Centre Act, 2001*, the *Securities Services Act, 2004*, or Chapter 2 of the *Prevention and Combating of Corruption Activities Act, 2004*.

(10) A person need not satisfy any further eligibility requirements or qualifications.

6.2 **Rotation of directors**

At least one third of non-executive directors must retire at the Company's annual general meetings or other general meetings on an annual basis, provided the meeting is not conducted in terms of section 60 of the Act. These retiring members of the board of Directors may be re-elected, provided they are eligible. The board of Directors through the Nomination Committee, should recommend eligibility, taking into account past performance and contribution.

6.3 **Alternate directors**

(1) Each director may, subject to Shareholder approval in accordance with the Act, appoint and remove any person, including another director, to act as an alternate director in such director's place and during their absence, provide that such person has been approved for that purpose by a resolution of the Company's board. Any appointment or removal of an alternate director shall be effected by written notice to the Company signed by the person appointing or removing that alternative.

(2) An alternate director shall, except as regards the power to appoint an alternate (if applicable) and to receive remuneration, be subject in all respects to the terms and conditions applicable to the director appointing them, and each alternate director shall be entitled:

(a) to receive notice of all meetings of the directors or of any committee of the directors of which the alternate's appointor is a member;

(b) to attend and vote at any such meetings at which the alternate's appointor is not personally present;

(c) to furnish written consent to adopt a decision which could be voted on at a board meeting;

(d) to be appointed as an alternate to more than one director and shall have a vote for each director for whom such alternate acts, in addition to their own vote as director, if any; and

(e) generally, to exercise and discharge all the functions, powers and duties of the alternate's appointor in such appointor's absence as if such alternate were a director.

(3) An alternate director shall cease to be an alternate director if the alternate's appointor ceases for any reason to be a director, but if any director retires and is re-elected at the same meeting, any appointment made by such director shall remain in force as though the director had not retired.

6.4 Authority of the board

(1) The authority of the Company's board to exercise all of the powers and perform any of the functions of the Company and to manage and direct the business and affairs of the Company, is not restricted or varied by this Memorandum of Incorporation.

(2) If, at any time, the Company has only one director, the authority of that director to act without notice or compliance with any other internal formalities, is not restricted or varied by this Memorandum of Incorporation.

6.5 Directors' meetings

(1) A director authorised by the board of the Company:

(a) may call a meeting of the board at any time; and

(b) must call such a meeting if required to do so by at least:

(i) 25% of the directors, in the case of a board that has at least 12 members; or

(ii) two directors, in any other case.

(2) Notwithstanding clause 6.5(1), any director may call a meeting of directors if such director considers there is good reason to do so.

(3) The authority of the board to conduct a meeting entirely by electronic communication, or to provide for participation in a meeting by electronic communication, so long as the electronic communication facility employed ordinarily enables all persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate effectively in the meeting, is not restricted or varied by this Memorandum of Incorporation.

(4) The authority of the board to adopt a decision, that could be voted on at a board meeting, by way of written consent of a majority of the directors, given in person or by electronic communication, provided that each director has received notice of the matter to be decided, is not restricted or varied by this Memorandum of Incorporation. Any decision made in the manner contemplated in this clause 6.5(4):

(a) has the same effect as if it had been approved by voting at a meeting;

(b) must be inserted into the minute book of the Company; and

(c) may consist of several documents and will be deemed to have been passed on the date on which it was signed by the last director who signed it (unless otherwise stated in the resolution).

(5) The board may determine the form and time for giving notice of its meetings but such a determination must comply with any requirements set out in this Memorandum of Incorporation, provided that no meeting of the board shall be convened without notice to all of the directors subject, however, to the provisions of clause 6.5(6).

(6) The authority of the board to proceed with a meeting even if there was a failure to give the required notice or there was a defect in the giving of such notice, provided that all of the directors acknowledge actual receipt of the notice or are present at the meeting or waive notice of the meeting, is not restricted or varied by this Memorandum of Incorporation.

(7) The quorum requirement for a meeting is a majority of directors.

(8) Each director has one vote on a matter and a majority of votes cast on a resolution is sufficient to approve that resolution.

(9) The board is entitled to elect a chairman, deputy chairman and/or any vice-chairman from one of its number and may determine the period for which such persons will hold office. In the case of a tied vote the chairman or vice-chairman will not have a deciding vote and the resolution will fail.

6.6 Directors' power to affect borrowing

The Company's board may raise or borrow from time to time for the purposes of the Company, or secure the payment, of such sums as they think fit and may secure the repayment or payment of any such sums by guarantee, bond or mortgage upon all or any of the property or assets of the Company or by the issue of debt instruments or otherwise as they may think fit.

6.7 **Directors' compensation and financial assistance**

(1) The authority of the Company to pay remuneration to the directors, in accordance with a special resolution approved by the Shareholders within the previous two years, is not restricted or varied by this Memorandum of Incorporation.

(2) A director may be employed in any other capacity in the Company or as a director or employee of a company controlled by, or itself a subsidiary of, this Company, provided that their appointment and remuneration in respect of such other office is determined by:

(a) a disinterested quorum of directors in the case of executive directors; and

(b) the Shareholders, within the previous two years, in the case of non-executive directors.

(3) The directors may be paid all their travelling and other expenses properly and necessarily incurred by them in and about the business of the Company, and in attending meetings of the directors or of committees thereof. If any director is required to perform extra services or to reside abroad or will be specifically occupied about the Company's business, they shall be entitled to receive such remuneration as is determined in accordance with clause 6.7(2).

6.8 **Indemnification of directors**

(1) For purposes of this clause 6.8, director includes a former director, an alternate director, a prescribed officer or a person who is a member of a committee of a board of the Company, or of the Audit Committee of the Company, irrespective of whether or not the person is also a member of the board.

(2) The authority of the Company to advance expenses to a director to defend litigation in any proceedings arising out of the director's service to the Company and to directly or indirectly indemnify a director for such expenses if those proceedings are abandoned or exculpate the director or arise in respect of any liability for which the Company may indemnify the director, is not restricted or varied by this Memorandum of Incorporation.

(3) The authority of the Company to indemnify a director in respect of any liability for which the Company may indemnify a director, is not restricted or varied by this Memorandum of Incorporation and the Act.

(4) The authority of the Company to purchase insurance to protect:

(a) a director against any liability or expenses for which the Company may indemnify a director as contemplated in clause 6.8(2) or clause 6.8(3); or

(b) the Company against any contingency including but not limited to any expenses that the Company is permitted to advance or for which the Company is permitted to indemnify a director as contemplated in clause 6.8(2) or any liability for which the Company is permitted to indemnify a director as contemplated in clause 6.8(3),

is not restricted or varied by this Memorandum of Incorporation.

(5) The Company shall be entitled to claim restitution from a director or a related company for any money paid directly or indirectly by the Company to or on behalf of that director in any manner inconsistent with this clause 6.8 or the Act.

DETAILS OF ALTERATIONS TO HUGE'S SHARE CAPITAL IN THE LAST THREE YEARS

On 19 August 2014, Huge embarked on a Rights Offer, whereby 20 million new Huge Shares were offered to existing Shareholders recorded in the register of Huge as at 22 August 2014, in the ratio of 22.24658 new Shares for every 100 Shares held, and at an issue price of 100 cents per Share, representing a 34.6% discount to the VWAP as at 11 July 2014. The Rights Offer closed on 5 September 2014 and was oversubscribed. An additional 416 000 shares were issued on 22 September 2014, at an issue price of 121 cents per share, representing a 20.9% discount to the VWAP as at 11 July 2014.

On 20 December 2016, Shareholders approved the issue of up to 50 000 000 new Huge Ordinary Shares to Qualifying Investors, in order to raise up to a maximum of R300 000 000 by means of a bookbuild.

Other than as described above, no Huge Shares have been issued during the past three years.

There has been no subdivision or consolidation of Huge's share during the three years preceding the date of the issue of these Revised Listing Particulars nor have there been any repurchases by the Company or its subsidiaries of its own shares.

DETAILS OF SUBSIDIARY COMPANIES OF HUGE

The following were wholly owned subsidiaries of Huge as at the Last Practicable Date:

Company	Registration number	Authorised share capital	Issued share capital	Nature of business	Directors
Huge Telecom Proprietary Limited	1993/003902/07	4 000	1 000	Managed Telecommunications	JC Herbst D Deetlefs
Huge Connect Proprietary Limited	2002/022642/07	4 000	1 000	Telecommunications	JC Herbst D Deetlefs AD Potgieter
Huge Software and Technologies Proprietary Limited	2008/006066/07	4 000	100	Software and Technology	JC Herbst D Deetlefs
Eyeballs Mobile Advertising Proprietary Limited	2007/004818/07	100 000	100 000	Advertising	JC Herbst D Deetlefs M Beamish

The following were subsidiaries of Huge Telecom as at the Last Practicable Date:

Company	Registration number	Authorised share capital	Issued share capital	% held	Nature of business	Directors
Huge Cellular Proprietary Limited	2008/004068/07	4 000	100	100	Procurement	JC Herbst D Deetlefs
LeGacy Telecom (FRA) Proprietary Limited	2007/033510/07	300	300	49.7	Telecommunications	JC Herbst
Ambient Mobile Proprietary Limited	2008/001288/07	1 000	1 000	50.2	Short messaging services	VM Mokholo GB Shiers JD Ingram

The remaining 50.3% of Le Gacy Telecom (FRA) Proprietary Limited is held by the MKJ Family Trust, an entity not related to Huge or its subsidiaries, nor to any director of Huge or its subsidiaries.

The remaining 49.8% of Ambient Mobile is held by EM Kerby (9.8%), JD Ingram (20%) and GB Shiers (20%).

SHARE PRICE HISTORY

	High (cps)	Low (cps)	Volume (shares)	Value (R)
Monthly – 2016				
January	419	360	1 439 968	5 864 053
February	515	420	2 631 794	11 141 151
March	550	500	643 297	3 319 126
April	550	510	662 714	3 501 402
May	545	485	751 705	3 863 094
June	530	502	1 642 041	8 432 251
July	570	500	266 464	1 438 851
August	570	500	813 291	4 435 430
September	700	555	650 203	4 253 531
October	685	645	255 168	1 674 431
November	740	680	244 989	1 751 870
December	830	720	196 095	1 485 687
Daily – 2016				
24 November	725	725	7 200	52 200
25 November	–	–	–	–
28 November	732	715	3 600	26 165
29 November	730	730	17 000	124 100
30 November	–	–	–	–
1 December	745	730	26 784	195 695.70
2 December	745	720	11 830	87 613
5 December	745	740	15 500	115 275
6 December	745	720	32 795	240 182
7 December	745	745	2 000	14 900
8 December	745	745	18 000	134 100
9 December	745	720	1 010	7 286.25
12 December	830	750	12 595	96 319.50
13 December	795	795	2 600	20 670
14 December	–	–	–	–
15 December	800	795	1 232	9 821.05
19 December	800	800	5 000	40 000
20 December	800	750	22 202	174 413.95
21 December	800	770	3 450	27 165
22 December	800	765	31 237	245 963
23 December	–	–	–	–
28 December	775	775	120	930
29 December	775	770	9 740	75 353
30 December	–	–	–	–
Daily – 2017				
3 January	775	772	1 607	12 421.11
4 January	799	765	14 482	114 881
5 January	798	790	3 038	24 142.04
6 January	798	790	25 640	203 797.20
9 January	798	780	17 040	133 832
10 January	798	780	33 711	267 459.90

PRINTED BY INCE (PTY) LTD

REF. JOB012359