



### Headline earnings per share up 19.6%

2018: 69.49 cents  
2017: 58.08 cents

### Net asset value per share up 12.9%

2018: 1 433.94 cents  
2017: 1 270.47 cents

### Basic earnings per share up 36.9%

2018: 78.24 cents  
2017: 57.13 cents

Incorporated in the Republic of South Africa  
Registration number: 1987/070161/06  
Share code: MST ISIN: ZAE00012373 "Mustek" or "the Group"

[www.mustek.co.za](http://www.mustek.co.za)

### Condensed consolidated statement of comprehensive income

R 000	Unaudited 6 months 31 Dec 2018	Unaudited 6 months 31 Dec 2017	Audited Year-end 30 Jun 2018
<b>Revenue</b>	2 702 265	2 645 718	5 671 293
Cost of sales	(2 291 738)	(2 297 374)	(4 875 873)
<b>Gross profit</b>	410 527	348 344	795 420
Foreign currency losses	(11 252)	(3 883)	(87 935)
Distribution, administrative and other operating expenses	(282 848)	(257 569)	(544 405)
<b>Profit from operations</b>	116 427	86 892	163 080
Investment revenues	3 248	6 186	10 658
Finance costs	(49 999)	(42 666)	(87 255)
Other losses	–	(792)	(792)
Share of profit of associates	6 475	9 689	15 749
<b>Profit before tax</b>	76 151	59 309	101 440
Income tax expense	(19 147)	(12 848)	(20 183)
<b>Profit for the period</b>	57 004	46 461	81 257
<b>Other comprehensive income</b>			
Exchange profits (losses) on translation of foreign operations	610	(2 881)	2 110
Other comprehensive income for the period, net of tax	610	(2 881)	2 110
<b>Total comprehensive income for the period</b>	57 614	43 580	83 367
<b>Profit attributable to:</b>			
Owners of the parent	55 890	45 966	79 807
Non-controlling interest	1 114	495	1 450
	57 004	46 461	81 257
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	56 500	43 085	81 917
Non-controlling interest	1 114	495	1 450
	57 614	43 580	83 367
Basic earnings per ordinary share (cents)	78.24	57.13	102.58

### Condensed consolidated statement of financial position

R 000	Unaudited 6 months 31 Dec 2018	Unaudited 6 months 31 Dec 2017	Audited Year-end 30 Jun 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	185 713	161 648	170 478
Goodwill	55 627	55 627	55 627
Intangible assets	45 237	43 204	44 634
Investments in associates	116 957	118 395	117 328
Other investments and loans	58 212	57 795	59 928
Deferred tax asset	19 843	17 497	21 923
	481 589	454 166	469 918
<b>Current assets</b>			
Inventories	1 268 002	882 431	965 971
Inventories in transit	180 994	207 032	187 282
Trade and other receivables	1 016 728	1 193 916	971 403
Foreign currency assets	14 010	–	31 077
Bank balances and cash	318 125	310 506	295 376
	2 797 859	2 593 885	2 451 109
Non-current asset classified as held for sale	–	–	9 420
<b>TOTAL ASSETS</b>	3 279 448	3 048 051	2 930 447
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Ordinary stated capital	–	–	–
Retained earnings	999 866	967 271	981 157
Foreign currency translation reserve	3 889	(1 712)	3 279
<b>Equity attributable to owners of the parent</b>	1 003 755	965 559	984 436
<b>Non-controlling interest</b>	8 122	8 623	8 879
<b>Total equity</b>	1 011 877	974 182	993 315
<b>Non-current liabilities</b>			
Long-term borrowings	7 005	4 729	6 251
Deferred tax liabilities	8 616	10 336	8 898
Deferred income	15 466	13 779	15 788
Bank overdrafts	31 087	28 844	30 937
<b>Current liabilities</b>			
Trade and other payables	1 645 655	1 499 328	1 625 054
Foreign currency liabilities	–	66 252	12 668
Deferred income	13 999	12 219	13 817
Bank overdrafts	576 830	467 226	254 656
	2 236 484	2 045 025	1 906 195
<b>TOTAL LIABILITIES</b>	2 267 571	2 073 869	1 937 132
<b>TOTAL EQUITY AND LIABILITIES</b>	3 279 448	3 048 051	2 930 447

### Condensed consolidated cash flow statement

R 000	Unaudited 6 months 31 Dec 2018	Unaudited 6 months 31 Dec 2017	Audited Year-end 30 Jun 2018
<b>OPERATING ACTIVITIES</b>			
Cash receipts from customers	2 652 725	2 532 624	5 778 409
Cash paid to suppliers and employees	(2 846 724)	(2 581 207)	(5 538 720)
<b>Net cash (used in) from operations</b>	(193 999)	(48 583)	239 689
Investment revenues received	3 248	6 186	10 658
Finance costs paid	(49 999)	(42 666)	(87 255)
Dividends paid	(17 785)	(12 960)	(13 659)
Income taxes paid	(11 029)	2 487	(10 862)
<b>Net cash (used in) from operating activities</b>	(269 564)	(95 536)	138 571
<b>INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment	(25 168)	(16 198)	(44 052)
Proceeds from sale of property, plant and equipment	17 500	171	526
Decrease (increase) in investments in and loans to associates	6 846	(5 700)	1 427
Decrease in investments and loans	1 716	15 846	13 713
Additions to intangible assets	(4 693)	(10 377)	(16 621)
<b>Net cash used in investing activities</b>	(3 799)	(16 258)	(45 007)
<b>FINANCING ACTIVITIES</b>			
Buy back of ordinary shares	(21 267)	(34 899)	(54 854)
Increase in long-term borrowings	432	(344)	3 187
Increase (decrease) in short-term borrowings	(5 227)	(776)	7 730
Increase (decrease) in bank overdrafts	322 174	227 948	15 378
<b>Net cash from (used in) financing activities</b>	296 112	191 929	(28 559)
<b>Net increase in cash and cash equivalents</b>	22 749	80 135	65 005
<b>Cash and cash equivalents at beginning of the year</b>	295 376	230 371	230 371
<b>Cash and cash equivalents at end of the year</b>	318 125	310 506	295 376

### Condensed consolidated statement of changes in equity

R 000	Ordinary stated capital	Retained earnings	Foreign currency translation reserve	Attributable to owners of the parent	Non-controlling interest	Total
<b>Balance at 30 June 2017</b>	–	969 164	1 169	970 333	8 128	978 461
Profit for the period	–	45 966	–	45 966	495	46 461
Other comprehensive income	–	–	(2 881)	(2 881)	–	(2 881)
Dividends paid	–	(12 960)	–	(12 960)	–	(12 960)
Buy back of shares	–	(34 899)	–	(34 899)	–	(34 899)
<b>Balance at 31 December 2017</b>	–	967 271	(1 712)	965 559	8 623	974 182
Profit for the period	–	33 841	–	33 841	955	34 796
Other comprehensive income	–	–	4 991	4 991	–	4 991
Dividends paid	–	(12 960)	–	(12 960)	–	(12 960)
Buy back of shares	–	(19 955)	–	(19 955)	–	(19 955)
<b>Balance at 30 June 2018</b>	–	981 157	3 279	984 436	8 879	993 315
Profit for the period	–	55 890	–	55 890	1 114	57 004
Other comprehensive income	–	–	610	610	–	610
Dividends paid	–	(15 914)	–	(15 914)	(1 871)	(17 785)
Buy back of shares	–	(21 267)	–	(21 267)	–	(21 267)
<b>Balance at 31 December 2018</b>	–	999 866	3 889	1 003 755	8 122	1 011 877

### Condensed segmental analysis

	Total	Mustek		Rectron		Group		Eliminations	
	Unaudited 6 months 31 Dec 2018	Unaudited 6 months 31 Dec 2017	Unaudited 6 months 31 Dec 2018	Unaudited 6 months 31 Dec 2017	Unaudited 6 months 31 Dec 2018	Unaudited 6 months 31 Dec 2017	Unaudited 6 months 31 Dec 2018	Unaudited 6 months 31 Dec 2017	Unaudited 6 months 31 Dec 2018
<b>Revenue</b>	2 702 265	2 645 718	1 751 646	1 730 974	1 111 392	1 088 758	–	–	(160 773)
<b>EBITDA*</b>	130 917	101 237	107 509	81 624	34 776	31 339	(11 368)	(11 726)	–
Depreciation and amortisation	(14 490)	(15 137)	(9 411)	(9 834)	(5 079)	(5 303)	–	–	–
<b>Profit (loss) from operations</b>	116 427	86 100	98 098	71 790	29 697	26 036	(11 368)	(11 726)	–
Investment revenues	3 248	6 186	2 876	1 993	1 434	5 244	463	1 155	(1 525)
Finance costs	(49 999)	(42 666)	(34 868)	(26 494)	(15 131)	(16 172)	(1 525)	(2 206)	2 206
Share of profit of associates	6 475	9 689	–	–	–	6 475	9 689	–	–
<b>Profit (loss) before tax</b>	76 151	59 309	66 106	47 289	16 000	15 108	(5 955)	(3 088)	–
Income tax (expense) benefit	(19 147)	(12 848)	(18 294)	(12 244)	(4 333)	(4 182)	3 480	3 578	–
<b>Profit (loss) for the period</b>	57 004	46 461	47 812	35 045	11 667	10 926	(2 475)	490	–
<b>Attributable to:</b>									
Owners of the parent	55 890	45 966	47 784	35 070	10 581	10 406	(2 475)	490	–
Non-controlling interest	1 114	495	28	(25)	1 086	520	–	–	–
	57 004	46 461	47 812	35 045	11 667	10 926	(2 475)	490	–

\*Earnings before interest, taxation, depreciation and amortisation

### R 000 Geographical segments

	Total	South Africa		Mustek East Africa		Mecer Technology (Taiwan)	
	Unaudited 6 months 31 Dec 2018	Unaudited 6 months 31 Dec 2017	Unaudited 6 months 31 Dec 2018	Unaudited 6 months 31 Dec 2017	Unaudited 6 months 31 Dec 2018	Unaudited 6 months 31 Dec 2017	Unaudited 6 months 31 Dec 2017
<b>Revenue</b>	2 702 265	2 645 718	2 682 789	2 623 885	19 152	21 086	747
Profit before tax	76 151	59 309	73 127	57 861	113	1 045	403
Income tax (expense) benefit	(19 147)	(12 848)	(18 299)	(12 778)	(353)	71	(495)
<b>Profit (loss) for the period</b>	57 004	46 461	54 828	45 083	(240)	1 116	262
<b>Attributable to:</b>							
Owners of the parent	55 890	45 966	53 714	44 588	(240)	1 116	262
Non-controlling interest	1 114	495	1 114	495	–	–	–
	57 004	46 461	54 828	45 083	(240)	1 116	262

### Commentary

#### Corporate information

Mustek is a public company incorporated and domiciled in South Africa. The main business of Mustek, its subsidiaries, joint ventures and associates is the assembling, marketing and distribution of Information Communication Technology (ICT) products and services.

#### Basis of preparation

The unaudited condensed consolidated financial information for the period ended 31 December 2018 has been prepared in accordance with the framework concepts and measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and as a minimum contain the information required by IAS 34 Interim Financial Reporting, the Listings Requirements of the JSE Limited and the requirements of the Companies Act of South Africa. This set of condensed financial information, which is based on reasonable judgements and estimates, have been prepared using accounting policies that comply with IFRS. The accounting policies are consistent with those applied in the consolidated financial statements for the year ended 30 June 2018, except for the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers.

The directors take full responsibility for the preparation of this condensed report. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the company's auditors.

#### Headline earnings and dividend per ordinary share

	Unaudited 6 months 31 Dec 2018	Unaudited 6 months 31 Dec 2017	Audited year-end 30 Jun 2018
Weighted number of ordinary shares in issue	71 432 953	80 454 825	77 802 385
Ordinary shares in issue	70 000 000	76 000 000	73 000 000
Dividend per ordinary share – paid (cents)	22.00	16.00	16.00
<b>Headline earnings per share (cents)</b>	69.49	58.08	104.15
<b>Reconciliation between basic and headline earnings (R000)</b>			
Basic earnings attributable to owners of the parent	55 890	45 966	79 807
Group's share of (profit) loss on disposal of property, plant and equipment	(6 253)	(32)	434
Loss on sale of investment	–	792	792
<b>Headline earnings</b>	49 637	46 726	81 033
<b>Net asset value per share (cents)</b>	1 433.94	1 270.47	1 348.54

#### Fair value measurement of financial instruments

Fair value measurements of financial assets and liabilities are analysed as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Unaudited 6 months 31 Dec 2018	Unaudited 6 months 31 Dec 2017	Audited year-end 30 Jun 2018
<b>Financial assets and liabilities</b>			
<b>Held-for-trading: Foreign currency assets</b>			
These financial assets consist of foreign currency forward contracts and options, and are measured using discounted cash flows. Future cash flows are estimated based on the observable yield curves of forward interest rates at the end of the reporting period, as well as contract interest rates. The revaluation of these assets are included in foreign currency losses	2	14 010	–
<b>Held-for-trading: Foreign currency liabilities</b>			
These financial liabilities consist of foreign currency forward contracts and options, and are measured using discounted cash flows. Future cash flows are estimated based on the observable yield curves of forward interest rates at the end of the reporting period, as well as contract interest rates. The revaluation of these assets are included in foreign currency losses	2	–	66 252

#### Operating results