

Reviewed Provisional  
Condensed Consolidated  
Interim Financial Statements

for the period ended 31 August

2015

ENGINEERING BEYOND IMAGINATION



**ansys**  
LIMITED

## ANSYS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1987/001222/06)

("Ansys" or "the company")

ISIN Code: ZAE 000097028

Share Code: ANS

**REVENUE** INCREASED TO  
**R155.1 MILLION** FROM R80.5 MILLION

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**EBITDA OF R9.1 MILLION**  
FROM R2.1 MILLION

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**HEPS UP TO EARNINGS OF  
R1.32 CENTS** FROM A LOSS OF R0.16 CENTS

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**ORDER BOOK** INCREASED TO  
**R660 MILLION** FROM R400 MILLION

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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	6 Months ended 31 Aug 2015 (Reviewed) R'000	6 Months ended 31 Aug 2014 (Reviewed) R'000	Year ended 28 Feb 2015 (Audited) R'000
Notes			
<b>Assets</b>			
<b>Non-current assets</b>	<b>170 782</b>	<b>32 362</b>	<b>27 091</b>
Property, plant and equipment	43 982	1 435	1 716
Intangible assets	2 118 205	19 062	16 869
Deferred tax asset	8 596	11 865	8 506
<b>Current assets</b>	<b>157 079</b>	<b>60 945</b>	<b>124 739</b>
Inventories	61 770	26 235	40 533
Trade and other receivables	73 890	32 657	64 816
Cash and cash equivalents	21 074	2 053	19 390
Other financial assets	345	-	-
<b>Total assets</b>	<b>327 862</b>	<b>93 307</b>	<b>151 830</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>185 598</b>	<b>32 199</b>	<b>42 433</b>
Capital, reserves and non-controlling interest	185 598	32 199	42 433
<b>Non-current liabilities</b>	<b>35 086</b>	<b>16 023</b>	<b>10 496</b>
Instalment sale agreements	4 269	297	532
Interest bearing borrowings	4 29 729	-	-
Loans from related parties	3 -	14 436	9 070
Deferred tax liability	1 088	1 290	894
<b>Current liabilities</b>	<b>107 178</b>	<b>45 085</b>	<b>98 901</b>
Instalment sale agreements	1 848	231	350
Provisions	2 750	614	2 280
Interest bearing borrowings	4 571	-	-
Other financial liabilities	2 11 943	-	-
Loans from related parties	3 -	1 000	5 998
Trade and other payables	81 916	36 566	89 938
Current tax payable	1 073	-	335
Cash and cash equivalents	7 077	6 674	-
<b>Total equity and liabilities</b>	<b>327 862</b>	<b>93 307</b>	<b>151 830</b>
<b>Number of shares in issue</b>	<b>461 038 321</b>	<b>244 867 056</b>	<b>244 867 056</b>
<b>Net asset value per share (cents)</b>	<b>40.3</b>	<b>13.2</b>	<b>17.3</b>
<b>Tangible net asset value per share (cents)</b>	<b>14.6</b>	<b>5.2</b>	<b>10.4</b>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 Months ended 31 Aug 2015 (Reviewed) R'000	6 Months ended 31 Aug 2014 (Reviewed) R'000	Year ended 28 Feb 2015 (Audited) R'000
Notes			
<b>Revenue</b>	<b>155 073</b>	<b>80 529</b>	<b>251 121</b>
Cost of sales	(110 706)	(59 337)	(187 916)
<b>Gross profit</b>	<b>44 367</b>	<b>21 192</b>	<b>63 205</b>
Other income	117	196	361
Operating costs	(33 135)	(19 244)	(48 748)
Other (losses)/gains	(2 298)	-	4 270
<b>EBITDA</b>	<b>9 051</b>	<b>2 144</b>	<b>19 088</b>
Depreciation and amortisation	(2 205)	(1 027)	(1 785)
Development cost	-	253	(1 168)
impairment reversal/ (impairment)			
<b>Profit before interest and taxation</b>	<b>6 846</b>	<b>1 370</b>	<b>16 135</b>
Finance income	443	8	34
Finance cost	(801)	(584)	(1 842)
<b>Profit before taxation</b>	<b>6 488</b>	<b>794</b>	<b>14 327</b>
Taxation	(2 184)	(1 003)	(4 302)
<b>Profit /(loss) for the period</b>	<b>4 304</b>	<b>(209)</b>	<b>10 025</b>
Other comprehensive income, net of tax	-	-	-
<b>Total comprehensive profit/(loss) for the period</b>	<b>4 304</b>	<b>(209)</b>	<b>10 025</b>
<b>Attributable to:</b>			
Equity holders of the company	4 337	(209)	10 025
Non-controlling interest	(32)	-	-
Basic earnings/(loss) per share (cents)	1.32	(0.09)	4.09
Diluted earnings/(loss) per share (cents)	1.32	(0.09)	4.09
Weighted average number of shares in issue	2 324 954 810	244 867 056	244 867 056
Diluted average number of shares in issue	2 324 954 810	244 867 056	244 867 056

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Notes	Non-			Total
	Issued share capital	Accumulated losses	control-ling interest	
	R'000	R'000	R'000	R'000
<b>Balance as at 1 March 2014 (Reviewed)</b>	73 668	(41 260)	-	32 408
Movements during the period				
Loss for the period	-	(209)	-	(209)
<b>Balance as at 31 August 2014 (Reviewed)</b>	73 668	(41 469)	-	32 199
Movements during the period				
Profit for the period	-	10 234	-	10 234
<b>Balance as at 28 February 2015 (Audited)</b>	73 668	(31 235)	-	42 433
Movements during the period				
Shares issued	2,3 26 269	-	-	26 269
Business combination	2 112 203	-	389	112 592
Profit/(loss) for the period	-	4 337	(32)	4 304
<b>Balance as at 31 August 2015 (Reviewed)</b>	212 140	(26 898)	357	185 598

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 Months ended 31 Aug 2015 (Reviewed) R'000	6 Months ended 31 Aug 2014 (Reviewed) R'000	Year ended 28 Feb 2015 (Audited) R'000
<b>Cash flows from operating activities before working capital</b>	<b>8 634</b>	<b>1 650</b>	17 823
Changes in working capital	(64 262)	(3 951)	4 626
Cash flows from operating activities	(55 628)	(2 301)	22 449
Cash flows from investing activities	23 119	(462)	(643)
Cash flows from financing activities	27 116	5 356	4 798
<b>Cash flows for the period</b>	<b>(5 393)</b>	<b>2 593</b>	26 604
Cash and cash equivalents at beginning of period	19 390	(7 214)	(7 214)
<b>Cash and cash equivalents at end of the period</b>	<b>13 997</b>	<b>(4 621)</b>	19 390

## CONDENSED SEGMENT REPORT

Notes	6 Months ended 31 Aug 2015 (Reviewed) R'000	6 Months ended 31 Aug 2014 (Reviewed) R'000	Year ended 28 Feb 2015 (Audited) R'000
<b>Segment revenue*</b>			
Rail	60 215	20 921	94 109
Defence & Information Security***	24 208	9 089	9 993
Mining & Industrial***	16 753	2 112	2 112
Telecommunications	53 897	48 407	144 907
<b>Total</b>	<b>155 073</b>	<b>80 529</b>	<b>251 121</b>
<b>Segment profit/(loss)</b>			
Rail	6 803	5 690	29 778
Defence & Information Security***	6 478	3 564	2 721
Mining & Industrial***	(588)	(334)	(4 110)
Telecommunications	3 412	643	5 936
<b>Sub-total</b>	<b>16 105</b>	<b>9 563</b>	<b>34 325</b>
Corporate unallocated**	(9 259)	(8 193)	(18 190)
Finance cost	(801)	(584)	(1 842)
Finance income	443	8	34
<b>Profit before taxation</b>	<b>6 488</b>	<b>794</b>	<b>14 327</b>
<b>Financial position</b>			
<b>Assets</b>	<b>327 862</b>	<b>93 307</b>	<b>151 830</b>
Rail	56 702	27 848	58 810
Defence & Information Security***	14 655	2 963	1 012
Mining & Industrial***	28 423	8 246	1 635
Telecommunications	31 249	40 620	55 881
Intangible assets to be classified	87 731	-	-
Unallocated**	109 102	13 630	34 492
<b>Liabilities</b>	<b>142 264</b>	<b>61 108</b>	<b>109 397</b>
Rail	2 270	70	-
Defence & Information Security***	31 244	480	-
Mining & Industrial***	27 314	64	-
Telecommunications	35 735	48 539	59 563
Unallocated**	45 701	11 955	49 834

\* There was no intersegment revenue

\*\* Unallocated includes, head office, corporate, marketing, admin and consolidation adjustments

\*\*\* Management is reviewing the segment report due to the Parsec acquisition. The segment name has been changed from "Mining" to "Mining & Industrial" as well as "Defence" to "Defence & Information Security" to include new segments from the Parsec acquisition.

## GROUP PROFILE

The group develops, produces, distributes and integrates niche technology-driven engineering solutions for harsh environments in four key sectors: Rail, Mining and Industrial, Defence and Information Security as well as Telecommunications. Ansys' range of standard and bespoke solutions is aimed at improving clients' productivity, safety and security.

The group intends to be a centre of engineering excellence that is underpinned by research and development in order to remain at the forefront of innovation in its areas of operation.

## FINANCIAL RESULTS HIGHLIGHTS

Revenue is up by 93% from R80.5 million to R155.1 million. EBITDA improved to R9.1 million from R2.1 million representing an increase of 333%.

The group's performance continues to reflect growth across the board. This year's interims have been augmented by the inclusion of Parsec Holdings Pty Ltd ("Parsec Holdings") for the three months from the effective acquisition date of 1 June 2015. Headline profit improved to R4.3 million from a loss of R0.391 million in the comparative period translating to headline profit per share of R1.32 cents (August 2014: headline loss per share of R0.16 cents).

## OUR OPERATIONS

### Rail

Performance in the first half was in line with expectations with revenue increasing by 188% to R60.2 million compared to R20.9 million in the comparable period. Rail profit improved to R6.8 million from R5.7 million, an increase of 19%, due to the execution of long term contracts.

### Defence & Information Security

Defence revenue grew by 168% to R24.2 million (August 2014: R9 million) and achieved a profit increase of 81% to R6.5 million (August 2014:R3.6 million). This growth is mainly a result of the amalgamation of the Parsec defence and Ansys defence businesses.

### Mining & Industrial

Performance in mining and industrial has improved following the acquisition of Parsec when compared to the previous year's interim results. Revenue for the period increased to R16.8 million (August 2014: R2.1 million) with a loss of R0.6 million (August 2014: R0.3 million)

## Telecommunications

Performance in the first half of the year showed a notable improvement in line with expectations, with revenue up by 11% to R53.9 million (August 2014: R48.4 million) driving an increase in profit to R3.4 million (August 2014: R0.6 million). In addition to the expectations, growth was also boosted by the acquisition of Parsec's telecommunication business.

## OUTLOOK

The strategy is yielding tangible benefits for the group. We have improved the Statement of Financial Position and simplified the Group. We expect continued and improved performance in the second half of the year.

The telecommunications sector is growing due to wireless and fibre network rollouts as well as general network upgrades to meet increased demand for bandwidth. We are well positioned with our products and services to benefit from this growth.

The mining and industrial sector outlook remains subdued; however we are cautiously optimistic about this sector where we are a supplier of safety and productivity enhancing products.

The amalgamation of the Ansys and Parsec defence and information security businesses into a single division has resulted in the creation of the critical mass required to be a player in the sector both locally and internationally. The local defence market continues to show signs of growth which the group is well positioned to exploit. Our opportunities in the international defence business remain strong.

Despite the slowdown in the economy which may impact our rail business, our rail clients continue to invest in the product areas of safety and productivity that the group operates in.

Given the persistent cyber security challenges experienced worldwide and the robust growth and demand for innovation in the telecommunications sector, some of our telecommunications and information security products are geared to accelerate our growth within these sectors both locally and internationally.

## ▶ FINANCIAL RESULTS COMMENTARY

The Parsec Holdings acquisition was concluded on 1 June 2015 and the results have been included in the reported results for the period ending 31 August 2015. As a result the majority of the movement in the statement of comprehensive income, the statement of financial position and the cash flow statement is due to the Parsec business combination.

Significant movement other than noted above, comparing the period ending 31 August 2015 with the period ending 31 August 2014, includes the following:

### CASH FLOW STATEMENT

The changes in working capital had a significant impact on the cash outflow from operating activities which decreased to R55.6 million (outflow in August 2014: R2.3 million). Included in the working capital change of R64.3 million (outflow in August 2014: R3.9 million) is a R30.3 million trade creditor relating to the purchase of the Parsec Group office building that was subsequently replaced by the bond referred to in note 4.

### STATEMENT OF COMPREHENSIVE INCOME

The taxation expense of R2.2 million comprises deferred tax of R1.1 million and current taxation of R1.1 million.

### STATEMENT OF FINANCIAL POSITION

Intangible assets of R118.2 million includes "intangible assets to be classified" of R87.7 million relating to the Parsec acquisition. Refer to note 2 in the notes to the financial information.

Other financial liabilities of R11.9 million relates to the outstanding balance of the cash consideration payable for the Parsec acquisition. The total cash consideration payable of R21.9 million, was reduced by the first tranche payment of R10 million. Refer to note 2 in the notes to the financial information.

## NOTES TO THE FINANCIAL INFORMATION

### 1. Headline earnings per share

	6 Months ended 31 Aug 2015 (Reviewed) R'000	6 Months ended 31 Aug 2014 (Reviewed) R'000	Year ended 28 Feb 2015 (Audited) R'000
<b>Reconciliation of headline earnings/(loss):</b>			
Profit/(loss) attributable to ordinary shareholders	4 304	(209)	10 025
Development cost impairment	-	(253)	1 168
Total tax effects of adjustments	-	71	(327)
<b>Headline earnings/(loss) attributable to ordinary shareholders</b>	<b>4 304</b>	<b>(391)</b>	<b>10 866</b>
Headline earnings/(loss) per share (cents)	1.32	(0.16)	4.44
Diluted headline earnings/(loss) per share	1.32	(0.16)	4.44

### 2. Acquisition of Parsec group

On 1 June 2015, the Group acquired the shares and all the shareholders' claims against Parsec Holdings, Parsec and Redline Telecommunications SA Pty Ltd ("Redline").

The acquired business contributed revenues of R43.9 million and net profit of R2.6 million to the group for the period from 1 June 2015 to 31 August 2015. If the acquisition had occurred on 1 April 2015, the acquired business would have contributed revenues of R75.9 million and net profit of R1 million to the group up to the period ending 31 August 2015.

## 2. Acquisition of Parsec group continued

Details of the net assets acquired are as follows:

	R'000
<b>Fair value of the purchase consideration</b>	
– Shares issued (1 June 2015 share price of 77 cents)	112 203
– Cash consideration	15 570
– Contingent cash consideration	6 373
<b>Total purchase consideration</b>	<b>134 146</b>
<b>The fair value of assets acquired comprise:</b>	
Property, plant and equipment	40 983
Intangible assets	6 911
Goodwill	7 288
Deferred tax	975
Other financial assets	345
Inventory	15 501
Trade and other receivables	36 322
Cash and cash equivalents	20 781
Current tax payable	308
Non-controlling interest	(389)
Interest bearing borrowings	(4 387)
Trade and other payables	(78 223)
<b>Total fair value of assets acquired</b>	<b>46 415</b>
Intangible assets to be classified	87 731
<b>Total purchase consideration</b>	<b>134 146</b>

The issue price of 40 cents per share, as reported in the circular, was determined by the board on 8 October 2014 and was at a premium of 1.37% to the 30 day VWAP of Ansys for the 30 days preceding 8 October 2014. The fair value of the shares issued was based on the published share price as at 1 June 2015, which was 77 cents. The impact of the fair value of the shares was an increase of R30.5 million to the purchase consideration relating to the increase in the market price.

The initial purchase consideration was made up as follows:

- R63 583 492, of which R6 700 000 relates to the property and is only payable once the property is transferred into the name of Parsec Properties Pty Ltd, payable to Parsec Holdings sellers, by the issue of 102 475 593 Ansys shares at 40 cents per share and R22 593 255 in cash;
- R15 750 002, which relates to the 25% shareholding in Parsec, not owned by Parsec Holdings, payable to the Parsec seller, by the issue of 39 375 004 Ansys shares at 40 cents per share; and

## 2. Acquisition of Parsec group continued

- R2 399 626, which relates to the 20% shareholding in Redline not owned by Parsec Holdings, payable to the Redline Telecommunications seller by the issue of 3 867 404 Ansys shares at 40 cents per share and R852 664 in cash.

Prior to the effective date, Parsec Holdings distributed R10 000 000 and R9 779 203 to the Parsec Holdings sellers.

The cash consideration payable (undiscounted) to the sellers will be settled in three tranches as follows:

- the first tranche of R10 000 000 was paid in cash on the closing date, R9 636 327 was paid to the Parsec Holdings sellers and R363 673 was paid to the Redline sellers. This payment was subject to Parsec Holdings achieving a minimum NTAV of R25 million on the effective date, which was achieved.
- the second tranche of R3 500 000 is payable in cash on 1 December 2015, to the sellers. R3 372 715 is payable to the Parsec Holding sellers and R127 285 payable in cash to the Redline sellers.
- the third tranche of R9 945 919 is payable in cash to the sellers as follows:
  - the first instalment of R2 300 000 is payable on 1 June 2016, R2 216 255 to the Parsec Holdings sellers and R83 645 to the Redline sellers.
  - the subsequent instalments of R2 500 000 each are payable in quarterly instalments commencing 1 June 2017 and accruing interest at the prime interest rate. R7 367 858 is payable to Parsec Holdings and R278 061 to the Redline sellers.
  - these are payable subject to Parsec having sufficient free cash flow. In the event that Parsec does not have sufficient free cash flow, the quarterly instalments of R2 500 000 each shall be increased by the amount of the shortfall in free cash flow.
  - in the event that any tranche and/or tranche shortfall is not paid after 36 months from 1 June 2015, due to a shortfall in free cash flows, all the said amounts shall be forfeited.

The purchase price was funded by a capital raising in terms of a general issue for cash of 47 778 889 shares at 36 cents to various investors and the cash instalments will be funded out of current cash flows. Refer to the shares issued in the Statement of Changes in Equity.

The total number of Ansys shares issued to the sellers was 145 718 001, which were all issued in July 2015. Refer to the business combination in the Statement of Changes in Equity.

Management is in the process of completing the purchase price allocation and the "intangible assets to be classified" will be re-classified at year-end.

### 3. Loans from related parties

Name	Relationship	6 Months ended 31 Aug 2015 (Reviewed) R'000	6 Months ended 31 Aug 2014 (Reviewed) R'000	Year ended 28 Feb 2015 (Audited) R'000
Amounts owing to:				
- TDK Trust	Same director (T Daka)	-	(1 000)	-
- Tedaka Investments Pty Ltd	Same director (T Daka)	-	(9 070)	(9 070)
- Bearing Management Consultants Pty Ltd	Same director (T Daka)	-	(966)	(1 792)
- Teddy Daka	Same director (T Daka)	-	(3 400)	(4 206)
		-	(15 436)	(15 058)
<b>Non-current liabilities</b>		-	(14 436)	(9 070)
<b>Current liabilities</b>		-	(1 000)	(5 998)
		-	(15 436)	(15 098)

The Tedaka Investments Pty Ltd loan was repaid with the issue of 22 674 375 shares at 40 cents as part of the Parsec Holdings acquisition.

Refer to the shares issued in the Statement of Changes in Equity. The other loans were repaid in cash.

### 4. Interest bearing loans

	6 Months ended 31 Aug 2015 (Reviewed) R'000	6 Months ended 31 Aug 2014 (Reviewed) R'000	Year ended 28 Feb 2015 (Audited) R'000
Parsec Properties Pty Ltd loan from Nedbank	30 300	-	-
	30 300	-	-
<b>Non-current liabilities</b>	29 729	-	-
<b>Current liabilities</b>	571	-	-
	30 300	-	-

The interest bearing borrowing is within Parsec Properties Pty Ltd for the new Parsec group office. The loan is secured over the property and is repayable over 10 years, for which the first 3 years the interest is fixed at 10.43% and thereafter it will be at prime less 0.5%. A R5 million residual value will remain on the loan at the end of the 10 year period. Included in the R30.3 million loan is mezzanine finance of R5 million, with interest rate at 11.5% and is repayable at end of the 3 year period.

### STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND REVIEW REPORT

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

These interim condensed consolidated financial statements for the period ended 31 August 2015 have been reviewed by PricewaterhouseCoopers Incorporated, which expressed an unqualified review conclusion.

A copy of the auditor's report is available for inspection at the company's registered office together with the financial statements identified in the auditor's report.

The auditor's report does not necessarily report on all the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuers registered office.



## PREPARER

These results were prepared under the supervision of Rachelle Grobbelaar CA (SA), the Chief Financial Officer.

## GOING CONCERN

The directors have reviewed the group's budget and cash flow forecast for the year to August 2016. On this basis and in light of the group's current financial position, the directors are satisfied that the group will continue to operate for the foreseeable future and have adopted the going concern basis in preparing these reviewed provisional financial results.

## DIRECTORATE

The following changes were made to the board of directors:

N Medupe – appointed 9 September 2015

Dr SJ Khoza – appointed 21 October 2015

FF Dantile – resigned 9 September 2015

AR van der Watt – appointed 1 June 2015

CP Bester – appointed 1 June 2015

## BBBEE

Ansys improved its BEE rating from a level 4 to a level 2.

## EVENTS SUBSEQUENT TO YEAR END

PricewaterhouseCoopers was appointed as Auditors to the Group with effect 1 October 2015. PricewaterhouseCoopers are the Auditors of the Parsec Group.

Ansys changed its year-end from 28 February to 31 March to align its year-end with the year-end date of the Parsec Group.

The directors are not aware of any significant events, other than noted above, that have occurred between the interim period ending 31 August 2015 and the date of this report that may materially affect the results of the group for the year or its financial position as at 31 August 2015.

## By order of the board

Teddy Daka  
Chief Executive Officer  
30 November 2015

Rachelle Grobbelaar  
Chief Financial Officer

<b>Directors</b>	CP Bester, T Daka* (CEO); R Grobbelaar* (CFO); Dr. SJ Khoza, N Medupe, NS Mjoli-Mncube; SP Mzimela, AR van der Watt* <i>*Executive</i>
<b>Company secretary</b>	M van den Berg
<b>Telephone:</b>	+27 12 749 1800
<b>Facsimile:</b>	+27 12 665 2767
<b>Website</b>	<a href="http://www.ansys.co.za">www.ansys.co.za</a>
<b>Registered office</b>	140 Bauhinia Street Centurion, Pretoria 0157 (PO Box 95361, Waterkloof, Pretoria)
<b>Designated adviser</b>	Exchange Sponsors 2008 Pty Ltd
<b>Transfer secretaries</b>	Computershare Investor Services Pty Ltd