16. Discontinued operations

Identification and classification of discontinued operations

There were a number of businesses that were approved for sale at 31 July 2019, and for which the sale is expected to be completed within 12 months from the reporting date, as well as businesses that were already sold during the current and previous reporting periods that have met the requirements to be presented as discontinued operations and have accordingly been presented as such.

Judgement was applied in determining whether a component is a discontinued operation by assessing whether it represents a separate major line of business or geographical area of operations or is part of a single plan to dispose of a separate major line of business or geographical area of operations.

The Group's intention to dispose of these non-core assets triggered an initial impairment assessment on the underlying assets at 31 July 2019, and the resulting impairment was allocated to the identified disposal groups (refer to note 6 Goodwill).

Figures in Rand thousand	2019	Restated* 2018
Revenue	3 582 329	3 768 030
Expenses	(4 180 645)	(3 494 790)
Other income	76 247	55 636
Profit before tax	(522 069)	328 876
Tax expense	(40 822)	(66 155)
Remeasurement to fair value less costs to sell	(628 167)	–
Gain/(loss) on disposal	329 603	(392 450)
Total loss from discontinued operations	(861 455)	(129 729)
Attributable to:		
Equity-holders of the parent	(863 515)	(129 729)
Non-controlling interest	2 060	–
Earnings per share (cents)		
Loss per share from discontinued operations	(531)	(90)
Diluted loss per share from discontinued operations	(531)	(90)
Net cash flows in relation to discontinued operations		
Cash inflow/(outflow) from operating activities	46 644	(89 127)
Cash inflow/(outflow) from investing activities	123 148	(59 472)
Cash outflow from financing activities	(135 940)	(6 114)

* *Comparative figures previously reported have been amended to reflect continuing operations prevailing for the year ended 31 July 2019.*

	2019			
Figures in Rand thousand	iOCO**	NEXTEC	IP	Total
Revenue	659 027	2 472 118	451 184	3 582 329
Expenses	(941 112)	(2 726 198)	(513 335)	(4 180 645)
Other income	369	69 747	6 131	76 247
Profit before tax	(281 716)	(184 333)	(56 020)	(522 069)
Tax expense	(2 605)	(45 993)	7 776	(40 822)
Remeasurement to fair value less costs to sell	(135 373)	(450 995)	(41 799)	(628 167)
Gain/(loss) on disposal	109 389	–	220 214	329 603
Total profit or (loss) from discontinued operations	(310 305)	(681 321)	130 171	(861 455)

** *iOCO discontinued operations include the TTCS Group and other international businesses.*

17. Disposal of subsidiaries

Figures in Rand thousand	CCS Group
Treatment before disposal	100% Subsidiary
Date of disposal	31 Jul 19
Consideration received or receivable:	
Cash	399 951
Fair value of contingent consideration	44 439
Total disposal consideration	444 390
Carrying amount of net assets sold	
Net assets disposed of	102 862
Goodwill and PPA	317 704
Total net asset value	420 566
Accounting profit on disposal	23 824
30% investment in associate remaining	190 453
Reclassification of foreign currency translation reserve	5 937
Gain on conversion of subsidiary to associate	220 214

17. Disposal of subsidiaries continued

Figures in Rand thousand	CCS Group
Revenue	286 345
Expenses	(293 710)
Loss before income tax	(7 365)
Income taxation	(15 667)
Loss after income tax of discontinued operation	(23 032)
Gain on sale of the subsidiary after income tax	220 214
Profit from discontinued operation	197 182

On 30 April 2019, 100% interest in AFON Pty Ltd ('AFON') was sold for proceeds of R67 million, resulting in a loss on disposal of R16 million. R3 million foreign currency translation reserve credit has been reclassified.

On 31 March 2019, 51% interest in Sukema IP Company (Pty) Ltd was sold for R3 million, resulting in a loss on disposal of R8 million.

On 28 February 2019, 100% of iSquared (Pty) Ltd was sold for proceeds of R5,3 million, resulting in a loss on disposal of R9 million.

18. Stated capital

Figures in Rand thousand	2019	2018
Stated capital		
Opening balance	3 443 223	3 333 678
Shares issued for cash[1]	713 115	–
Shares issued as a result of the acquisition of businesses[2]	48 427	210 503
Shares issued to the Group share incentive and retention schemes[3]	1 170	10 248
Treasury shares[4]	33 686	(111 206)
	4 239 621	3 443 223

Authorised

500 000 000 ordinary shares of no par value

[1] *At fair value.*
[2] *In terms of purchase and sale agreements.*
[3] *In terms of the Group share scheme.*
[4] *Average price paid for treasury shares amounts to R23,70 per share.*

Figures in thousands	2019	2018
Issued		
Reconciliation of the number of shares in issue:		
Opening balance	152 797	150 095
Shares issued as a result of the acquisition of businesses	1 203	2 207
Shares issued to the Group share incentive and retention schemes	50	495
Shares issued as a result of the Lebashe B-BBEE transaction*	22 495	–
Shares in issue at the end of the period	176 545	152 797
Less:		
Treasury shares held in the Group share incentive schemes	(2 351)	(2 367)
Treasury shares held by wholly owned subsidiaries of the Company that will not be cancelled	(5 650)	(5 530)
	168 544	144 900
EOH A shares of no par value:		
Shares issued as a result of the Lebashe B-BBEE transaction*	40 000	–
	40 000	–

* *The Lebashe transaction was approved by shareholders on 18 September 2018 and effectively implemented on 1 October 2018. Since the date of approval Lebashe has:*
- *invested R750 million in three tranches in EOH ordinary shares based on a 30-day VWAP at a 10% discount for an average share price of R33,59; and*
- *received 40 million unlisted EOH A shares which will be redeemed in five years on 1 October 2023 through an ordinary share issue. The A shares rank equal to an EOH ordinary share in respect of voting rights and each EOH A share will receive cash dividends in an amount equal to the value of 15% of dividends paid by EOH to ordinary shareholders. The remaining 85% of the dividend value will be accrued and redeemed through the redemption of the A shares. Despite the variability in number of EOH ordinary shares that will be issued, the obligation to Lebashe is treated as an equity transaction as the settlement will be undertaken in ordinary shares and the transaction is therefore within the scope of IFRS 2.*

The related IFRS 2 share-based payment charge of R157 million has been recognised in the statement of profit or loss.

* Unissued

323 455 039 (2018: 347 202 707) unissued ordinary shares are under the control of the directors in terms of the resolution of members passed at the last Annual General Meeting subject to the provisions of section 38 of the Companies Act of South Africa and the JSE Listings Requirements. The directors are authorised to issue up to an aggregate maximum of 5% of the issued number of shares for cash until the next Annual General Meeting.