

Notes to the consolidated Annual Financial Statements (continued)

for the year ended 31 July 2019

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.