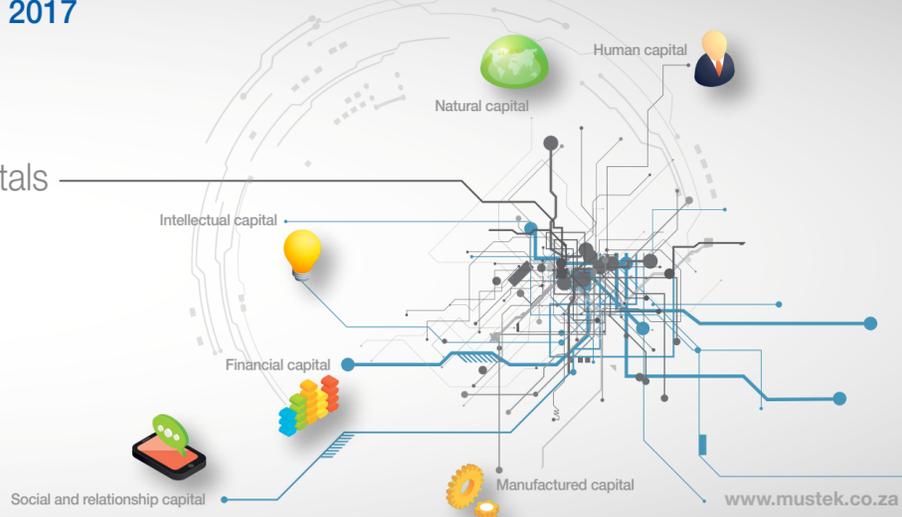




Creating value through our six capitals



Net cash generated from operations up 30.7%

**R228.78 million**  
2016: R175.05 million

Headline earnings per share up 5.7%

**81.26 cents**  
2016: 76.88 cents

Net asset value per share up 16.0%

**1 169.08 cents**  
2016: 1 008.08 cents

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

Summarised consolidated statement of comprehensive income

	30 June 2017 R000	30 June 2016 R000
<b>Continuing operations</b>		
Revenue	5 243 147	5 286 384
Cost of sales	(4 581 639)	(4 605 634)
<b>Gross profit</b>	<b>661 508</b>	<b>680 750</b>
Foreign currency losses	(464)	(11 784)
Distribution, administrative and other operating expenses	(487 352)	(480 138)
<b>Profit from operations</b>	<b>173 692</b>	<b>188 828</b>
Investment revenues	20 937	19 278
Finance costs	(108 266)	(109 950)
Other losses	(468)	-
Share of profit of associates	7 956	15 352
<b>Profit before tax</b>	<b>93 851</b>	<b>113 508</b>
Income tax expense	(20 131)	(28 753)
<b>Profit for the year from continuing operations</b>	<b>73 720</b>	<b>84 755</b>
<b>Discontinued operations</b>		
Loss for the year from discontinued operations	-	(5 811)
<b>Profit for the year</b>	<b>73 720</b>	<b>78 944</b>
<b>Other comprehensive income</b>		
Exchange differences on translation of foreign operations	(7 740)	4 262
Other comprehensive income for the year, net of tax	(7 740)	4 262
<b>Total comprehensive income for the year</b>	<b>65 980</b>	<b>83 206</b>
<b>Profit attributable to:</b>		
Owners of the parent	73 091	74 630
Non-controlling interest	629	4 314
	73 720	78 944
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	65 351	78 590
Non-controlling interest	629	4 616
	65 980	83 206
<b>Earnings and dividend per share (cents)</b>		
Weighted number of ordinary shares in issue	91 003 326	100 674 409
Ordinary shares in issue	83 000 000	98 000 000
Dividend per ordinary share – paid	15.00	35.00
Dividend per ordinary share – proposed	16.00	15.00
<b>From continuing and discontinued operations</b>		
Basic earnings per ordinary share	80.32	74.13
<b>From continuing operations</b>		
Basic earnings per ordinary share	80.32	79.59
<b>From discontinued operations</b>		
Basic loss per ordinary share	-	(5.46)

Summarised consolidated statement of financial position

	30 June 2017 R000	30 June 2016 R000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	156 237	152 458
Goodwill	55 627	48 018
Intangible assets	37 889	19 041
Investments in associates	103 006	84 848
Other investments and loans	77 920	67 809
Deferred tax asset	16 572	17 312
	447 251	389 486
<b>Current assets</b>		
Inventories	1 078 035	1 111 929
Inventories in transit	128 375	95 753
Trade and other receivables	1 093 565	1 101 718
Foreign currency assets	2 602	3 059
Bank balances and cash	230 371	383 613
	2 532 948	2 696 072
<b>TOTAL ASSETS</b>	<b>2 980 199</b>	<b>3 085 558</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Ordinary stated capital	-	50 531
Retained earnings	969 164	927 669
Non-distributable reserve	-	809
Foreign currency translation reserve	1 169	8 909
<b>Equity attributable to owners of the parent</b>	<b>970 333</b>	<b>987 918</b>
<b>Non-controlling interest</b>	<b>8 128</b>	<b>(581)</b>
<b>Total equity</b>	<b>978 461</b>	<b>987 337</b>
<b>Non-current liabilities</b>		
Long-term borrowings	5 637	499
Deferred tax liabilities	10 617	4 504
Deferred income	13 215	12 632
	29 469	17 635
<b>Current liabilities</b>		
Trade and other payables	1 715 277	1 673 558
Foreign currency liabilities	4 481	10 031
Deferred income	13 233	19 284
Bank overdrafts	239 278	377 113
	1 972 269	2 080 586
<b>Total liabilities</b>	<b>2 001 738</b>	<b>2 098 221</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 980 199</b>	<b>3 085 558</b>

Summarised consolidated cash flow statement

	30 June 2017 R000	30 June 2016 R000
<b>OPERATING ACTIVITIES</b>		
Cash receipts from customers	5 251 783	5 563 726
Cash paid to suppliers and employees	(5 023 008)	(5 388 679)
<b>Net cash from operations</b>	<b>228 775</b>	<b>175 047</b>
Investment revenues received	20 937	19 281
Finance costs paid	(108 266)	(110 793)
Dividends paid	(13 950)	(35 605)
Income taxes paid	(27 637)	(34 697)
<b>Net cash from operating activities</b>	<b>99 859</b>	<b>13 233</b>
<b>Net cash used in investing activities</b>	<b>(52 354)</b>	<b>(56 949)</b>
<b>Net cash used in financing activities</b>	<b>(200 747)</b>	<b>(32 503)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(153 242)</b>	<b>(76 219)</b>
Cash and cash equivalents at beginning of the year	383 613	459 832
<b>Cash and cash equivalents at end of the year</b>	<b>230 371</b>	<b>383 613</b>

Summarised consolidated statement of changes in equity

	Ordinary stated capital R000	Retained earnings R000	Non-distributable reserve R000	Foreign currency translation reserve R000	Attributable to owners of the parent R000	Non-controlling interest R000	Total R000
<b>Balance at 30 June 2015</b>	93 354	894 636	809	4 949	993 748	19 268	1 013 016
Net profit for the year	-	74 630	-	-	74 630	4 314	78 944
Other comprehensive income	-	-	-	3 960	3 960	302	4 262
Dividends paid	-	(35 605)	-	-	(35 605)	-	(35 605)
Buy back of shares	(42 823)	-	-	-	(42 823)	-	(42 823)
Acquisition of additional shareholding in a controlled entity	-	-	-	-	-	(24 465)	(24 465)
Premium on acquisition of additional shareholding in a controlled entity	-	(5 992)	-	-	(5 992)	-	(5 992)
<b>Balance at 30 June 2016</b>	<b>50 531</b>	<b>927 669</b>	<b>809</b>	<b>8 909</b>	<b>987 918</b>	<b>(581)</b>	<b>987 337</b>
Net profit for the year	-	73 091	-	-	73 091	629	73 720
Other comprehensive income	-	-	-	(7 740)	(7 740)	-	(7 740)
Dividends paid	-	(13 950)	-	-	(13 950)	-	(13 950)
Buy back of shares	(50 531)	(16 455)	-	-	(66 986)	-	(66 986)
Acquisition of subsidiary	-	-	-	-	-	8 080	8 080
Non-distributable reserves recycled to retained earnings	-	809	(809)	-	-	-	-
<b>Balance at 30 June 2017</b>	<b>-</b>	<b>969 164</b>	<b>-</b>	<b>1 169</b>	<b>970 333</b>	<b>8 128</b>	<b>978 461</b>

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 audited summarised consolidated financial information for the year ended 30 June 2017 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. The audited consolidated financial statements and this set of summarised financial information, which are 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 2016.

**Audit report**  
Mustek's independent auditors, Deloitte & Touche, have issued their unmodified opinion on the consolidated financial statements and this set of summarised consolidated financial statements for the year ended 30 June 2017. The audit was conducted in accordance with International Standards on Auditing. The directors take full responsibility for the preparation of this provisional report and the financial information has been derived from the Group financial statements and are consistent in all material aspects with the Group financial statements. Their unmodified audit report for this set of summarised consolidated financial statements and the Group annual financial statements are available for inspection at the company's registered office. The auditor's report does not necessarily report on the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a full copy of the auditor's report, together with the accompanying financial information from the issuer's registered office. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the company's auditors.

	30 June 2017	30 June 2016
<b>From continuing and discontinued operations</b>		
Headline earnings per ordinary share (cents)	81.26	76.88
<b>From continuing operations</b>		
Headline earnings per ordinary share (cents)	81.26	80.07
<b>From discontinued operations</b>		
Headline loss per ordinary share (cents)	-	(3.20)
<b>Reconciliation between basic and headline earnings (R000)</b>		
Basic earnings attributable to owners of the parent	73 091	74 630
Group's share of after tax loss on disposal of property, plant and equipment	391	488
Group's share of loss on impairment of goodwill	468	-
Group's share of loss from disposal of shares in subsidiary	-	2 278
<b>Headline earnings from continuing and discontinued operations</b>	<b>73 950</b>	<b>77 396</b>
Plus Group's share of loss for the year from discontinued operations	-	5 495
<b>Headline earnings from continuing operations</b>	<b>73 950</b>	<b>82 891</b>
Basic earnings attributable to owners of the parent	73 091	74 630
Plus Group's share of loss for the year from discontinued operations	-	5 495
<b>Basic earnings from continuing operations</b>	<b>73 091</b>	<b>80 125</b>
<b>Net asset value per share (cents)</b>	<b>1 169.08</b>	<b>1 008.08</b>

**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).

	Level	Audited 30 June 2017 R000	Audited 30 June 2016 R000
<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	2 602	3 059
<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	4 481	10 031
<b>Available-for-sale: Other investments and loans</b>			
This financial asset consists of shares held in Zinox Technologies Limited. The inputs used to measure the fair value of this investment are the Group's share of the net asset value of Zinox Technologies Limited. As the fair value approximates the carrying value of this asset, no revaluation was done during the reporting periods presented	3	18 742	18 742

**Operating results**  
The Group's revenue from continuing operations decreased by 0.8% to R5.24 billion (2016: R5.29 billion). The major reason for the slowdown in growth was the reduction in the spending from the government sector.

The gross profit percentage from continuing operations was marginally down from 12.9% to 12.6%, predominantly as a result of product mix, the drive to reduce inventory levels and an increase in inventory provisions. Although the gross profit percentages achieved by products such as Huawei Enterprise Solutions and Microsoft Volume Licensing are lower, their contributions to profit are expected to continue growing.

The Group's hedging policy proved effective, as forex losses from continuing operations, which includes the cost of forward points, was R0.5 million compared to R11.8 million in the comparative period.

Distribution, administrative and other operating expenses from continuing operations were well controlled, increasing by 1.5%. This is despite a once-off R3.7 million spent on retrenchment costs.

Net finance charges from continuing operations continues to decrease. After incurring net finance charges of R45.3 million during the first six months of the current financial year, the Group incurred net finance charges of R42.0 million during the second half of the financial year. As a result, net finance charges decreased from R90.7 million to R87.3 million. Working capital management continues to be a driver of profitability and is currently receiving management's full attention. The Group applies hedge accounting where the requirements of IAS 39 have been met to separate the interest and spot elements from the forward contracts, and R18.5 million (2016: R14.3 million) was classified as finance costs, as opposed to forex losses.

The contribution from our associates decreased mainly due to the start-up losses incurred at Yangtze Optics Africa Holdings Proprietary Limited (YOA). The Group's share of losses equity accounted amounted to R4.7 million. All the required manufacturing equipment was completely installed and commissioned during November 2016 and core employees are now fully trained. YOA started production during January 2017 and managed to grow its monthly revenue each month without exception from February 2017 to July 2017 and produced their first monthly operating profit during July 2017.

Mustek's headline earnings per share is 5.7% higher at 81.26 cents (2016: 76.88 cents) and basic earnings per share is 8.4% higher at 80.32 cents (2016: 74.13 cents).

Summarised segmental analysis

	Total		Mustek		Rectron		Group		Eliminations	
	30 June 2017 R000	30 June 2016 R000	30 June 2017 R000	30 June 2016 R000	30 June 2017 R000	30 June 2016 R000	30 June 2017 R000	30 June 2016 R000	30 June 2017 R000	30 June 2016 R000
<b>Business segments</b>										
Revenue	5 243 147	5 286 384	3 135 498	3 274 542	2 429 919	2 341 781	-	-	(322 270)	(329 939)
EBITDA *	202 465	217 645	132 170	128 690	86 265	97 092	(15 970)	(8 137)	-	-
Depreciation and amortisation	(28 773)	(28 817)	(18 759)	(20 867)	(10 014)	(7 950)	-	-	-	-
<b>Profit (loss) from operations</b>	<b>173 692</b>	<b>188 828</b>	<b>113 411</b>	<b>107 823</b>	<b>76 251</b>	<b>89 142</b>	<b>(15 970)</b>	<b>(8 137)</b>	-	-
Investment revenues	20 937	19 278	7 818	10 395	13 780	6 187	4 988	9 268	(5 649)	(6 572)
Finance costs	(108 266)	(109 950)	(57 759)	(66 591)	(50 507)	(43 359)	(5 649)	(6 572)	-	-
Other losses	(468)	-	-	-	-	-	(468)	-	-	-
Share of profit of associates	7 956	15 352	-	-	-	-	7 956	15 352	-	-
<b>Profit before tax</b>	<b>93 851</b>	<b>113 508</b>	<b>63 470</b>	<b>51 627</b>	<b>39 524</b>	<b>51 970</b>	<b>(9 143)</b>	<b>9 911</b>	-	-
Income tax (expense) benefit	(20 131)	(28 753)	(13 933)	(13 680)	(9 273)	(14 756)	3 075	(317)	-	-
<b>Profit (loss) for the year from continuing operations</b>	<b>73 720</b>	<b>84 755</b>	<b>49 537</b>	<b>37 947</b>	<b>30 251</b>	<b>37 214</b>	<b>(6 068)</b>	<b>9 594</b>	-	-
<b>Discontinued operations</b>										
Loss for the year from discontinued operations	-	(5 811)	-	-	-	(5 811)	-	-	-	-
<b>Profit (loss) for the year</b>	<b>73 720</b>	<b>78 944</b>	<b>49 537</b>	<b>37 947</b>	<b>30 251</b>	<b>31 403</b>	<b>(6 068)</b>	<b>9 594</b>	-	-
<b>Attributable to:</b>										
Owners of the parent	73 091	74 630	49 537	37 947	29 574	31 719	(6 020)	4 964	-	-
Non-controlling interest	629	4 314	-	-	677	(316)	(48)	4 630	-	-
	73 720	78 944	49 537	37 947	30 251	31 403	(6 068)	9 594	-	-

\* Earnings before interest, taxation, depreciation and amortisation.

	Total		South Africa		Mustek East Africa		Mustek Technology (Taiwan)		Rectron Australia	
	30 June 2017 R000	30 June 2016 R000	30 June 2017 R000	30 June 2016 R000	30 June 2017 R000					