

GLOBAL ASSET MANAGEMENT LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2002/003192/06)
Share Code: GAM ISIN: ZAE000173498
("Global" or "the Company")

UNAUDITED INTERIM RESULTS FOR THE SIX MONTH PERIOD ENDED 31 MAY 2017

The Board of directors of Global is pleased to present the unaudited interim results of Global and its subsidiaries ("the Group") for the six-month period ended 31 May 2017.

Condensed statement of comprehensive income

	6 months Unaudited 31 May 2017 R'000	12 months Audited 30 November 2016 R'000	Restated 6 months Unaudited 31 May 2016 R'000
Revenue	102 083	197 101	86 208
Cost of sales	(72 649)	(145 795)	(58 696)
Gross profit	29 434	51 306	27 512
Other income	3 994	1 186	152
Operating expenses	(12 980)	(22 769)	(11 054)
Income from operations	20 448	29 723	16 610
Investment income	57	308	166
Finance costs	(15 372)	(31 165)	(15 439)
Profit/(loss) before taxation	5 133	(1 134)	1 337
Taxation	(692)	305	(318)
Profit/(loss) for the period	4 441	(829)	1 019
Total profit/(loss) attributable to:			
Equity holders of the parent	4 633	(620)	1 019
Non-controlling interest	(192)	(209)	-
Total comprehensive income/(loss)	4 441	(829)	1 019
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent	4 633	(620)	1 019
Non-controlling interest	(192)	(209)	-
Earnings per share information (Refer to note 7):			
Basic and diluted earnings per share (cents)	8.4	(1.2)	1.9

Condensed consolidated statement of financial position

	Unaudited 31 May 2017 R'000	Audited 30 November 2016 R'000	Unaudited 31 May 2016 R'000
Assets			
Non-current assets	507 216	496 114	497 398
Property, plant and equipment	443 922	440 275	441 531
Goodwill	37 959	37 959	39 291
Intangible asset	896	1 075	1 075
Investments in joint venture and associate	205	-	-
Loans and advances to customers	21 353	13 682	14 194
Deferred tax asset	2 881	3 123	1 307
Current assets	98 123	56 381	58 396
Loans to joint venture and associate	12 149	1 136	585
Other loan receivable	209	187	187
Trade and other receivables	39 137	43 840	48 937
Cash and cash equivalents	46 355	8 221	8 628
Inventories	273	2 997	59
Total assets	605 339	552 495	555 794
Equity and liabilities			
Equity			
Share capital	97 158	57 208	58 031
Reserves	95 697	89 688	89 555
Shareholders' equity	192 855	146 896	147 586
Non-controlling interest	21 434	1 462	1 904
Total equity	214 289	148 358	149 490
Liabilities			
Non-current liabilities	255 623	248 725	260 163
Loans payable	209 764	204 684	215 976
Contingent consideration payable	2 551	2 551	2 551
Deferred tax liability	43 308	41 490	41 636
Current liabilities	135 427	155 412	146 141
Loans payable	104 534	109 458	114 604
Other financial liabilities	4 734	15 237	4 368
Taxation	-	46	-
Trade and other payables	26 159	30 671	27 169
Total equity and liabilities	605 339	552 495	555 794
Per share information			
Net asset value per share (cents per share)	262.5	271.2	272.5
Number of shares in issue at period end	73 481 246	54 157 575	54 157 575

Condensed consolidated statement of cash flows

	Unaudited 31 May 2017 R'000	Audited 30 November 2016 R'000	Unaudited 31 May 2016 R'000
Cash flows from operating activities			
Cash generated from operations	61 056	136 016	35 855
Interest income	57	308	166
Finance costs	(15 069)	(30 781)	(15 439)
Taxation	(488)	385	(284)
Net cash generated from operating activities	45 556	105 928	20 298
Cash flows from investing activities			
Property, plant and equipment additions	(2 285)	(14 339)	(1 060)
Cash (outflow)/ inflow on (disposal)/ acquisition of subsidiary	(124)	13	-
Amount advanced to a related party	(185)	(1 032)	(381)
Net cash used in investing activities	(2 594)	(15 358)	(1 441)
Cash flows from financing activities			
Proceeds of ordinary shares issued	49 355	-	-
Payment of share issue expenses	(50)	(824)	-
Repayment of loans payable	(54 133)	(102 946)	(22 154)
Proceeds from loans receivable	-	-	252
Increase in other financial liabilities	-	9 748	-
Net cash applied in financing activities	(4 828)	(94 022)	(21 902)
Total cash movement for the period	38 134	(3 452)	(3 045)
Cash at the beginning of the period	8 221	11 673	11 673
Cash at end of the period	46 355	8 221	8 628

Restated condensed consolidated statement of changes in equity

	Share capital R'000	Common control reserve R'000	Retained earnings R'000	Shareholders interest before non-controlling interest R'000	Non-controlling interest R'000	Total equity R'000
Balance at 30 November 2015	34 795	(6 941)	90 999	118 853	-	118 853
Share issue	23 236	-	-	23 236	-	23 236
Share issue expenses	(823)	-	-	(823)	-	(823)
Acquisition of non-controlling interest	-	-	-	-	1 900	1 900
Surplus on part disposal of subsidiary	-	-	6 021	6 021	-	6 021
Change in non-controlling interest in subsidiaries	-	-	229	229	(229)	-
Total comprehensive loss	-	-	(620)	(620)	(209)	(829)
Total changes	22 413	-	5 630	28 043	1 462	29 505
Balance at 30 November 2016	57 208	(6 941)	96 629	146 896	1 462	148 358
Share issue	40 000	-	1 040	41 040	-	41 040
Share issue expenses	(50)	-	-	(50)	-	(50)
Acquisition of non-controlling interest	-	-	-	-	20 500	20 500
Change in non-controlling interest in subsidiary	-	-	522	522	(522)	-
Derecognition due to change in control	-	-	(186)	(186)	186	-
Total comprehensive income	-	-	4 633	4 633	(192)	4 441
Total changes	39 950	-	6 009	45 959	19 972	65 931
Balance at 31 May 2017	97 158	(6 941)	102 638	192 855	21 434	214 289

1. BASIS OF PREPARATION

The board of directors is pleased to present the Group's unaudited results for the six month period ended 31 May 2017. The accounting policies adopted for purposes of this report comply, and have been consistently applied in all material respects, with International Financial Reporting Standards ("IFRS"). The abridged financial statements have been prepared in accordance with the requirements of IAS 34 (Interim Financial Reporting) and the JSE Listings Requirements. The results are presented in Rand and the going concern principle has been adopted in the preparation of the results.

The same accounting policies and methods of computation have been followed as compared to the prior audited period namely 30 November 2016.

The financial results have been prepared by the financial director, Mr W Basson CA (SA).

2. INDUSTRY AND BUSINESS OVERVIEW

The drive towards cleaner and greener technologies has established itself as an irreversible trend in the energy sector since the turn of the century. Having identified attractive opportunities aligned with this trend, Global intends to build a multinational renewable energy business focussing on waste-to-energy solutions as well as solar energy. Below follows a brief overview of the various subsidiaries within Global that are focussing on renewable and clean energy.

Enviroprotek (Pty) Ltd has established a commercial waste tyre recycling plant, which converts waste rubber into industrial fuel oil, carbon black and steel. Cashflows are expected to turn positive during the third quarter of 2017 once a second reactor has been added to the current operations. The company has secured a supply contract with REDISA (Recycling and Economic Development Initiative of South Africa).

Plastics Green Energy (Pty) Ltd ("PGE") has finalised the construction of a plastics recycling pilot plant at its Springs site and will commence with the construction of its first commercial plant during the third quarter of 2017. Making use of its own proprietary technology, PGE will recover the latent energy inherent in waste plastic by converting it into liquid fuel aimed at the industrial fuel oil market.

Heliosek (Pty) Ltd has completed the design for its initial pilot plant to be established during 2017. The technology allows for the highly efficient exploitation of the unlimited solar resource base of Southern Africa and creates an opportunity for expansion into other international jurisdictions. The technology offers an alternative to existing solar energy and other renewable energy solutions at a lower comparative cost.

The performance of LFS Assets (Pty) Ltd ("LFS"), Global's main subsidiary, which focuses on asset financing in the logistics sector, has been encouraging, albeit given the difficult economic environment prevalent in South Africa. LFS will look to employ its current funding base to assist in the funding of renewable energy assets being established in its fellow subsidiaries. Significant growth opportunities exist in this area. Margins are also expected to be more attractive than in the truck financing operations.

3. FINANCIAL RESULTS

African Rainbow Capital (Pty) Ltd ("ARC") transaction

The previously announced subscriptions to the following shares were concluded during the period under review:

- The subscription by ARC to 19 323 671 Global shares (constituting approximately 26.3% of Global's shares following such subscription) for a consideration of R40 million.
- The subscription by ARC of shares in Enviroprotek (Pty) Ltd ("EPT") is such that ARC holds 46% of the shares in EPT.

A binding voting pool agreement has been entered into by ARC and certain shareholders of Global in respect of not less than 50% of Global's shares and Global shareholders approved a waiver of a mandatory offer. The voting pool agreement will allow the parties to the voting pool agreement to maintain control of Global.

Subscription of shares in Plastics Green Energy (Pty) Ltd ("PGE")

As previously announced, a subscription agreement providing for the subscription of shares in PGE by Futuregrowth Asset Management (Pty) Ltd ("Futuregrowth") and Earthwise Energy Holdings (Pty) Ltd, a 95.25% subsidiary within the Global Group of Companies, was concluded.

The Group and Futuregrowth have subscribed to R26.5 million and R20.5 million respectively, in equity funding to PGE. This resulted in the Group owning a 55% share, and Futuregrowth owning a 45% share in PGE.

Points of Interest as a result of the above mentioned transactions:

- Global recorded a profit after taxation of R4.4 million for the 6 months ended 31 May 2017. The profit is primarily due to the Group's disposal of a subsidiary being recognised due to a change in control.
- The increase in loans to the joint venture and associate was due to the recognition of the EPT loan. ARC subscription to shares in Global's then subsidiary EPT resulted in a change in control. EPT is accordingly now being equity accounted instead of being consolidated, which resulted in the derecognition of EPT's assets, liabilities and retained losses as part of the Group results.
- Cash and cash equivalents increased because of ARC's subscription to Global shares and Futuregrowth's subscription to PGE shares.
- Futuregrowth's subscription to shares in PGE was also the main contributor to the increase in non-controlling interest.
- The net asset value per share has decreased by 3.2% from 271.2 cents per share to 262.5 cents per share following the ARC subscription to Global shares.
- Other financial liabilities decreased in line with the capitalisation of ARC's loan as part of their subscription to Global shares.

Other points of Interest:

- The gross profit margin increased compared to the prior period due to the profitable margins achieved on the sale of forklift trucks.
- Loans and advances to customers increased significantly due to the increase in new forklift truck sales.
- The recoverability of trade and other debtors improved compared to the prior periods ended 30 November 2016 and 31 May 2016 respectively.
- The decrease in inventories compared to the prior period ended 30 November 2016, related to the sale of second hand forklift trucks.

It should be noted that the current portion of other financial liabilities reflected on the balance sheet represents a 12 month accrual for finance associated with the Group's rental book. On the other side, Trade and Other Receivables only reflect the current receivables arising from the matching rental contracts. The net current liability position of the Group is accordingly considered sound as current liabilities will be settled by ongoing monthly rental billings.

4. RESTATEMENTS

The comparative interim results have been restated in line with the 30 November 2016 year-end results where applicable.

5. RELATED PARTY TRANSACTIONS

The Group's consolidated financial statements for the year ended 30 November 2016 contain details of the Group's related party relationships and should be read in conjunction with this report.

The related party transactions during the period ended 31 May 2017, with the exception of EPT being derecognised as a subsidiary due to the change in control, do not materially deviate from the transactions as reflected in the financial statements for the year ended 30 November 2016.

The derecognition of EPT as a subsidiary resulted in the recognition of a loan to EPT of R10,8 million. The loan is unsecured and is payable on demand. In order to provide loan capital to the joint venture in funding its project the loan is interest free. Related party transactions are at arm's length.

6. SEGMENTAL REPORTING

Segmental information has been reported by the Group in the following segments, namely rentals and maintenance, sale of forklifts, renewable energy and other transactions.

GROUP May 2017	Rentals and maintenance R'000	Sale of forklifts R'000	Renewable energy R'000	Other R'000	Intergroup R'000	Total R'000
Revenue	97 718	16 711	-	3 380	(15 726)	102 083
Cost of sales	(68 873)	(16 122)	-	-	12 346	(72 649)
Gross profit	28 845	589	-	3 380	(3 380)	29 434
Operating expenses, finance costs and other income	(21 576)	-	(719)	(5 386)	3 380	(24 301)
Taxation	(2 040)	(165)	1 213	300	-	(692)
Profit after tax	5 229	424	494	(1 706)	-	4 441
Depreciation and impairment	(33 122)	-	-	(17)	-	(33 139)
Additional information						
Additions to property plant and equipment	54 357	-	2 347	123	-	56 827
Total segmental assets	486 952	-	65 191	163 556	(110 360)	605 339
Segment assets	486 952	-	62 310	163 556	(110 360)	602 458
Deferred tax asset	-	-	2 881	-	-	2 881
Total segmental liability	(388 241)	-	(51 531)	(22 689)	71 411	(391 050)
Segment liability	(336 012)	-	(51 531)	(22 689)	62 490	(347 742)
Deferred tax liability	(52 229)	-	-	-	8 921	(43 308)
GROUP November 2016	Rentals and maintenance R'000	Sale of forklifts R'000	Renewable energy R'000	Other R'000	Intergroup R'000	Total R'000
Revenue	197 420	25 704	-	3 474	(29 497)	197 101
Cost of sales	(142 561)	(27 978)	-	-	24 744	(145 795)
Gross profit	54 859	(2 274)	-	3 474	(4 753)	51 306
Operating expenses, finance costs and other income	(48 039)	-	(6 150)	(3 004)	4 753	(52 440)
Taxation	(1 833)	611	1 654	(127)	-	305
Profit after tax	4 987	(1 663)	(4 496)	343	-	(829)
Depreciation and impairment	(66 982)	-	-	(53)	-	(67 035)
Additional information						
Additions to property plant and equipment	87 404	-	10 476	31	-	97 911
Total segmental assets	485 255	-	14 389	135 599	(82 748)	552 495
Segment assets	485 255	-	11 266	135 599	(82 748)	549 372
Deferred tax asset	-	-	3 123	-	-	3 123
Total segmental liabilities	(400 145)	-	(21 177)	(26 055)	43 239	(404 138)
Segment liability	(349 355)	-	(21 177)	(26 055)	33 939	(362 648)
Deferred tax liability	(50 790)	-	-	-	9 300	(41 490)

RESTATED GROUP May 2016	Rentals and Maintenance R'000	Sale of forklifts R'000	Renewable energy R'000	Other R'000	Intergroup R'000	Total R'000
Revenue	89 320	11 220	126	380	(14 838)	86 208
Cost of sales	(55 962)	(15 889)	-	(1)	13 156	(58 696)
Gross profit	33 358	(4 669)	126	379	(1 682)	27 512
Operating expenses, finance costs and other income	(23 590)	-	(2 709)	(1 558)	1 682	(26 175)
Taxation	(2 616)	1 307	661	330	-	(318)
Profit after tax	7 152	(3 362)	(1 922)	(849)	-	1 019
Depreciation and impairment	(32 763)	-	-	(27)	-	(32 790)
Additional information						
Additions to property plant and equipment	36 905	-	1 441	-	-	38 346
Total segmental assets	491 921	-	5 173	130 703	(72 003)	555 794
Segment assets	491 921	-	4 241	130 328	(72 003)	554 487
Deferred tax asset	-	-	932	375	-	1 307
Total segmental liabilities	(422 875)	-	(232)	(5 702)	22 505	(406 304)
Segment liability	(372 353)	-	(232)	(5 702)	13 619	(364 668)
Deferred tax liability	(50 522)	-	-	-	8 886	(41 636)

Project management, corporate services and any other income is below the quantitative threshold set by IFRS for reporting.

7. HEADLINE EARNINGS AND SHARE INFORMATION

The headline earnings reconciliation and per share information is set out below:

R'000	31 May 2017	30 November 2016	31 May 2016
Basic earnings	4 633	(620)	1 019
Adjusted for:			
Impairment of used forklift trucks	-	836	-
Profit on disposal of subsidiary	(3 791)	-	-
Non-controlling interest	349	-	-
Headline earnings	1 191	216	1 019

Per share information:

Weighted average number of ordinary shares '000	54 901	53 648	53 138
Basic earnings per share (cents)	8.4	(1.2)	1.9
Headline earnings per share (cents)	2.2	0.4	1.9

There are no instruments in issue that would cause a dilutive effect.

8. BOARD OF DIRECTORS

The current board is constituted as follows:

Name	Position/title
Niels Penzhorn	Chief Executive Officer
Werner Petrus Basson	Chief Financial Officer
Marinus Cornelis Christoffel van Ettinger	Chief Operating Officer
Alan Jerome Naidoo	Independent Non-Executive Director
Gabriel Thono Magomola	Independent Non-Executive Director
Gordon Kenneth Cunliffe	Independent Non-Executive Chairman
Machiel Johannes Reyneke*	Non-Executive Director
Brenda Matyolo*	Non-Executive Director

*Appointed to the board of directors on 19 July 2017

9. SHARE CAPITAL AND ISSUE/REPURCHASE OF SHARES

During the period presented the Company issued 19 323 671 new shares in Global for a consideration of R40 million as part of the African Rainbow Capital (Pty) Ltd transaction as previously announced.

Global did not repurchase any shares during the period under review.

10. DIVIDEND

The Company has not declared a dividend for the interim period ended 31 May 2017 (2016: R Nil).

11. LITIGATION

There is no litigation pending against the Company or its subsidiaries, which is expected to have a material impact on the results of the Group.

12. CONTINGENT LIABILITIES

At the reporting date, the Group does not have any contingent liabilities (2016: R Nil).

13. SUBSEQUENT EVENTS

There are no major events subsequent to 31 May 2017 that require disclosure.

14. FUTURE PROSPECTS

The directors of the Company believe that the Group has good prospects to expand its operations over the next year based on its current pipeline of recycling energy projects and initiatives supported by the Group's strong complement of management skills and strategic partners.

By order of the Board

GK Cunliffe
Chairman

N Penzhorn
Chief Executive Officer

Johannesburg
24 August 2017

Registered Office

Building 2
Clearwater Office Park
Cnr Christiaan de Wet & Millennium Boulevard
Strubensvalley
Roodepoort
1735

Directors

G.K Cunliffe*#; M.C.C van Ettinger; N Penzhorn; W.P Basson; G.T Magomola*#; A.J Naidoo*#;
M.J Reyneke*; B Matyolo*

* - non-executive, # - independent

Designated Advisor

Arbor Capital Sponsors Proprietary Limited

Transfer Office

Link Market Services Proprietary Limited