Methodology and approach (Continued)

Adjusted net assets methodology

Under the adjusted net assets approach, total value is based on the sum of net assets value.

Adjusted net assets value is determined by marking every asset and liability on (and off) the company balance sheet items to current market values.

Adjusted net assets methodology is most applicable for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies). Adjusted net assets approach is also useful as a cross-check to assess relative riskiness of businesses (e.g., relative levels of tangible asset backing).

Capitalized earnings methodology (CoCos/CoTrans)

An earnings based approach estimates a sustainable level of future earnings for a business ("maintainable earnings") and applies an appropriate multiple to those earnings, capitalizing them into a value for the business. The earnings bases to which a multiple is commonly applied include Revenue, EBITDA, EBIT, PAT and Net Assets (P/BV).

With regard to the multiples applied in an earnings based valuation, they are generally based on data from listed companies and recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued.

An earnings approach is typically used to provide a market cross-check to the conclusions reached under a theoretical DCF approach and/or Adjusted NAV approach.

Selected methodology

- We have considered the Adjusted NAV methodology to undertake the valuation as recent audited financials of both entities were available
- DCF based valuation was not considered appropriate since in the case of Sigma Corporation Limited its main business of leasing has been discontinued
- Capitalized earnings methodology was not used due to non-existence of comparable companies and/or comparable transactions in respect of KASB Finance (Private) Limited