EFORA ENERGY LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1993/000460/06)
JSE share code: EEL
ISIN: ZAE000248258
LEI: 213800Z9GDANDTE13745

("Efora" or "the Company" or together with its subsidiaries and joint venture "the Group")

CONDENSED PROVISIONAL CONSOLIDATED REVIEWED RESULTS

for the year ended 29 February 2020

SALIENT FEATURES

- *Revenue of R2.0 billion (2019: R2.6 billion), a decrease of 25%*
- *Recognition of arbitration award of R128.0 million (R75.0 million plus interest and costs) within other income and finance income*
- *Net foreign exchange gains totalling R34.6 million (2019: net foreign exchange losses of R5.4 million)*
- *A net monetary loss of R39.2 million on hyperinflation accounting for a subsidiary in Zimbabwe*
- *Significant reduction in the cash operating cost base by R31.7 million due to the optimisation of remuneration, business development, travel and lease costs*
- *A reduction of R21.0 million in finance costs due to a decrease in borrowings (repayments of R80.4 million were made during the year)*
- *Impairment of R58.6 million (2019: R38.8 million) of customer relationships, brand and petroleum reserves intangible assets and R53.5 million (2019: 121.5 million) of oil and gas properties*
- *Overall, a loss after tax of R57.9 million (2019: R579.9 million)*
- *Headline earnings per share of 4.96 cents (2019: headline loss per share of 45.31 cents)*
- *A decrease of R20.2 million in net asset value*
- *Cash generated from operations of R88.9 million (2019: cash used in operations of R153.6 million)*
- *Debt restructuring under consideration by lender*

PERFORMANCE REVIEW

NEGATIVE IMPACT OF MARKET CONDITIONS ON REVENUE AND MARGINS

The market share of Afric Oil, the Group's primary revenue contributor contracted during the year under review mainly as a result of the loss of a key customer and other low margin customers. This resulted in a decline of 25% in revenue and a resultant decline of 18% in the gross margin generated by the Group. Heavy discounting by small entrants, low-cost importers and the illegal importation of fuel products compounded by the currency crisis in Zimbabwe, which has resulted in the continued suspension of operations in the country, were also contributing factors. The Group has implemented a number of initiatives to ensure it remains competitive which include optimising the supply chain and logistics functions, amongst many other initiatives. The appointment of a new Managing Director at Afric Oil to oversee the business should also result in the improved performance of the Group.

ARBITRATION AWARD IN CLAIM AGAINST ENCHA GROUP

On 15 November 2019, The Group was awarded R75.0 million plus interest and costs in its claim against Encha Group. We are delighted that our investment in this matter over the years has yielded a positive result for all our stakeholders. The funds awarded in this matter have been recognized in the statement of comprehensive income under other income (R75.0 million) and finance income (R52.1 million). The total amount due from Encha which also includes the recovery of legal costs is disclosed in note 8. Subsequent to the year end a compromise was reached with Encha as disclosed in note 18.

FURTHER OPTIMISATION OF COST BASE

Cost optimization continues to be one of the key strategic focus areas of the Group. During the year under review, the Group's recurring cash cost base under other operating costs decreased by R31.7 million mainly due to a reduction in remuneration, business development, travel and lease costs. Overall, the cost cutting initiatives adopted by the Group have resulted in a decrease of R69.8 million in this cash cost base over the last two financial years. Subsequent to the reporting period, the Board approved plans to restructure the management and governance structures within the Group which should result in further streamlining of costs especially as it relates to remuneration.

EXPECTED DECLINE IN FINANCE COSTS

During the year under review the Group made repayments totalling R75.1 million to the Unemployment Insurance Fund ("UIF") with respect to the loan advanced to Afric Oil. The Group also paid R5.3 million in full settlement of the Redlex loan. The discussions around the restructuring of the UIF loan are ongoing and the Group anticipates feedback within the next 2 months.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Forever Fuels business generated a loss for the year primarily emanating from the loss of a component of the customer base that existed at the time of its acquisition due to the tough trading conditions mentioned earlier. This has resulted in the full impairment the customer relationships intangible asset and brand. A charge of R45.1 million (2019: R38.8 million) was recognised in the statement of comprehensive income with respect to this impairment.

The Group's oil and gas properties and petroleum reserves intangible asset were also impaired to the extent of R67.0 million (2019: R121.5 million), R53.5 million and R13.5 million, respectively, as a result of a lower oil price forecast and a reduction in reserves, amongst other factors.

In total, R112.1 million (2019: R160.3 million), R58.6 million with respect to intangible assets and R53.5 million with respect to oil and gas properties, was recognised in other operating costs in the statement of comprehensive income with respect to the impairments of the referred assets. Excluding the impact of impairments of non-financial assets, the Group generated a

profit after tax of R54.2 million. Additional details relating to these impairments are provided in note 6.

HYPERINFLATION ACCOUNTING

The Group for the first time applied hyperinflation accounting for its subsidiary in Zimbabwe following the declaration of the economy as hyperinflationary since July 2019, as fully set out in note 5, which resulted in a net monetary loss of R39.2 million.

FINANCIAL POSITION

REDUCTION IN NET ASSET VALUE

The Group's net asset value decreased by R20.2 million for the year under review primarily driven by the impairments of non-financial assets. The strengthening of the Group's statement of financial position remains a strategic focus area of the Group and an improvement in the statement of financial position is anticipated from the proposed restructuring of the UIF loan if approved by the lender, alongside other initiatives adopted by the Group.

CASH FLOWS

FOCUS ON CASH GENERATION

The Group generated R88.9 million from operations (2019: utilisation of R153.6 million) which is a significant improvement especially compared to the prior financial year. This is testament to the initiatives that have gone into positioning the Group for sustainability.

Cash outflows relating to investing activities were minimal and the debt repayment mentioned above contributed to the utilisation of R81.4 million in financing activities (2019: cash generated of R147.4 million, mainly driven by the rights issue). Overall, the Group generated cash of R6.2 million (2019: utilisation of R10.9 million).

OPERATIONAL REVIEW

AFRIC OIL, SOUTH AFRICA

Volumes sold by the Group decreased to 148.3 million litres from 203.7 million litres in the prior financial year, a decrease of 27%. Contributing factors are noted in the opening paragraph.

Given these developments, during and post the reporting period, Afric Oil embarked on a journey to reposition the business as well as the brand, and has implemented some of the following immediate measures:

Guarantee of supply and improved cost price

In a South African fuels market that remains in short supply, guarantee of supply is a key strategic objective. To achieve this, the need to reduce our over reliance on one major supplier has required us to conclude and explore additional supply agreements.

Afric Oil has on-boarded additional multinational refiners operating locally as well as refiners trading internationally which will deliver improved margins on our existing portfolio of customers. This newly negotiated pricing will also allow the Group to play in the cash market where pricing is a big determining factor along with service delivery.

This strategy is executed in synergy with our supply relationship with our existing major local supplier as we move forward to place less reliance on local supply in favour of accessing petroleum products in international markets. To compliment this strategic initiative, Afric Oil has recently negotiated a storage contract with Vopak Terminals in Durban and Lesedi, which is anticipated to bring significant additional revenues to the business. Access and use to these terminals commenced on 1 August 2020 in Durban and is scheduled to come on-stream on 1 September 2020 in Lesedi.

Access to strategic supply locations

Having access to petroleum products across all major ports in Southern Africa will improve Afric Oil's options to distribute products across South Africa and target new markets in the Southern African Development Community. Additionally, access to multiple strategically located supply points will further improve the guarantee of supply while also bringing greater agility to Afric Oil's existing business model.

Streamlining our operational processes and ensuring our business is fit for purpose

The Afric Oil executive team has realised that our operational processes and the administrative processes that support our operations do not align the business to agility and speed, both of which we see as key differentiators required to excel in the downstream fuels supply and distribution sector in South Africa. It is with this in mind that we are reviewing all our processes within the business and restructuring our organisation to support our people in executing in their roles with excellence.

Introduction of additional revenue streams and business divisions

In recognising that our customer base has requirements for other petroleum products outside of diesel, we will be introducing lubricants and grease offerings while we bring on-board strategic partners for these offerings. We are currently engaging with suppliers outside of South Africa to expand on our kerosene offering to guarantee more consistent supply and are relooking at our secondary distribution model to access markets and more specifically end consumers previously not within our capabilities.

Releasing additional working capital to enable growth

The Group has negotiated improved access to guarantees and is able to release an additional R35.0 million in credit facilities which we are then able to use in targeting customers requiring 7, 15 and 30 day terms.

With respect to our operations in Zimbabwe, we continued to suspend our operations in the country pending the resolution of the economic and business climate. Excluding our Zimbabwe operations, two out of three of our divisions in Afric Oil have become profitable.

LAGIA, EGYPT

The Lagia development programme remained suspended during the year under review amidst the low oil price environment and funding constraints experienced by the Group. The Lagia oil field therefore remained on cold flow for the duration of the year, as the costs associated with steam injection are not sustainable. The heavy oil reserves continue to pose operational challenges for the Group, especially at the prevailing oil prices. Volumes from the field therefore declined to 12,634 barrels for the year under review (2019: 15,371 barrels).

Lagia remains a key asset to the Group. A strategic review of this asset is ongoing and is expected to be completed in September 2020. As previously reported, the Group continues to pursue opportunities to farm down part or all of the interest in the field to reduce the risk associated with the operation of the field.

BLOCK III, DRC

Following Total E&P RDC's untimely exit from the block earlier on in the year, we now hold a 42.5% interest in Block III and remain in partnership with the DRC government (15%) and Divine Inspiration Group (42.5%). We engaged with our operating partners throughout the year to further plans on the block. No exploration activities were undertaken during the year pending the finalisation of the renewal of the permit which first required the relinquishment of 50% of the exploration acreage. The relinquishment exercise was completed and the relevant paperwork has been submitted to the DRC government. The partners will retain the most prospective areas on the block. The Group will be expected to fund its working interest share of forward costs which are still to be determined.

The licence for Block III expired at the end of July 2020 and we remain in discussions with our partners to finalise the renewal of the permit. Developments with the coronavirus and the resultant lockdown in the DRC have had an impact on this process. The Group is confident that the licence for the block will be renewed and that exploration plans will continue in the near term.

We remain assured that this block is an exciting prospect for the Group with an internal unaudited prospective resource estimate of 1 213 MMMbbl (best estimate).

CRUDE TRADING, NIGERIA

The shortage of crude oil under the contract with the Nigerian National Petroleum Corporation ("NNPC") prevailed throughout the year. Our joint venture was able to secure only one lifting in January 2020. Given the impact of the coronavirus pandemic on businesses in Nigeria, the NNPC is processing extensions to existing crude trading contracts. Finalisation of the extension of the SEER contract has also been impacted by the lockdown in Nigeria. We await notification of the extension of this contract.

GOING CONCERN

The Board has performed an assessment of the Group's operations relative to available cash resources and remains reasonably confident that it will manage the uncertainties that exist which are highlighted in note 17 to the condensed consolidated reviewed annual financial statements. The condensed consolidated reviewed annual financial statements presented have therefore been prepared on a going concern basis.

LITIGATION UPDATE

On 27 May 2020, the Nigerian Court of Appeal issued judgement which enabled SacOil 281 Nigeria and EER to appoint an arbitrator and proceed with arbitration. The Group, together with EER and Transcorp have now appointed their respective arbitrators and are in the process of selecting the presiding arbitrator. It is expected that arbitration will commence within the next 2 months.

As at the date of this report the litigation between Efora and Mr. Robin Vela has been fully and finally settled and neither party has a residual claim against the other.

OUTLOOK

Business has been slow in the first four months of the new financial year due to developments with covid-19 and the ongoing lockdown, which have broadly impacted demand for fuel products countrywide. We are fortunate that key entities within the Group fall under the essential services category and have been able to operate during the lockdown period, although the volumes were significantly below normal operational levels. We will continue to keep a keen eye on developments within the economy to ensure we are adequately positioned to serve our existing customers and to acquire new business. The acquisition of new customers and new revenue streams remain critical to the sustainability of the Group.

Further diversification of our supply chain will also remain on top of the agenda as will the restructuring of the UIF loan, given the impact of both on the financial performance and position of the Group. Other key priorities for the near term include firming up on our exploration initiatives in Block III, implementing the improved management and governance structures, completing the arbitration in our claim against Transcorp and concluding our strategic review of the Lagia asset. We also expect to see the benefit of the new storage facilities secured by the Group.

CHANGES IN DIRECTORATE

There was no change in directorate during the year reported on.

On 6 July 2020, Tariro Gadzikwa resigned from her position as director of the Company. In addition, following her appointment as Head of Advisory at BDO Advisory Services, Thuto Masasa resigned as independent non-executive director and chairperson of the Audit, Risk and Investment Committee of the Company with effect from 31 July 2020. The Board has commenced a process of identifying suitable replacements and shareholders will be advised as soon as such appointments have been made.

ABOUT EFORA

Efora Energy Limited is a South African based independent African oil and gas company, listed on the JSE. The Company has a diverse portfolio of assets spanning production in Egypt; exploration and appraisal in the Democratic Republic of Congo; a midstream project relating to crude trading in Nigeria; and material downstream distribution operations in South Africa. Our focus as a Group is on delivering energy for the African continent by using Africa's own resources to meet the significant growth in demand expected over the next decade.

Condensed provisional consolidated reviewed statement of comprehensive income

for the year ended 29 February 2020

	Notes	2020 R'000	2019 R'000
Revenue	3	**1,957,309**	2,599,369
Cost of sales		**(1,901,224)**	(2,530,997)
Gross income		**56,085**	68,372
Other income		**149,032**	94,199
Other operating costs[1]		**(280,542)**	(861,827)
Loss from operations		**(75,425)**	(699,256)
Share of profit from joint venture, net of taxation		**-**	1,138
Finance income		**78,425**	68,230
Finance costs		**(26,524)**	(47,474)
Net monetary loss		**(39,151)**	-
Loss before taxation		**(62,675)**	(677,362)
Taxation		**4,777**	97,504
Loss for the year		**(57,898)**	(579,858)
Other comprehensive income:			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations[2]		**39,446**	84,419
Other comprehensive income for the year		**39,446**	84,419
Total comprehensive loss for the year		**(18,452)**	(495,439)
Loss attributable to:			
Equity holders of the Company		**(20,578)**	(538,311)
Non-controlling interest		**(37,320)**	(41,547)
Loss for the year		**(57,898)**	(579,858)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**13,460**	(456,692)
Non-controlling interest		**(31,912)**	(38,747)
Total comprehensive loss for the year		**(18,452)**	(495,439)
Loss per share			
Basic (cents)	14	**(1.86)**	(69.91)
Diluted (cents)	14	**(1.86)**	(69.91)

[1]- Impairment charges recognised in other operating costs are disclosed in note 6

[2]- This component of other comprehensive loss does not attract taxation

Condensed provisional consolidated reviewed statement of financial position

as at 29 February 2020

	Notes	2020 R'000	2019 R'000
Assets			
Non-current assets			
Exploration and evaluation assets	7	**110,857**	99,275
Oil and gas properties	6	**32,147**	76,808
Investment in joint venture		**-**	-
Loans and other non-current receivables	8	**256,189**	230,151
Property, plant and equipment	9	**53,167**	72,905
Right-of-use of assets	4	**7,154**	-
Intangible assets	6	**9,953**	80,364
Total non-current assets		**469,467**	559,503
Current assets			
Loans and other current receivables	8	**124,187**	-
Inventories		**11,223**	13,745
Trade and other receivables	10	**93,240**	188,545
Cash and cash equivalents		**68,188**	61,875
Total current assets		**296,838**	264,165
Total assets		**766,305**	823,668
Equity and liabilities			
Shareholders' equity			
Stated capital	11	**1,668,354**	1,668,354
Reserves	11	**136,871**	102,833
Accumulated loss		**(1,355,240)**	(1,333,414)
Equity attributable to equity holders of Company		**449,984**	437,773
Non-controlling interest		**(36,233)**	(3,811)
Total shareholders' equity		**413,751**	433,962
Liabilities			
Non-current liabilities			
Lease liabilities	4	**6,434**	126
Total non-current liabilities		**6,434**	126
Current liabilities			
Borrowings	12	**186,062**	240,720
Financial liabilities		**-**	104
Lease liabilities	4	**463**	585
Loan from joint venture		**12,940**	11,969
Taxation payable		**8,365**	12,851
Trade and other payables	13	**138,290**	123,351
Total current liabilities		**346,120**	389,580
Total liabilities		**352,554**	389,706
Total equity and liabilities		**766,305**	823,668

Condensed provisional consolidated reviewed statement of changes in equity

for the year ended 29 February 2020

	Note	Stated capital (Note 11) R'000	Foreign currency Translation reserve (Note 11) R'000	Share-based payment reserve (Note 11) R'000	Total reserves (Note 11) R'000	Accumu-lated loss R'000	Total equity attributable to equity holders of the Company R'000	Non-controlling interest (NCI) R'000	Total equity R'000
Balance at 1 March 2018		1,305,911	10,721	10,352	21,073	(750,639)	576,345	1,834	578,180
Changes in equity:									
Effect of the adoption of IFRS 9		-	-	-	-	(11,362)	(11,362)	-	(11,362)
Adjusted balance at 1 March 2018		1,305,911	10,721	10,352	21,073	(762,001)	564,983	1,834	566,818
Loss for the year		-	-	-	-	(538,311)	(538,311)	(41,547)	(579,858)
Other comprehensive income for the year		-	81,619	-	81,619	-	81,619	2,800	84,419
Total comprehensive (loss)/income for the year		-	81,619	-	81,619	(538,311)	(456,692)	(38,747)	(495,439)
Acquisition of NCI		-	-	-	-	(33,102)	(33,102)	33,102	-
Rights issue		367,052	-	-	-	-	367,052	-	367,052
Transaction costs		(4,609)	-	-	-	-	(4,609)	-	(4,609)
Share based payments expense		-	-	141	141	-	141	-	141
Total changes		362,443	81,619	141	81,760	(571,413)	(127,211)	(5,645)	(132,856)
Balance at 28 February 2019		**1,668,354**	**92,340**	**10,493**	**102,833**	**(1,333,414)**	**437,773**	**(3,811)**	**433,962**
Balance at 1 March 2019		**1,668,354**	**92,340**	**10,493**	**102,833**	**(1,333,414)**	**437,773**	**(3,811)**	**433,962**
Changes in equity:									
Effect of the adoption of IFRS 16	4	**-**	**-**	**-**	**-**	**(1,249)**	**(1,249)**	**(510)**	**(1,759)**
Adjusted balance at 1 March 2019		**1,668,354**	**92,340**	**10,493**	**102,833**	**(1,334,663)**	**436,524**	**(4,321)**	**432,203**
Loss for the year		**-**	**-**	**-**	**-**	**(20,578)**	**(20,578)**	**(37,320)**	**(57,898)**
Other comprehensive income for the year		**-**	**34,038**	**-**	**34,038**	**-**	**34,038**	**5,408**	**39,446**
Total comprehensive loss for the year		**-**	**34,038**	**-**	**34,038**	**(20,578)**	**13,460**	**(31,912)**	**(18,452)**
Total changes		**-**	**34,038**	**-**	**34,038**	**(20,578)**	**13,460**	**(31,912)**	**(18,452)**
Balance at 29 February 2020		**1,668,354**	**126,378**	**10,493**	**136,871**	**(1,355,240)**	**449,984**	**(36,233)**	**413,751**

Condensed provisional consolidated reviewed statement of cash flows

for the year ended 29 February 2020

	Notes	2020 R'000	2019 R'000
Cash flows from operating activities			
Cash generated from/(used in) operations		87,629	(147,283)
Finance income		2,345	4,650
Finance costs		(1,093)	(10,938)
Taxation received/(paid)		-	(16)
Net cash generated from/(used in) operating activities		88,881	(153,587)
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(763)	(39)
Proceeds on disposal of property, plant and equipment		81	380
Purchase of oil and gas properties		-	(2,974)
Purchase of intangible assets	6	(60)	(1,325)
Repayments of loans and other receivables		-	410
Advances of loans and other receivables		(500)	(1,201)
Net cash used in investing activities		(1,242)	(4,749)
Cash flows from financing activities			
Transaction costs on share issue		-	(4,609)
Proceeds on issue of shares		-	367,052
Loan from joint venture		-	3,505
Proceeds from borrowings		-	239
Repayments of borrowings	12	(80,409)	(210,523)
Repayments of finance liabilities		-	(5,815)
Repayments of lease liabilities	4	(1,026)	(2,444)
Net cash (used in)/from financing activities		(81,435)	147,405
Total movement in cash and cash equivalents for the year		6,204	(10,931)
Foreign exchange differences on cash and cash equivalents		109	-
Cash and cash equivalents at the beginning of the year		61,875	72,806
Cash and cash equivalents at the end of the year		68,188	61,875

Notes to the Condensed provisional consolidated reviewed financial statements

for the year ended 29 February 2020

1. BASIS OF PREPARATION

The condensed provisional consolidated reviewed financial statements for the year ended 29 February 2020 have been prepared in accordance with the framework concepts, the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and in accordance with and containing the information required by the International Accounting Standard 34: Interim Financial Reporting (IAS 34) as issued by the International Accounting Standards Board (IASB), the Financial Reporting Guides as issued by the South African Institute of Chartered Accountants' (SAICA) Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited (JSE) Listings Requirements and the requirements of the Companies Act of 2008, as amended. The condensed provisional consolidated reviewed financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at amortised cost, and have been modified for the effects of inflation with respect to a subsidiary of the Group which operates in a hyperinflationary economy. The economy in Zimbabwe is now considered to be hyperinflationary. Accordingly, the results, cash flows and financial position of the Group's subsidiary in Zimbabwe have been expressed in terms of the measuring unit current at the reporting date. The significant accounting policies applied in the preparation of the condensed provisional consolidated reviewed financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements, except as detailed in notes 4 and 5. The significant accounting policies are available for inspection at the Company's registered office.

The Group adopted the new, revised or amended accounting pronouncements as issued by the IASB, which were effective and applicable to the Group from 1 March 2019. The accounting pronouncement considered by the Group as significant on adoption is IFRS 16 "Leases" and the impact of its adoption is set out in note 4. Other IFRS changes adopted on 1 March 2019 have no material impact on the consolidated results, financial position or cash flows of the Group. Full details pertaining to the adoption of these other standards will be disclosed in the Group's consolidated audited annual financial statements for the year ended 29 February 2020.

These condensed provisional consolidated reviewed financial statements have been prepared on a going concern basis after taking into account the matters in note 17.

The condensed provisional consolidated reviewed financial statements are presented in South African Rand which is the Company's function and presentation currency. All monetary information is rounded to the nearest thousand (R'000).

2. PREPARATION OF THE CONDENSED PROVISIONAL CONSOLIDATED REVIEWED FINANCIAL STATEMENTS AND AUDITOR'S REVIEW CONCLUSION

The directors take full responsibility for the preparation of these condensed provisional consolidated reviewed financial statements. These condensed provisional consolidated reviewed financial statements for the year ended 29 February 2020 have been prepared under the supervision of the Chief Financial Officer, Tariro Gadzikwa CA(SA).

These condensed provisional consolidated financial statements for the year ended 29 February 2020 have been reviewed by SizweNtsalubaGobodo Grant Thornton Inc. A copy of the auditors' unmodified review conclusion, which highlights material uncertainties relating to going concern with respect to the matters detailed in note 17, is available for inspection at the registered office of the Company.

3. SEGMENTAL REPORTING

The Group has identified reportable segments that are used by the Group Executive Committee (chief operating decision-maker) to make key operating decisions, allocate resources and assess performance. For management purposes the Group is organised and analysed by geographical locations. For the year under review the Group operated in the following locations: South Africa, Egypt, Nigeria, DRC, Zimbabwe, Zambia and Mauritius. The Group's externally reportable operating segments are shown below.

Head office activities include the general management, financing and administration of the Group. The Group's operations in Zambia, which were immaterial for the current year, did not meet the recognition criteria for externally reportable segments and have been aggregated under the South Africa segment as they meet the aggregation criteria permitted by IFRS.

SEGMENTAL REPORTING (continued)

	Note	Egypt R'000	Nigeria R'000	DRC R'000	South Africa R'000	Zimbabwe R'000	Mauritius R'000	Head office R'000	Eliminations R'000	Consolidated R'000
2020										
Revenue										
External customers		3,091	-	-	1,954,218	-	-	-	-	1,957,309
Total revenue [1]		3,091	-	-	1,954,218	-	-	-	-	1,957,309
Cost of sales [2]		(7,239)	-	-	(1,893,985)	-	-	-	-	(1,901,224)
Gross (loss)/profit		(4,148)	-	-	60,233	-	-	-	-	56,085
Gain on de-recognition of borrowings and other payables		-	-	-	10,263	-	-	-	-	10,263
Encha Refund	8	-	-	-	-	-	-	75,000	-	75,000
Recovery of past business development costs		-	-	-	-	-	-	11,814	-	11,814
Other income		-	556	-	16,215	975	-	1,028	(1,459)	17,316
Impairment of financial assets		-	(13,665)	-	(5,775)	-	-	(12,631)	-	(32,071)
Impairment of oil and gas properties		(53,512)	-	-	-	-	-	-	-	(53,512)
Impairment of intangible assets	6	(13,513)	-	-	(45,067)	-	-	-	-	(58,580)
Depreciation, depletion and amortisation		(4,174)	-	-	(20,323)	(2,945)	-	(901)	-	(28,344)
Net foreign exchange losses		-	-	-	6,643	(869)	-	35,684	(6,818)	34,640
Employee benefit expense		(3,865)	-	-	(25,010)	(597)	-	(16,750)	-	(46,223)
Motor vehicle expense		-	-	-	(11,197)	-	-	-	-	(11,197)
Other operating costs		(1,784)	(344)	(766)	(28,426)	(1,119)	(218)	(20,463)	2,504	(50,616)
Share of profit from joint venture		-	-	-	-	-	-	-	-	-
Finance income		-	12,001	-	2,052	-	-	76,740	(12,367)	78,425
Finance costs		-	-	-	(38,889)	-	-	(1)	12,367	(26,524)
Net monetary loss	5	-	-	-	-	(39,151)	-	-	-	(39,151)
Taxation		-	-	-	289	-	-	4,488	-	4,777
(Loss)/profit for the year		(80,997)	(1,451)	(766)	(78,994)	(43,706)	(218)	154,007	(5,773)	(57,898)
Segment assets - non-current		40,265	127,845	110,857	57,643	20,569	45,686	498,194	(431,592)	469,467
- current		9,618	3	27	264,309	350	63	137,775	(115,308)	296,837
Segment liabilities - non-current		(168,417)	-	(86,151)	(7,788)	(43,203)	(14,364)	-	313,488	(6,434)
- current		(3,684)	(375)	(674)	(430,031)	(111,018)	(110)	(26,800)	226,572	(346,118)
2019										
Revenue [1]										
External customers		3,848	-	-	2,576,581	18,940	-	-	-	2,599,369
Inter-segment revenue		-	-	-	18,377	-	-	-	-	18,377
Total revenue [1]		3,848	-	-	2,594,958	18,940	-	-	-	2,617,746
Cost of sales [2]		(7,333)	-	-	(2,523,664)	(18,377)	-	-	-	(2,549,374)
Gross (loss)/profit		(3,485)	-	-	71,294	563	-	-	-	68,372
Other income		-	221	67,148	15,214	11,944	-	6,078	(6,406)	94,199
Impairment of financial assets		-	(11,678)	(270,593)	(11,992)	-	-	(80,510)	-	(374,773)
Impairment on intangible assets		(30,739)	-	-	(143,522)	-	-	-	-	(174,261)
Impairment of joint venture		-	(8,142)	-	-	-	-	-	-	(8,142)
Impairment on oil and gas properties		(121,538)	-	-	-	-	-	-	-	(121,538)
Depreciation, depletion and amortisation		(6,113)	-	-	(22,685)	-	-	(445)	-	(29,243)
Other operating costs		(10,072)	(717)	(821)	(65,749)	(21,813)	(213)	(60,892)	6,406	(153,871)
Share of profit from joint venture		-	1,138	-	-	-	-	-	-	1,138
Finance income		-	11,194	23,862	2,538	-	-	36,683	(6,047)	68,230
Finance costs		-	-	(3,676)	(41,658)	-	-	(8,186)	6,047	(47,474)
Taxation		-	-	98,921	(1,417)	-	-	-	-	97,504
Loss for the year		(171,947)	(7,984)	(85,159)	(197,977)	(9,306)	(213)	(107,273)	-	(579,859)
Segment assets - non-current		97,235	115,075	99,275	100,596	32,259	-	468,027	(352,964)	559,503
- current		9,732	2	25	256,578	5,695	61	15,111	(23,040)	264,164
Segment liabilities - non-current		(143,745)	-	(81,970)	(127,341)	-	-	-	352,930	(126)
- current		(3,392)	(540)	(294)	(379,016)	(100)	(171)	(29,141)	23,074	(389,580)

SEGMENTAL REPORTING (continued)

	2020 R'000	2019 R'000
[1]- Revenue		
Total revenue for reportable segments	**1,957,309**	2,617,746
Elimination of inter-segment revenue	**-**	(18,377)
Revenue	**1,957,309**	2,599,369
[2]- Cost of sales		
Total cost of sales for reportable segments	**(1,901,224)**	(2,549,374)
Elimination of inter-segment cost of sales	**-**	18,377
Cost of sales	**(1,901,224)**	(2,530,997)

Details relating to the impairment of intangible assets disclosed under the South Africa segment are provided in note 6.

Business segments

The operations of the Group comprise oil and gas exploration and production, crude trading and the sale of petroleum products.

Revenue

The Group derives revenue from the following sources:

- The sale of crude oil from the Lagia Oil Field to the Egyptian General Petroleum Corporation ("EGPC"). This revenue is included under the Egypt segment.
- Sales of petroleum products to a diversified customer base which includes local government and mining, construction, transport, manufacturing, retail and agricultural customers. These revenues are included under the South Africa segment.

Inter-segment transactions are eliminated upon consolidation and are reflected in the 'eliminations' column. The reconciliation of segment revenue to the Group reported revenue is provided above.

Revenue from contracts with customers is disaggregated as follows:

	2020 R'000	2019 R'000
Sale of crude oil	**3,091**	3,848
Sale of petroleum products	**1,954,218**	2,595,521
	1,957,309	2,599,369

During the year ended 29 February 2020, R0.7 billion or 38% (2019: R1.0 billion or 40%) of the Group's revenue depended on the sale of petroleum products to one customer (2019: two customers) under the South Africa segment.

4. ADOPTION OF NEW ACCOUNTING STANDARD

2020

Adoption of IFRS 16 Leases ("IFRS 16")

IFRS 16, adopted by the Group effective 1 March 2019, is a new standard that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use ("ROU") asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures ROU assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the ROU asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them separately in the statement of cash flows.

The Group elected, as permitted by IFRS 16, not to restate comparative financial statements. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the statement of financial position on 1 March 2019. The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17 Leases:

- Applied the exemption not to recognise ROU assets and liabilities for leases with less than a 12-month lease term
- All leases that meet the criteria of a lease of a low-value asset are accounted for on a straight-line basis over the lease term
- Use of a single discount rate for a portfolio of leases with reasonably similar characteristics

On transition to IFRS 16, the Group recognised the lease liabilities, at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at transition date, and the corresponding ROU assets were measured on a retrospective basis as if the new rules had always been applied.

The impact on transition is recognised below as at 1 March 2019:	**1 March 2019 R'000**
Recognition of ROU assets	**8,973**
Recognition of lease liabilities	**(10,731)**
Adjustment to accumulated loss due to initial application of IFRS 16	**(1,759)**
Equity holders of the Company	**(1,249)**
Non-controlling interest	**(510)**

Lease liabilities reconciliation as at 1 March 2019:	**1 March 2019 R'000**
Non-cancellable operating lease commitments as at 28 February 2019	**(19,592)**
Less: lease payments associated with short-term leases recognised on a straight-line basis as expense	**2,835**
	(16,757)
Less: effect of discounting using the incremental borrowing rate	**6,026**
Lease liabilities recognised at the date of transition	**(10,731)**

In relation to those leases under IFRS 16, the Group now recognises depreciation and finance costs, instead of operating lease expenses (except for short term and low value leases).

The transactions and balances recognised as at 29 February 2020 with respect to the adoption of IFRS 16 are outlined below:

	29 February 2020 R'000
Statement of financial position:	
ROU assets	**7,154**
Lease liabilities	**6,897**
Statement of comprehensive income:	
Interest	**1,093**
Depreciation	**1,830**
Statement of cash flows:	
Lease payments	**1,026**

5. SUBSIDIARY OPERATING IN A HYPERINFLATIONARY ECONOMY

The Group has a subsidiary which is incorporated in Zimbabwe, namely Afric Oil Petroleum Private Limited ("AOP").

Application of hyperinflation accounting

On 11 October 2019, the Public Accountants and Auditors Board of Zimbabwe classified Zimbabwe as a hyperinflationary economy in accordance with the provisions of IAS 29 Financial Reporting in Hyperinflationary Economies ("IAS 29"), applicable to entities operating in Zimbabwe with financial periods ended on or after 1 July 2019. The Group concurs with this classification, supported by the following factors:

- The significant deterioration of the interbank real time gross settlement ("RTGS") dollar and Zimbabwe dollar ("ZWL$") exchange rates, the official currencies adopted in Zimbabwe during the year.
- Based on the Reserve Bank of Zimbabwe ("RBZ") published Consumer Price Index ("CPI"), the inflation rate was 640.16% as at 29 February 2020.

The general price index, as published by the RBZ, was used in adjusting the historical cost local currency results, financial position and cash flows of AOP. The adjustment factors used to restate the financial statements of AOP as 29 February 2020, using 2019 as a base year are as follows:

Date	**Indices**	**Adjusting factor**
29 February 2020	640.16	1.00
28 February 2019	59.39	10.78

During the prior reporting period
Since the adoption of multiple currencies by the Zimbabwean government in 2009, entities in Zimbabwe were operating in a multi-currency regime. As a result of this regime, and prior to 1 October 2018, the US dollar was designated as the functional and presentation currency of AOP. The Group applied official average and closing US dollar ("USD") to rand ("ZAR") exchange rates during this period. On 1 October 2018, following the directive issued by the RBZ, the RTGS dollar was adopted as the functional and presentation currency of AOP. The application of the change in functional currency was applied prospectively and the prior year effect was considered immaterial.

During the current reporting period
On 24 June 2019, the RBZ introduced statutory instrument 142 of 2019 resulting in the renaming of the RTGS dollar to the ZWL$ and resulting in the ZWL$ being the only form of legal tender in the country. The ZWL$ was therefore adopted as the functional and presentation currency of AOP prospectively from this date.

The results, financial position and cash flows of AOP have been translated into the Group's presentation currency at the closing rate in accordance with the hyperinflationary accounting provisions of IAS 21 The Effects of Changes in Foreign Exchange Rates and consolidated in the Group results at this rate. The closing rate in this regard is the official exchange rate of ZWL$1: ZAR0.86925.

For purposes of a sensitivity analysis judgement was applied in the estimation and application of the ZWL$:ZAR exchange rate. Zimbabwe's ZWL$ officially floats against other international currencies on the Interbank Foreign Exchange Market, on a willing seller-willing-buyer basis, which is the basis for the determination of the official exchange rate mentioned above. However, a significant amount of transactions happen outside the official market, at an unofficial exchange rate. One of the few gauges of the Zimbabwe exchange rate is the so-called 'Old Mutual Implied Rate' ("OMIR"), a comparison of the price of shares of insurer Old Mutual Limited in London and Harare. Management assessed that the official interbank exchange rate is not available for immediate settlement as shortages of foreign currency result in the official exchange rate not being liquid. An estimate of ZWL$1:ZAR0.38246 was used as the exchange rate to provide a comparison for sensitivity purposes which was based on the OMIR. This estimate was calculated using the official USD:ZAR exchange rate divided by the OMIR.

Sensitivity analysis	**Determined using the official rate ZWL$1:ZAR0.86925 R'000**	**Determined using OMIR ZWL$1:ZAR0.38246 R'000**
Impact on the statement of financial position:		
Current assets	350	154
Total assets	19,565	8,608
Current liabilities	111,018	48,846
Total liabilities	154,220	67,855
Impact on statement of comprehensive income:		
Other income	975	429
Other operating costs	(5,134)	(2,259)
Net monetary loss	(39,151)	(17,226)
Loss for the year	(43,309)	(19,056)

6. IMPAIRMENT OF NON-FINANCIAL ASSETS

Oil and gas properties	R'000
Cost	
At 1 March 2019	219,006
Exchange differences	9,899
At 29 February 2020	228,905
Depletion and impairment	
At 1 March 2019	(142,198)
Depletion	(1,048)
Provision for impairment	(53,512)
At 29 February 2020	(196,758)
Net book value	
At 28 February 2019	76,808
At 29 February 2020	32,147

A provision for impairment of R67.0 million (US$4.3 million) (2019: R152.3 million (US$10.9 million) was recognised with respect to the Lagia oil and gas properties (R53.5 million) and the petroleum reserves intangible asset (R13.5 million) under other operating costs within the Egypt segment. The carrying amounts of the Lagia oil and gas assets and the petroleum reserves intangible asset were compared to their recoverable amounts. The recoverable amounts were negatively impacted by (a) changes in the oil sales price forecast, (b) changes in the oil production forecast, (c) the effect of rolling the report forward by one year, while the end of the licence term remains fixed and (d) a change in the discount rate. The recoverable amount of the oil and gas properties and the petroleum reserves intangible of R40.3 million (US$2.6 million) was determined using value in use calculations where future cash flows were estimated and discounted at a weighted average cost of capital of 17.4% (2019: 10.0%).

Intangible assets

	Computer software R'000	Brands R'000	Customer relationships R'000	Goodwill R'000	Petroleum reserves R'000	Total R'000
Cost						
At 1 March 2019	2,994	9,672	79,082	135,443	78,476	305,667
Additions	60	-	-	-	-	60
Disposals	(131)	-	-	-	-	(131)
Write-off	-	-	-	(135,443)	-	(135,443)
Exchange differences	-	-	-	-	5,378	5,378
At 29 February 2020	2,923	9,672	79,082	-	83,854	175,531
Accumulated depreciation and impairment						
At 1 March 2019	(238)	(4,588)	(26,985)	(135,443)	(58,049)	(225,303)
Disposals	131	-	-	-	-	131
Write-off	-	-	-	135,443	-	135,443
Amortisation	(981)	(1,695)	(10,419)	-	(4,174)	(17,269)
Impairment	-	(3,389)	(41,678)	-	(13,513)	(58,580)
At 29 February 2020	(1,088)	(9,672)	(79,082)	-	(75,736)	(165,578)
At 28 February 2019	2,756	5,085	52,097	-	20,427	80,364
At 29 February 2020	1,835	-	-	-	8,118	9,953

Customer relationships with a carrying amount of R41.7 million and the brand with a carrying amount of R3.4 million allocated to the Forever Fuels cash generating unit (CGU) on acquisition were tested for impairment as at 28 February 2020. The carrying amount of the CGU was compared to its recoverable amount which was determined through value-in-use calculations where future cash flows were estimated and discounted at the weighted average cost of capital. The recoverable amount of the Forever Fuels CGU as at 29 February 2020 was determined to be nil. The discount rate applied to the cash flow projections was 11.62%. As a result of the analysis, management recognised an impairment of R45.1 million for the Forever Fuels CGU of which R41.7 million was allocated against customer relationships and R3.4 million against the brand.

The impairment above was due to loss-making operations mainly as a result of decreased volumes sold by the business. The impairment has been recognised in the statement of comprehensive income under other operating costs.

7. EXPLORATION AND EVALUATION ASSETS

The movement in exploration and evaluation assets for the year is attributable to foreign exchange gains of R11.6 million arising on the translation of the Group's interest in Block III in the DRC.

Pursuant to Total's exit in 2019, the Group's interest in Block III increased from 12.5% to 42.5%. The additional interest was acquired for no consideration. The licence to Block III expired on 27 July 2020. The Group awaits feedback on the further renewal of the licence.

8. LOANS AND OTHER RECEIVABLES

	2020 R'000	2019 R'000
Non-current		
Transcorp Refund	**258,246**	231,203
Supplier development loans	**4,318**	3,818
	262,564	235,021
Provision for impairment	**(6,375)**	(4,870)
	256,189	230,151
Current		
Encha Refund	**128,009**	-
Loan due from EERNL	**-**	69,970
Phembani Group Proprietary Limited	**827**	827
Deferred consideration on disposal of Greenhills Plant	**1,805**	1,805
	130,641	72,602
Provision for impairment	**(6,454)**	(72,602)
	124,187	-
	380,376	230,151

Encha Refund

The Encha Refund was recognised pursuant to the arbitration award granted on 15 November 2019, wherein Encha was ordered to pay R75.0 million plus interest and costs with respect to the Group's claim against Encha. As at 29 February 2020 the amount due from Encha was R128.0 million inclusive of interest totalling R52.1 million and legal costs to be recovered totalling R0.9 million. The recovery of the principal amount of R75.0 million was recognised in other income whilst the interest thereon was accounted for under finance income in the statement of comprehensive income. The legal costs incurred by the Group for the year were reduced by the R0.9 million recoverable from Encha.

EERNL

The liquidation of EERNL was finalised in December 2019 and the amount owed to the Group could not be recovered. In this regard, the Group utilised the provision for impairment previously recognised to write off the asset.

Transcorp Refund

Foreign exchange gains totalling R28.9 million and interest totalling R24.0 million were recognised during the year with respect to the Transcorp Refund. An impairment charge of R25.8 million was also recognised which represents the time value adjustments attributable to the deferral of the receipt of expected contractual cash flows due from Transcorp.

LOANS AND OTHER RECEIVABLES (continued)

	Gross carrying amount at 29 February 2020[1] R'000	Specified impairments[2] R'000	Provision for impairment R'000	Write-down R'000	Net carrying amount at 29 February 2020 R'000
Group					
Transcorp Refund	284,071	(25,825)	(2,557)	-	255,689
Encha Refund	128,009	-	(3,822)	-	124,187
Loan due from EERNL	78,134	-	-	(78,134)	-
Supplier development loans	4,318	-	(3,818)	-	500
Deferred consideration on disposal of Greenhills Plant	1,805	-	(1,805)	-	-
Phembani Group Proprietary Limited	827	-	(827)	-	-
	497,164	(25,825)	(12,829)	(78,134)	380,376

[1]- Before impairments and write-downs

[2]- Time value adjustments attributable to the deferral of the receipt of expected contractual cash flows due from Transcorp

	Lifetime expected credit losses R'000	12 month expected credit losses R'000	Credit impaired financial assets (lifetime expected credit losses)[3] R'000	Total R'000
Reconciliation of the provision for impairment:				
At 1 March 2019	(7,502)	-	(69,970)	(77,472)
Exchange differences	-	-	(8,164)	(8,164)
Write-off	-	-	78,134	78,134
Recognised during the year	(1,505)	(3,822)	-	(5,327)
At 29 February 2020	(9,007)	(3,822)	-	(12,829)

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings R'000	Signage and leasehold improvements R'000	Plant and equipment R'000	Furniture and fittings R'000	Motor vehicles R'000	Computer equipment R'000	Total R'000
Group							
Cost							
At 1 March 2019	**26,085**	**580**	**28,551**	**3,498**	**32,145**	**1,552**	**92,410**
Transfer to Right-of-use assets	**-**	**-**	**-**	**-**	**(3,772)**	**-**	**(3,772)**
Exchange differences	**(4,075)**	**(58)**	**(16,877)**	**11,762**	**(504)**	**366**	**(9,386)**
Additions	**-**	**744**	**-**	**-**	**-**	**18**	**763**
Disposals	**-**	**-**	**-**	**(2,653)**	**(679)**	**(413)**	**(3,745)**
Write-off	**-**	**-**	**-**	**(174)**	**-**	**(1)**	**(175)**
At 29 February 2020	**22,010**	**1,267**	**11,673**	**12,433**	**27,190**	**1,523**	**76,094**
Accumulated depreciation							
At 1 March 2019	**809**	**396**	**6,443**	**1,896**	**8,701**	**1,260**	**19,505**
Transfer to Right-of-use assets	**-**	**-**	**-**	**-**	**(2,514)**	**-**	**(2,514)**
Write-off	**-**	**-**	**-**	**(121)**	**-**	**(1)**	**(122)**
Disposals	**-**	**-**	**-**	**(2,154)**	**(624)**	**(407)**	**(3,185)**
Depreciation	**467**	**871**	**1,176**	**2,407**	**4,021**	**301**	**9,243**
At 29 February 2020	**1,277**	**1,267**	**7,619**	**2,028**	**9,584**	**1,153**	**22,927**
Net book value							
At 28 February 2019	**25,276**	**184**	**22,108**	**1,603**	**23,445**	**292**	**72,905**
At 29 February 2020	**20,733**	**-**	**4,055**	**10,405**	**17,605**	**370**	**53,167**

10. TRADE AND OTHER RECEIVABLES

	2020 R'000	2019 R'000
Trade receivables	**119,153**	229,781
Provision for impairment	**(32,151)**	(51,631)
	87,002	**178,150**
Other receivables	**5,819**	14,764
Provision for impairment	**(149)**	(5,787)
Financial assets	**92,672**	187,127
Value-added tax	**568**	1,418
	93,240	188,545

Trade receivables are non-interest bearing (except in the event of default) and are generally on 30 days terms. The carrying values of all trade and other receivables approximate their fair values. The provision for impairment of trade and other receivables is based on lifetime expected credit losses. Trade and other receivables are measured at amortised cost.

The movements in the provision for impairment of trade receivables for the year determined using the ECL model are outlined below:

	Lifetime expected credit losses R'000
At 1 March 2019	**51,631**
Exchange differences and impact of hyperinflation	**(23,496)**
Arising during the year	**4,016**
At 29 February 2020	**32,151**

The provision for impairment of other receivables is considered immaterial and has not been reconciled.

The carrying values of the Group's trade and other receivables are denominated in the following currencies:	2020 R'000	2019 R'000
US dollar	**2,920**	37,540
British pounds	**-**	190
South African Rand	**90,320**	150,815
	93,240	188,545

Engen Limited, The Group's supplier of petroleum products has a first cession over all trade receivables, second in line is the UIF and third in line is Lombard Insurance.

11. STATED CAPITAL AND RESERVES

		2020	2019
Stated capital			
Authorised:			
Number of ordinary shares with no par value	(000's)	**5,000,000**	**5,000,000**
Allotted equity share capital:			
At 1 March	(R'000)	**1,668,354**	**1,305,911**
Issued during the year for cash	(R'000)	**-**	**367,052**
Share issue costs	(R'000)	**-**	**(4,609)**
As at 28/29 February	(R'000)	**1,668,354**	**1,668,354**
Reconciliation of number of shares issued:			
At 1 March	(000's)	**1,103,836**	**369,733**
Issued during the year for cash	(000's)	**-**	**734,103**
As at 28/29 February	(000's)	**1,103,836**	**1,103,836**

All issued shares are fully paid up.

Reserves **Group**	Share based payment reserve R'000	Foreign currency translation reserve R'000	Total R'000
At 1 March 2019	**10,493**	**92,340**	**102,833**
Foreign exchange gains arising on translation of foreign operations	**-**	**34,038**	**34,038**
As at 29 February 2020	**10,493**	**126,378**	**136,871**

12. BORROWINGS

Movements in borrowings for the year under review were as follows:

	At 1 March 2019	Advances	Interest	Exchange differences	Repayments	At 29 February 2020
Unemployment Insurance Fund ("UIF")	**235,188**	**-**	**25,247**	**-**	**(75,082)**	**185,353**
Redlex Investments Proprietary Limited	**5,152**	**-**	**174**	**-**	**(5,326)**	**-**
Loan due to EERNL	**380**	**279**	**-**	**50**	**-**	**709**
	240,720	**279**	**25,421**	**50**	**(80,408)**	**186,062**

As previously reported, Afric Oil Proprietary Limited, a 71%-owned subsidiary of the Group remains in breach of debt covenants relating to its loan arrangement with the UIF and subsequent to the year-end has fallen behind on loan repayments, a result of the impact on cash flows of the decreased demand for fuel products during the covid-19 lockdown. Management of Afric Oil are in discussions with the PIC, manager of the UIF, to address the breaches in the covenants and to restructure the loan (including the repayment profile). This note should be read together with note 17.

Borrowings are measured at amortised cost. The carrying values of borrowings approximate their fair values.

13. TRADE AND OTHER PAYABLES

	2020 R'000	2019 R'000
Trade payables	**125,644**	98,579
Accruals	**7,354**	8,735
Other payables	**5,292**	16,037
	138,290	123,351

The carrying values of trade and other payables approximate their fair values. The carrying values of the Group's trade and other payables are denominated in the following currencies:

	2020	2019
US dollar	**5,193**	4,574
South African Rand	**133,097**	118,777
	138,290	123,351

14. LOSS PER SHARE

		2020	2019
Basic	cents	**(1.86)**	(69.91)
Diluted	cents	**(1.86)**	(69.91)

Both the basic and diluted loss per share have been calculated using the loss attributable to shareholders of the Company as the numerator. No adjustments to the reported loss were necessary in 2020 and 2019.

		2020	2019
Loss attributable to equity holders of the Company used in the calculation of the basic and diluted loss per share	R'000	**(20,578)**	(538,311)
Weighted average number of ordinary shares used in the calculation of basic loss per share	000's	**1,103,836**	769,968
Issued shares at the beginning of the year	000's	**1,103,836**	369,731
Effect of shares issued during the year (weighted)	000's	**-**	400,237
Add: Dilutive share options		**-**	-
Weighted average number of ordinary shares used in the calculation of diluted earnings/(loss) per share	000's	**1,103,836**	769,968
Headline earnings/(loss) per share			
Basic	cents	**4.96**	(45.31)
Diluted	cents	**4.96**	(45.31)

Reconciliation of headline earnings/(loss)	**Note**	**R'000**	**R'000**
Loss attributable to equity holders of the Company		**(20,578)**	(538,311)
Adjusted for:			
Provision for impairment of oil and gas properties		**53,512**	121,538
Provision for impairment of brand, customer relationships and other intangible assets	6	**58,580**	38,821
Impairment of goodwill		**-**	135,440
Gain on settlement of property purchase price		**-**	(7,651)
Impairment of joint venture		**-**	8,142
Loss on disposal of property, plant and equipment		**601**	4,920
Adjustments attributable to NCI		**(13,244)**	(49,744)
Tax effects of adjustments		**(24,159)**	(62,035)
Headline earnings/(loss)		**54,712**	(348,880)

15. FAIR VALUE MEASUREMENT

The fair values of cash and cash equivalents, trade and other receivables, trade and other payables, borrowings and the loan from the joint venture approximate carrying values due to the short-term maturities of these instruments. Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying value		Fair value	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Financial assets at amortised cost		-	-	
Loans and other receivables [1]	**380,376**	230,151	**358,351**	245,783

[1]- In terms of Efora's accounting policies these financial instruments are carried at amortised cost and not at fair value, given that Efora intends to collect the contractual cash flows from these instruments when they fall due over the life of the instrument.

Valuation techniques and assumptions applied to measure fair values

When the fair values of financial assets and financial liabilities disclosed above cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the disclosed fair value of financial instruments.

Assets	Fair value at 29 February 2020	Valuation technique	Significant inputs
Loans and other receivables	358,351	Discounted cash flow model	Weighted average cost of capital

Fair value hierarchy
The following table presents the Group's instruments for which the fair value is disclosed above. The different levels have been defined as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

		Level 1	Level 2	Level 3	Total
At 29 February 2020					
Loans and other receivables	(R'000)	-	-	358,351	358,351

There were no transfers between levels during the year.

16. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments
Capital commitments
Boland Diesel has committed to carry out improvements to the value of R1.0m on the vacant land situated at Portion of Erf 5520, Mooresburg, Western Cape.

Contingent liabilities
Claimed transaction fees
Gem Capital issued summons against Afric Oil Proprietary Limited on 11 October 2017. The claim is twofold:

(a) Gem Capital is claiming outstanding fees for assisting Afric Oil with the procurement of financing from the Public Investment Corporation to purchase Forever Fuels. The claim is for an outstanding amount of R0.5 million plus interest at 2% above the prime rate from 22 May 2017. The claim is being opposed by Afric Oil's attorneys, TGR Attorneys.
(b) Gem Capital is claiming success fees for providing advice and assistance with the "SacOil" (now Efora) transaction, being the acquisition of Afric Oil by Efora for R200 million (correct purchase price is R130.7 million). The claim is for R6.8 million plus interest at 2% above the prime rate from 31 May 2018. The claim is being opposed by Afric Oil's attorneys, TGR Attorneys.

Noble Company Proprietary Limited issued summons against Afric Oil Proprietary Limited claiming R1.4 million in capital raising fees. The claim is being opposed by Afric Oil's attorneys, TGR Attorneys.

The outcome of these matters cannot be estimated at this point in time and accordingly, no provision was recognised at 29 February 2020.

17. GOING CONCERN

The Group generated a loss after tax of R57.9 million (2019: R579.9 million) as the revenue realised fell below the set targets. Overall, sales volumes decreased year on year by 27% as a result of the loss of customers, difficult trading conditions and shortages of petroleum products experienced during the year. Whilst the Group was able to generate cash of R6.2 million (2019: utilisation of R10.9 million) from all its activities for the year, the cash resources of the Group remain constrained due to existing debt that requires servicing.

The Group cash flow forecast ("Forecast") to February 2022 ("Forecast Period") indicates that the Group will be adequately funded based on the funds expected from Encha and the plans in place to remedy the challenges which affected the performance of the Group during the year, however, uncertainties exist with respect to the materialisation of these plans and therefore the ability of the Group to remain a going concern.

Management has put in place plans to acquire new business and further optimise the supply position and cost base. In this regard, the Group has undergone significant restructuring to ensure efficiencies and the streamlining of the various businesses and processes, resulting in a leaner management structure, amongst other factors. The Group is also finalising negotiations to increase credit facilities, which will improve the working capital management of the Group.

The Board is reasonably confident that these plans will have a positive impact on the performance and financial position of the Group. Given the degree of judgement and assumptions used to determine the Forecast, one cannot establish with certainty the extent to which management's plans will materialise which results in the following uncertainties with respect to the availability of sufficient funds to ensure the viability of the Group.

Recovery of funds from Encha
Included in the Forecast is R20.75 million receivable from Encha during the Forecast Period pursuant to the arbitration award. A compromise has been reached with Encha and a payment profile has been agreed, but one cannot say with certainty that the funds expected will be received as and when they become due.

Operational performance of the Group
Management has estimated the future impact of covid-19 on the performance of the Group in determining the Forecast. It is difficult to establish with certainty the extent to which covid-19 will impact the Group. Furthermore, whilst solid plans exist to secure new customers and progress has been made to date, it is difficult to say with certainty that the targets set in the Forecast will be achieved.

Availability of funding for the Group's activities
Afric Oil is due to settle R168.9 million, inclusive of interest, of the loan owed to the UIF during the Forecast Period, based on the existing agreement. As highlighted in note 12, Afric Oil is in breach of debt covenants pertaining to this loan and post the year end has fallen behind on loan repayments, as its cash flows have also been impacted by the decreased demand of fuel products during the lockdown, in addition to the factors already mentioned above. Management has been in discussions with the PIC, manager of the UIF, for a while now and has provided a proposal to the PIC to consider the restructuring of the loan (including the loan repayment profile) and to remedy the existing breaches. The proposal is being considered by the PIC's relevant governance committees and it is uncertain the extent to which the loan will be restructured as any requirement to immediately settle the loan due to the breach and default will result in the Group not being able to discharge its liabilities in the normal course of business.

Conclusion
Whilst the uncertainties as highlighted above exist, management has prepared the financial statements on a going concern basis as it has considered that there is a fairly reasonable chance that the loan from the UIF will be restructured taking into account discussions held to date with the PIC and the fact that the lender has not taken action on the longstanding breach of the loan covenants and the overdue loan repayments, pending the consideration of the loan restructuring proposal. As mentioned above, should the restructuring of this loan not materialise and the outstanding loan amount is recalled, the Group will be unable to meet its liabilities in the ordinary course of business.

Should the Group not achieve its sales targets and as a minimum only maintain its current volumes, assuming the recovery of all other funds owed to the Group and the approval of the proposed loan restructuring, a cash deficit of R19.2 million will exist for the Forecast Period, starting from September 2021.

At the referred current volumes, assuming the recovery of all other funds owed to the Group and the approval of the proposed loan restructuring, should the funds expected from Encha also not be received, the Group will be unable to meet all its financial obligations from March 2021 and a deficit of R44.3 million would exist for the Forecast Period.

18. EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any material events that occurred after the reporting period and up to the date of this report, other than as disclosed below.

Covid-19
Not long after the financial year end South Africa reported its first case of covid-19 and the pandemic has had an unprecedented impact on the local and global economy. The economic consequences of covid-19 as it relates to the Group and the countries in which it operates emerged after the balance sheet date and as such the Board has assessed that covid-19 and its effects are non-adjusting events.

Entities within the Group have been classified as essential services and have been able to operate during the lockdown imposed by the government since 26 March 2020 to help curb the spread of covid-19. Regrettably, although we were well prepared to serve our many customers in the public and private sector, the demand for fuel products has decreased significantly since the lockdown. Shortages of fuel products in recent months due to the shutdown of the

refineries during the lockdown and sabotage on the Transnet multi-product pipeline have further decreased the overall volumes sold by the Group. The Group debtors have also been impacted by the pandemic and were struggling to meet the credit terms. The Board has therefore assessed that covid-19 has had a material impact on our business post the balance sheet date.

Covid-19 is expected to continue to have a negative impact on economies and in turn on the financial performance of the Group. In February 2020, having completed our strategic planning for the new financial year we were confident that we were on a path to growth, especially given the new customers we were able to secure in the earlier months of the new financial year. Like many, no one could have predicted our current operating context and we have had to adjust our plans in the face of this challenge in order to prevail in the existing market conditions. That said, whilst it is difficult to predict the short-term to long-term impact of the pandemic, we have analysed a few possible scenarios as it relates to the projected performance of the Group and have highlighted material uncertainties that exist with respect to the viability of the Group as outlined in note 17.

Efora is definitely not immune to the effects of the pandemic and we are hopeful that as an essential services provider, we will be able to continue our operations, although one would note the decline in demand for fuel products during the lockdown period. The Group will keep a close eye on developments as the impact of the covid-19 pandemic continues to unfold and will continue to assess the Group's responses to these developments to ensure effectiveness of measures implemented to safeguard the sustainability of the Group.

Transcorp

On 27 May 2020, in the summarised judgments, the court set aside the ruling of the High Court which refused to stay proceedings pending arbitration.

According to the Court of Appeal, there is a valid arbitration agreement between the parties and none of the parties should be allowed to resile from the agreement. Consequently, the court ordered that the proceedings of the High Court in the Transcorp's case should be stayed pending referral of the dispute to arbitration.

The court awarded the sum of N500,000 as costs against Transcorp's in favour of SacOil 281 Nigeria ("SacOil") and EER.

On the appeal regarding the appointment of arbitrators, the Court of Appeal held that in the absence of an agreed procedure in the Farm Out and Participation Agreement for appointment of arbitrators, the Chartered Institute of Arbitrators ("CIArb") should not appoint the three arbitrators. In essence, the parties should appoint the first two arbitrators, and the two appointed arbitrators should appoint the third arbitrator. The CIArb will be required to appoint any of the arbitrators, where the party with the responsibility (or the two appointed arbitrators) fails to make an appointment.

On Transcorp's cross appeal which is to the effect that there are three parties to the agreement and as such, the appointment of three arbitrators as provided by the Arbitration and Conciliation Act will not be feasible, the court agreed with us (against Transcorp's position) and posited that SacOil and EER are two parties in the FOPA, but for the dispute, they constitute a set of parties entitled to appoint one arbitrator. The court further held that though CIArb cannot appoint the arbitrators based on the letter written to it to appoint three arbitrators, parties can rightly appoint their arbitrators.

On this second appeal (with a cross appeal), the court ordered that both parties should bear their respective costs.

In summary (except Transcorp appeals to the Supreme Court and obtains an order restraining SacOil and EER from proceeding with the arbitration), SacOil and EER can proceed with their arbitration and appoint their arbitrator. Transcorp will then be required to appoint its arbitrator. The two appointed arbitrators will appoint the presiding arbitrator. Where Transcorp is desirous of prosecuting their case (filed at the High Court), they have to commence their arbitration or file a counterclaim in SacOil/EER's arbitration. The two arbitrators has now been appointed by the parties and in terms of the judgement, they will appoint the third arbitrator to commence the arbitration process on this matter.

Compromise with Encha

During August 2020 the Company entered into a compromise with Encha, whereby Encha will now settle an agreed amount of R85.75 million over a 4 year period. Of this amount, R5.0 million was paid in August and R0.75 million will become due at the end of September 2020. Thereafter, R20.0 million will become due and payable on 30 June of each year for a 4 year period.

Efora has reserved its rights to recover the full arbitration appeal award in the event that Encha fails to pay any amounts under the compromise as they become due and payable. Encha will be required to ensure that its auditors provide an audit certificate to Efora reflecting its net asset value by 30 April of each year, whilst any portion of the R85.75 million remains outstanding.

On behalf of the Board

Boas Seruwe	Damain Matroos	Tariro Gadzikwa
Chairman	Chief Executive Officer	Chief Financial Officer

Johannesburg
31 August 2020

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** Independent non-executive directors ** Lead independent non-executive director*

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TRANSFER SECRETARIES	Link Market Services South Africa Proprietary Limited
JSE SPONSOR	PSG Capital

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INTERNAL AUDITORS	BDO Advisory Services Proprietary Limited