FINANCIAL RESULTS

Freedom Property Fund Limited and its subsidiaries
Incorporated in the Republic of South Africa
(Registration number 2012/129186/06)
Share code: FDP
ISIN: ZAE000185260
("**Freedom**" or "**the Group**" or "**the Company**")

The board of directors of the Company ("the Board") is pleased to present the audited annual financial results for the year ended 28 February 2018.

SUMMARISED AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2018

SIGNIFICANT RESULTS COMPARED TO THE PREVIOUS CORRESPONDING PERIOD ENDED 28 FEBRUARY 2017

- Basic earnings per share decreased from 1,01 cents to a loss per share of 0,41 cents;
- Headline loss per share increased from 0,98 cents to 1,38 cents;
- Net asset value per share decreased from 10,15 cents per share to 9,20 cents per share;
- Shares in issue remained at 1,204,429,031 shares;
- Revenue increased by 7% from R24,579 million to R26,377 million;
- Net profit of R12,095 million decreased to a loss after tax of R4,899; and
- Total assets decreased from R338,260 million to R312,883 million.

FINANCIAL OVERVIEW

Group Financial Performance
The Group continues to operate in a difficult environment based on the history of the group and the current economic climate. The Group's going concern has come under scrutiny and remains a significant challenge going forward.

Revenues
The primary reason for the increase in revenue is due to the sales of plots (serviced stands) through Tower Sky Properties Proprietary Limited.

Borrowings
Freedom had previously secured facilities with Nedbank Limited ("Nedbank"). The balance on these loans as at 28 February 2018 was R72,758 million. (2017 – R82,293 million).

Corporate governance
The Board remains committed to the principles of the Code of Corporate Practices and Conduct as set out in King IV. The Board acknowledges its responsibility in ensuring that the Group acts with integrity and fairness. As such, it is continually monitoring and investigating methods of improving systems and controls in order to ensure that stakeholder opportunities are maximised.

Auditors
The summarised consolidated results of the Group for the year ended 28 February 2018 have not been audited by the Group's auditors, Moore Cape Town Inc. However, the annual consolidated financial statements of the Group for the year ended 28 February 2018 have been audited by Moore Cape Town Inc. An extract from the audit report contained within the audited annual consolidated financial statements of the Group for the year ended 28 February 2018 is as follows:

"The Impact of the Material Uncertainty related to COVID-19 on Freedom Property Fund Limited's Ability to Continue as a Going Concern

We draw attention to note 34 in the financial statements, which indicates that the group incurred a net loss of R4,899,000 during the year ended 28 February 2018 and as of that date the group's current liabilities exceeded its current assets by R30,947,000. As stated in note 34, COVID-19 affects the group and this may result in certain material uncertainties for the future financial position, performance and cashflows of the group.
We reassessed our risk assessment on going concern and took into account the additional considerations of the impact of the COVID-19 pandemic on the Group when assessing the going concern conclusion. Management's cashflow forecast was challenged by evaluating the reliability of the underlying data generated to prepare the forecast and determining whether there is adequate support for the assumptions underlying the forecast. Management expects a decrease in rental recoveries from May 2020 onward and an increase in vacancies due to tenants' inability to meet rental obligations. The current economic conditions as a result of the pandemic is also expected to impact the group's strategy of disposing of non-core assets. The directors have concluded that there are material uncertainties that give rise to significant doubt over the Group's ability to continue as a going concern. We further assessed the appropriateness of the disclosures in the financial statements concerning the impact of COVID-19 on the Group's ability to continue as a going concern.
These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in ***The impact of the material uncertainty related to COVID-19 on Freedom Property Fund Limited's ability to continue as a going concern*** *section, we have determined the matters described below to be the key audit matters to be communicated in our report.*

*. **Key Audit Matter***	***How our audit addressed the key audit matter***
Valuation of Investment Properties (consolidated) *The Group holds commercial and residential investment properties, along with vacant land, to the value of R274,604 million at year-end, including the straight-lining accrual and non-current assets held for sale. The movement in these properties' fair value for the year amounts to R23,472 million.* *Investment property is measured at their fair values based on valuations obtained from external valuators and the directors. The location, zoning, size, exposure, capitalisation rates and occupancy rates are some of the crucial variables which were considered and applied in the valuation of investment properties.* *For commercial properties the directors and external valuators have used 3 methods namely, the Net Income Capitalisation Method, the Discounted Cash Flow Method and the Comparable Sales Method in determining the fair value.* *For residential investment properties the directors and external valuators have used the Net Income Capitalisation Method in the valuation of the properties.* *For vacant land the directors and external valuators have used the Comparable Sales Method in the valuation of the properties.* *We consider the valuation of investment properties a matter of most significance to the current year's audit due to the significance of the estimates and judgements involved and the inherent sensitivity of data whereby a percentage difference in individual yields could result in a material misstatement.*	*We have considered whether the valuation methods applied by the directors and external valuators in the valuation of the investment properties, were in line with the criteria prescribed by IFRS. Further consideration was given as to whether the method used is appropriate to those particular properties subject to the valuation, by benchmarking it against valuation methods applied to similar listed property portfolios.* *In assessing the expertise of the external valuers, we have verified their registration with the South African Council for the Properties Valuers Profession. The considerations surrounding the independence and objectivity of the external valuers were based on the review of the terms of engagement and receipt of a representation from the external valuators' management as to the fee arrangements between the valuers and the group. We found no evidence to suggest that the objectivity of the valuers in their performance of the valuations was compromised.* *A meeting was held between ourselves and the independent valuators discussing the valuations and the key assumptions used therein. We inspected the valuation reports for all properties valued externally and tested data inputs in the directors' valuations.* *We assessed the accuracy, reliability and completeness of data inputs which was used in the valuation underpinning the relevant investment property.* *We reviewed the appropriateness of supporting documentation and performed a sensitivity analysis on the significant assumptions made to evaluate the extent of the impact on the value calculated, should the assumptions change by a small percentage.* *We further assessed the appropriateness of the disclosures in the financial statements concerning the key assumptions to which the valuations are sensitive to."*

Statement of Financial Position as at 28 February 2018	Group	
	2018	**2017**
	R'000	**R'000**
Assets		
Non-Current Assets		
Investment properties	268 187	211 926
Operating lease asset	5 217	4 699
Plant and equipment	2 287	2 130
	275 691	218 755
Current Assets		
Operating lease asset	1 200	1 826
Inventories	3 197	6 546
Trade and other receivables	15 347	34 788
Other financial assets	203	1 522
Current tax receivable	468	617
Cash and cash equivalents	9 347	1 415
	29 762	46 714
Non-current assets classified as held for sale	7 430	72 791
Total Assets	**312 883**	**338 260**
Equity and Liabilities		
Equity		
Stated capital	446 701	446 701
Treasury shares	(18 318)	(11 802)
Accumulated loss	(317 542)	(312 643)
	110 841	122 256
Liabilities		
Non-Current Liabilities		
Loans from shareholders	43 550	45 673
Other financial liabilities	61 464	73 592
Deferred tax	36 319	33 982
	141 333	153 247
Current Liabilities		
Loans from shareholders	1 300	-
Other financial liabilities	14 714	12 282
Current tax payable	15 026	12 789
Trade and other payables	29 188	26 961
Provisions	481	1 264
Bank overdraft	-	9 461
	60 709	62 757
Total Liabilities	202 042	216 004
Total Equity and Liabilities	**312 883**	**338 260**

Statement of Comprehensive Income

	Group	
	2018	**2017**
	R '000	**R '000**
Revenue	**26 377**	**24 579**
Cost of sales	(3 349)	(2 564)
Gross profit	**23 028**	**22 015**
Other operating income	12 232	15 651
Other operating (losses) / gains	(1 301)	26 098
Other operating expenses	(38 317)	(40 816)
Operating (loss) / profit	**(4 358)**	**22 948**
Investment income	191	987
Finance costs	(13 556)	(14 067)
Fair value gains on investment properties	23 472	23 938
Fair value losses on non-current assets held for sale	(7 370)	(24 041)
Fair value gains on non-current assets held for sale	1 445	7 326
(Loss) / profit before taxation	**(176)**	**17 091**
Taxation	(4 723)	(4 996)
(Loss) / profit for the year	**(4 899)**	**12 095**
(Loss) / earnings per share		
Basic and diluted (cents)	(0,41)	1,01

Statement of Changes in Equity	Stated capital	Treasury shares	Total stated capital	Share-based payment reserve	Accumulated loss	Total equity
	R '000	**R '000**	**R '000**	**R '000**	**R '000**	**R '000**
Group						
Balance at 01 March 2016	443 237	(6 086)	437 151	3 464	(324 738)	115 877
Profit for the year	-	-	-	-	*12 095*	*12 095*
Issue of shares	-	*(5 716)*	*(5 716)*	-	-	*(5 716)*
Transfers between reserves	*3 464*	-	*3 464*	*(3 464)*	-	-
Total contributions by and distributions to owners of Group recognised directly in equity	**3 464**	**(5 716)**	**(2 252)**	**(3 464)**	-	**-5 716**
Balance at 01 March 2017	**446 701**	**(11 802)**	**434 899**	-	**(312 643)**	**122 256**
Total comprehensive loss for the year	-	-	-	-	*(4 899)*	*(4 899)*
Issue of shares	-	*(6 516)*	*(6 516)*	-	-	*(6 516)*
Total contributions by owners of company recognised directly in equity	-	*(6 516)*	*(6 516)*	-	-	*(6 516)*
Balance at 28 February 2018	**446 701**	**(18 318)**	**428 383**	-	**(317 542)**	**110 841**

Statement of Cash Flows

	Group	
	2018	**2017**
	R '000	**R '000**
Cash flows from operating activities		
Cash generated from (used in) operations	14 865	9 033
Interest income	191	980
Finance costs	(10 860)	(12 519)
Tax paid	0	(138)
Net cash generated from (used in) operating activities	**4 196**	**(2 644)**
Cash flows from investing activities		
Purchase of plant and equipment	(1 795)	(497)
Proceeds on disposal of plant and equipment	1 704	5
Purchase of investment properties	(138)	(899)
Proceeds on disposal of investment properties	24 564	2 400
Proceeds on disposal of subsidiaries	-	7 500
Other financial assets advanced	(142)	(61)
Net cash generated from investing activities	**24 193**	**8 448**
Cash flows from financing activities		
Repayment of other financial liabilities	(9 696)	(6 835)
Repayment of shareholders loans	(1 300)	-
Net cash (used in) generated from financing activities	**(10 996)**	**(6 835)**
Total cash movement for the year	17 393	(1 031)
Cash at the beginning of the year	(8 046)	(7 015)
Total cash at end of the year	**9 347**	**(8 046)**

Segment Reporting

The Group has identified two reportable segments which represent the structure used by the Executive Committee to make key operating decisions and assess performance.

The two reportable segments are:

- Property rental income - Leasing of industrial parks and residential units, with residential units being a small portion
- Development property sales - Sale of stands and undeveloped land

2018	Gross profit			Separately disclosable items							
	Revenue	Cost of sales	Gross profit	Profit / (loss) before tax	Loss on sale of investment properties	Commission paid	Investment income	Finance costs	Fair value gains on investment properties	Fair value losses on non-current assets held for sale	Taxation
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Rental income	20 849	-	20 849	31 629	(1 401)	(27)	165	(7 844)	23 472	(200)	(6 557)
Property sales	5 221	(3 349)	1 872	(1 857)	(556)	(514)	-	(18)	-		409
All other segments	307	-	307	(29 948)	(404)	(941)	26	(5 694)	-	(5 725)	1 425
Total	**26 377**	**(3 349)**	**23 028**	**(176)**	**(2 361)**	**(1 482)**	**191**	**(13 556)**	**23 472**	**(5 925)**	**(4 723)**

2017	Gross profit			Separately disclosable items							
	Revenue	Cost of sales	Gross profit	Profit / (loss) before tax	Profit on disposal of subsidiarie s	Commission paid	Investment income	Finance costs	Fair value gains on investment properties	Fair value losses on non-current assets held for sale	Taxation
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Rental income	20 628		20 628	37 839			373	(8 877)	23 987	900	(8 225)
Property sales	3 702	(2 564)	1 138	489		(305)	581	(7)	(49)		49
All other segments	249		249	(21 237)	26 508	(120)	33	(5 183)		(17 615)	3 180
Total	**24 579**	**(2 564)**	**22 015**	**17 091**	**26 508**	**(425)**	**987**	**(14 067)**	**23 938**	**(16 715)**	**(4 996)**

FREEDOM PROPERTY FUND

Segment assets and liabilities

The amounts provided to the Exco with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment. Capital expenditure reflects additions to non-current assets, other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts. The table below provides information on segment assets and liabilities as well as a reconciliation to total assets and liabilities as per the statement of financial position.

2018	Investment properties	Operating lease asset	Investment properties classified as held for sale	Inventories	Other financial liabilities	Total segment assets	Total segment liabilities
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Rental income	222 883	6 417	5 900		75 759	248 263	122 783
Property sales	-	-		3 197	-	6 284	8 037
All other segments	45 304	-	1 530		419	58 336	71 222
Total	**268 187**	**6 417**	**7 430**	**3 197**	**76 178**	**312 883**	**202 042**

2017	Investment properties	Operating lease asset	Investment properties classified as held for sale	Inventories	Other financial liabilities	Total segment assets	Total segment liabilities
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Rental income	210 675	6 525	6 100		85 293	227 455	125 474
Property sales	1 251	-		6 546	-	11 203	8 621
All other segments	-	-	66 691		581	99 602	81 909
Total	**211 926**	**6 525**	**72 791**	**6 546**	**85 874**	**338 260**	**216 004**

COMMENTARY

BASIS OF PREPARATION

The summarised consolidated financial statements for the year ended 28 February 2018 ("**the Summarised Results**") are prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act, 71 of 2008 of South Africa ("**the Companies Act**") applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("**IFRS**") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements, from which the summary consolidated financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

These Summarised Results have been extracted from audited information, but are themselves not audited. The audited annual financial statements and the unqualified audit report provided by Moore Cape Town Inc. on the audited results are available for inspection at the Company's registered office. The directors take full responsibility for the preparation of this report and that the financial information has been correctly extracted from the underlying annual financial statements.

The financial results were prepared under the supervision of the Interim Chief Financial Officer, Jonathan George CA (SA).

ACCOUNTING POLICIES

The accounting policies applied in the preparation of these summarised consolidated annual financial results are in terms of IFRS and are consistent with those prepared in prior periods.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. Earnings / (loss) per share

Basic / (loss) earnings per share is based on the loss below and a weighted average number of ordinary shares of 1,204,429,031 (2017: 1,200,145,698). Diluted (loss) / earnings per share is equal to (loss) / earnings per share because there are no dilutive potential ordinary shares in issue.

Basic headline loss and diluted headline loss are determined by adjusting basic (loss) / earnings and diluted (loss) / earnings by excluding separately identifiable re-measurement items. Basic headline loss and diluted headline loss are presented after tax.

(Loss) / earnings per share	**2018 cents**	**2017 cents**
Basic and diluted (loss) / earnings per share	(0,41)	1,01
Basic and diluted headline loss per share	(1,38)	(0,98)

	2018 Gross R'000	**2018 Net R'000**	**2017 Gross R'000**	**2017 Net R'000**
Reconciliations between (loss) / earnings and headline (loss) / earnings				
(Loss) / profit attributable to equity holders of the parent	-	(4 899)	-	12 095
Adjusted for:				
Fair value adjustments on investment properties	(23 472)	(16 900)	(23 938)	(17 235)
Fair value adjustments on non-current assets held for sale	5 925	4 266	16 715	12 035
Loss on disposal of investment properties	2 361	1 700	-	-
(Profit) / loss on disposal of non-current assets held for sale	(140)	(101)	400	400
(Profit) / loss on disposal of plant and equipment	(920)	(662)	10	7
Profit on disposal of subsidiaries	-	-	(26 508)	(19 086)

	2018	2017
Basic and diluted headline loss	**(16 596)**	**(11 784)**

2. Related Parties

Related party transactions for the years ended 28 February 2018 and 28 February 2017

Interest paid to related party	**2018**	**2017**
	R'000	**R'000**
C la Grange/Christo la Grange Familie Trust	2 877	2 894
Shares issued to related party		
L Joubert/Lafras Joubert Familie Trust	-	3 464

3. Shareholder loans

Dr. I Botha	**2018**	**2017**
	R'000	**R'000**
Balance outstanding	2 600	3 900

The loan is unsecured, bears interest at the prime interest rate and is repayable in three annual instalments, with the first payment paid in the current year.

Christo la Grange Familie Trust	**2018**	**2017**
	R'000	**R'000**
Balance outstanding	42 250	41 773

The loan bears interest at the repo rate. A minimum payment of R200, 000 per month is required, but there are no further fixed terms of repayment. The loan is secured by the property described as portion 15 of the farm Tweefontein 360, KT, Limpopo Province.

4. Nedbank bonds

	2018	**2017**
	R'000	**R'000**
Non-current liabilities	61 464	73 592
Current liabilities	11 294	8 701
	72 758	**82 293**

5. Subsequent Events

The material events subsequent to the reporting date and up to the date of this report are as follows:

<u>Adjusting</u>

- None

<u>Non-adjusting</u>

Subsequent to year end, management entered into agreements for the sale of the following properties:

Company/Property	Status	Total consideration
		R'000
Kadoma Investments Proprietary Limited - Erf 1212	Subject to rezoning by municipality expected in the 2020 calendar year	3 452
Proziguard Proprietary Limited - Propmed	Transferred October 2018	1 530
Ivory Sun Trading 115 Proprietary Limited - Wespark Palms (sold most of the individual units)	15 of the 16 units have been sold and transferred by February 2020	2 753
Kadoma Investments Proprietary Limited - Erf 1196	Property transferred 14 December 2018	5 000
Kadoma Investments Proprietary Limited - Erf 1188	Proceeds received May 2020	3 800
Kadoma Investments Proprietary Limited - Erf 1211	Currently paying R100 000 per month to settle outstanding balance	5 500
Zambesa Investments Proprietary Limited - Tubatse homes (Sold 2 houses)	Awaiting municipality to approve transfer and final bond approval for buyers	2 494
Towersky Properties Proprietary Limited (sale of individual erven - all have been sold)	Final property sold in April 2019	5 292
		29 821

The Company has received a non-binding expression of interest from the South African Housing and Infrastructure Fund ("**SAHIF**") to acquire all of the issued shares of Freedom by way of a scheme of arrangement in terms of section 114 of the Companies Act, subject to a due diligence investigation. If implemented, this potential transaction may have a material effect on the price of the Company's securities.

The Board is in the process of engaging with SAHIF and shareholders are advised to exercise caution should they enter into any off-market trade in their Freedom shares until a further announcement is made.

Other

The Company was suspended from trading on the main board of the JSE in July 2016 as a result of not releasing its annual results for the year ended 29 February 2016. The suspension remains in place at the date of signing this report.

On 23 August 2019, 169,050,000 shares were withdrawn from listing. This was in accordance with the company's general authority to repurchase its own shares. This reduced the number of shares in issue to 1,035,379,031 no par value shares. The repurchase of the shares was to alleviate the contravention of the Companies Act requirement whereby a Company could not hold more than 10% of its own shares.

Other than as disclosed in this announcement, the Board is not aware of any events, other than those disclosed in this report that have a material impact on the results or disclosures of the Group, which have occurred subsequent to the end of the reporting period.

6. Going Concern

The Board has undertaken a detailed review of the going concern capability of the Company (and all subsidiary companies of the Company that form the Group) with reference to certain assumptions and plans underlying various internal cash flow forecasts.

For the year ended 28 February 2018 the Group incurred a loss after tax of R4.9 million (2017: profit after tax of R12.1 million), the Group remains in an accumulated loss position and the results still highlights the Group`s negative liquidity position and high gearing. For the year ended 28 February 2018, the Group had operating cash inflows of R4.2 million (2017: outflows of R2.6 million).

The Group is currently technically solvent with a net asset position of R110.8 million (2017: R122.3 million). It is commercially not solvent, as the current liabilities of R60.7 million (2017: R62.8 million) exceed the current assets of R29.8 million (2017: R46.7 million) by R30.9 million (2017: R16.1 million).

The Group is optimistic that once the re-structure plan has been implemented in full, a viable and profitable business will emerge. Cash flow management remains key in this challenging period. Cash resources are expected to improve as the restructure plan which includes the sale of non-core and underperforming assets, remains in place.

A cash flow forecast for the next 12 months prepared by management has indicated that the Group will continue to have cash flow pressure. The operating cash flows, primarily from Steelpoort Industrial Park, is not enough to sustain the business going forward. The following is to be noted:

All income-earning properties have been disposed of, except Steelpoort Industrial Park whose rental recovery rate and vacancy levels are expected to be impacted by COVID-19.

A lack of interest in the non-core assets the Group has decided to dispose of and the operating expenses on these properties. The sale of these properties are difficult in the current environment and may have to be sold at a significant discount.

A material uncertainty exists as to whether the Group will be able to meet its obligations for the next 12 months.

Sale of properties to be concluded

The Group continues to sell off non-core assets. This has become a greater priority for the Group as some of the costs associated with these properties will not be recovered. A key focus will be the following:

The sale of the remaining houses and serviced stands in Zambesa Investments Proprietary Limited. The remaining 6 houses will be sold for less than current market value to ensure that cash is realised within the next 12 months.

The sale of all the property known as Emfuleni Estate. The property will be sold for less than fair market value to ensure that the Group receives cash and prevents further costs associated with this property. The property does hold development potential, however, the Group cannot execute on the development of this property based on its current financial position.

The sale of the property known as Sweet Waters Industrial Park. As above, this property will be sold for less than fair market value to ensure that the Group receives cash and prevents further costs associated with this property. The property does hold development potential, however, the Group cannot execute on the development of this property based on its current financial position.

The Group is dependent on the sale of these properties to continue as a going concern.

The abovementioned properties will be marketed through local agents and those individuals the Group have a relationship with who could assist in selling the properties. Estate agents, the Group's website, and any other forms of advertising will be considered to sell off these properties.

Nedbank mortgage bonds

The Group, through its subsidiary Kadoma Investments Proprietary Limited, have bonds registered over its property in favour of Nedbank. The Group has been able to meet its ongoing obligations relating to these bonds.
The Group renegotiated these loans with Nedbank. Refer to note 14 for the existing terms of these loans. In December 2019, when the loans were renegotiated, the new terms can be summarised as follows:

- New 5 year period with an option to extend for a further 5 years.
- The first 6 months will be interest only payments.
- There will be no balloon payments at the end of the loan term.
- All existing loans will be cancelled and the Group will only have one bond registered over Steelpoort Industrial Park.

Due to COVID-19, Nedbank granted the Group a "payment holiday" on the bonds for three months. The first payment (interest and capital) will be in June 2020. The cash flow saving during this period has been R1,217,859.

COVID-19
In assessing going concern and preparing the 12 month forecast, management provided for a reduction of rentals of 25% in April and 35% in May and June, with the expectation of increased recoveries subsequently. Management further provided for a vacancy rate of 10% to account for potential loss of tenants not being able to meet their rental obligations. This was based on management's best estimate.

Given the inherent uncertainty associated with the COVID-19 pandemic, it is currently difficult to determine a reasonable worst case scenario. Management is committed to dealing with the pandemic and its potential impact proactively and have detailed their plans below to improve cash flow and secure cash.

Additional management plans

Tax liabilities
As per the statement of financial position, the Group has a current tax liability of R15, 026 million with estimated interest and penalties of R5, 673 million as at 28 February 2018. This liability will increase with further taxes (primarily capital gains tax) generated in Kadoma Investments Proprietary Limited.

Management will endeavour to reach agreements with the South African Revenue Service relating to the outstanding liabilities, including repaying R3, 75 million within the next 12 months. Management will enter into negotiations in an attempt to have the interest and penalties waived

Bonus of former CEO
The bonus paid out to the former CEO, NT Govender was based on inflated results. Management continues to pursue him for the repayment of the bonus, and remain confident that they will recover this amount and legal costs within the next 12 months.

Conclusion on going concern
Even though a material uncertainty exists, management is confident that its plans as detailed above is sufficient in securing sufficient cash resources to meet its maturing obligations.

7. Changes to the Board

There have been no changes to the board as previously reported and remain as follows:

Name:	Designation	Changes
Current directors and prescribed officer		
WS Grobbelaar	Chairman	Appointed 27 November 2015
	(Independent Non-executive)	
S Maritz	Chief Executive Officer	Appointed 15 December 2015
C la Grange	Non-executive	Appointed 14 March 2018
WC Jansen van Rensburg	Executive	Appointed 07 October 2016
HA Lambrechts	Non-executive	Appointed 15 December 2015
CJ Sidego (resigned October 2018)	Independent Non-executive	Appointed 01 September 2016, Resigned 09 October 2018
PD Dexter	Independent Non-executive	Appointed 27 November 2015
J George	Prescribed officer	Appointed 11 July 2016

8. Litigation

The Group is involved with various litigation processes relating to the irregularities identified in the Group. This constitutes both civil and criminal matters.

9. Dividends

No dividend was declared in respect of the 12 months ended 28 February 2018

10. Reportable Irregularities

The following reportable irregularities were identified:

No	Reportable irregularity	Financial year affected
1	Annual financial statements not issued within 6 months after year end – with regard to the 2018-2019 financial statements.	2018-2019
2	Interim financial statements not issued within 3 months after the interim period – with regard to the 2018-2020 financial statements.	2018-2020
3	Contravention of section 48(2)(b) of the Companies Act by virtue of the Company holding (via a subsidiary) more than 10% of the Company's issued share capital of 1,204.429,031.	2018

Paarl, Western Cape
30 June 2020

Sponsor

Questco Corporate Advisory Proprietary Limited