PEMBURY LIFESTYLE GROUP LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2013/205899/06)
("PL Group" or "the Company")
ISIN Code: ZAE000222949 JSE Code: PEM

SUMMARISED AUDITED CONSOLIDATED CONDENSED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The board of directors are pleased to present the results for the year ended 31 December 2018, which show positive developments in line with the long-term strategy of the group, particularly evidenced in the Schools segment, which is now profitable. Furthermore, the corrective action taken during the earlier part of 2018 has resulted in a vast improvement in the accounting and control environment, which had previously hindered the Company. However, further improvement is still required and this will be addressed by the Board of Directors in 2019.

These results show the growth from both organic and acquisitive activities but are also impacted by a large number of non-cash flow or IFRS charges, most of which are expected to be once-off in nature. Accordingly, shareholders are referred to the discussion and business overview below.

BUSINESS OVERVIEW

Business Focus
Management have been focussed on renegotiating or finalising the outstanding property deals to ensure the continued asset growth of the group in the property division. Simultaneously, management is focusing on the expansion of campuses in the schools' environment while driving occupancy numbers in the retirement space.

School environment
The major focus during 2018 was on supporting the 4 new schools opened in January 2018 and ensuring that critical mass is achieved by increasing pupil numbers for 2019. The pupil teacher ratio is between 10 and 19 for the schools group, whilst nine of the eleven campuses are reflecting a positive EBITDA. The schools follow both IEB and Caps curriculums and achieved an 87.5% (7 out of 8 pupils) pass rate for our 2018 grade 12 results, of which 50% achieved university entrance and 25% achieved diplomas. The focus in 2019 is on ensuring the high education standards set by the group are maintained and to this end, one of the headmasters has been promoted to Head of Education at PLG Schools.

Retirement Villages environment
In 2018 there was a decrease in occupancy numbers due mainly to natural causes. During the latter part of 2018 focus was on increasing the occupancy numbers using a targeted marketing campaign, with positive results in the second half of 2018. However, an inordinate increase in costs combined with lower occupancies, led to a decision to close down the Sandton retirement village and during the first quarter of 2019 residents were transferred to the group's other retirement villages or placed with other retirement homes. The staff at Sandton was either redeployed or retrenched and residents were given rental holidays or compensated during this period. Subsequent to Q1 2019, the remaining retirement villages are almost fully occupied.

Prospects

The Company will consider acquiring smaller existing private schools which show positive growth potential as well as opening new schools, although this will be done on a conservative basis. The main focus is to grow the existing schools organically, combined with expanding and improving the various campuses.

Whilst the retirement industry is expected to expand in South Africa and the remaining villages are close to full occupancy, the Board will review the strategic fit of Retirement Villages within the group.

COMPANY AND FINANCIAL HIGHLIGHTS:

- Revenue grew by 65.7% to R134.2 million for the year ended 31 December 2018 compared the prior year ended 31 December 2017.
- Increase in number of pupils as follows:
  - 844 at 31 December 2016;
  - 1 384 pupils at 31 December 2017;
  - 2 180 at 31 December 2018; and
  - growing to 2 458 pupils at 31 January 2019.
- Four new campuses were opened in January 2018, exceeding the minimum target of 3 new campuses as detailed in the prospectus.
- Nine of the eleven campuses are operating at a positive EBITDA and one is operating around breakeven and are thus through the J-Curve
- Loss per share increased by 25.7% to (10.03) cents from (7.98) cents (restated) in the prior period.
- Headline loss per share decreased by 47.1% to (4.02) cents from a loss of (7.61) cents (restated) in the prior period.
- Total assets of the Company were R243.5 million at the end of December 2018.
- The net asset value at 31 December 2018 was 35.38 cents per share and tangible net asset value of 28.79 cents per share.
- Once-off non-cash impairments and IFRS charges for the year amounted to approximately R35.5 million (as further detailed under the Results Commentary), which costs were included in operating expenses. If excluded, the balance of the operating expenses amounted to R147.8 million.
- Cash flow from operations became positive during the year at R17.5 million compared to cash used in operations in the prior year of R17 million.

CHALLENGES

- As previously announced, the Group experienced problems in the accounting department, controls not operating optimally and transitional problems in 2017. This was unfortunately only identified during the year under review and additional resources and costs were incurred. There was a substantial delay in the finalisation of the 2017 audit due to increased audit procedures. Management has focussed on substantially improving internal controls and systems as well as the composition and competency levels of the finance department staff during the year under review. Further changes were made after year end.
- The number of pupils in 2018 was below the 3 599 pupils projected in the prospectus due to knock-on effect from 2017 of the implementation of tougher credit procedures in the first quarter of 2017, normal churn and fewer than expected new pupils due to the delay in roll out of new classrooms.
- Operating costs increased during the period, including a number of once off costs associated with higher than expected finance department costs, consulting costs and audit fees.
- Competition from new schools at a similar price point by some of the larger school groupings. What is pleasing during 2018 is that in one of the schools, out of 27 pupils that previously left to join a larger private school grouping, 12 pupils returned to the school reinforcing PLG Schools quality of education and caring environment.

Consolidated Statement of financial position

Figures in Rand	Audited 31 December 2018	Restated 31 December 2017
ASSETS		
Non-Current Assets	**237 790 139**	**184 515 014**
Property, plant and equipment	197 448 633	142 890 550
Goodwill	7 042 196	7 502 199
Intangible assets	19 726 654	27 399 038
Loans to related parties	-	4 591 890
Deferred tax	8 672 656	31 337
Prepayments	4 900 000	2 100 000
Current Assets	**5 693 430**	**77 969 516**
Trade and other receivables	4 076 868	3 386 641
Prepayments	-	72 700 000
Cash and cash equivalents	1 616 562	1 882 875
Total Assets	**243 483 569**	**262 484 530**
EQUITY AND LIABILITIES		
Equity		
Stated capital	182 213 799	180 609 409
Reserves	37 541 007	46 834 342
Accumulated loss	(75 997 188)	(41 552 381)
	143 757 618	**185 891 370**
Liabilities		
Non-Current Liabilities	**36 852 943**	**38 563 656**
Other financial liabilities	1 622 694	1 655 929
Finance lease liabilities	25 212 688	22 237 463
Contract liability	849 822	509 308
Deferred tax	7 960 339	13 423 178
Life right liability	1 207 400	737 778
Current Liabilities	**62 873 008**	**38 029 504**
Trade and other payables	35 536 408	16 183 828
Loans from related parties	136 585	1 851 795
Other financial liabilities	430 009	6 766 769
Finance lease liabilities	1 917 343	4 148 273
Operating lease liability	2 369 693	2 435 972
Contract liability	9 803 630	6 061 673
Current tax payable	525 242	525 242
Provisions	11 637 075	50 000
Life right liability	514 645	-
Bank overdraft	2 378	5 952
Total liabilities	**99 725 951**	**76 593 160**
Total Equity and Liabilities	**243 483 569**	**262 484 530**
Number of shares in issue	406 284 805	404 817 430
Net asset value per share (cents)	35.38	45.92
Net tangible asset value per share (cents)	28.79	37.30

Consolidated Statement of Comprehensive Income

Figures in Rand	Audited 12 months ended 31 December 2018	Restated 12 months ended 31 December 2017
Revenue	**134 174 119**	**81 106 305**
Other operating income	3 402 689	7 150 880
Movement in credit loss allowances	(3 629 476)	(2 598 021)
Operating expenses	(183 342 008)	(112 791 248)
Operating loss	**(49 394 676)**	**(27 132 084)**
Finance income	62 934	635 888
Finance costs	(4 917 720)	(3 758 725)
Loss before tax	**(54 249 462)**	**(30 254 921)**
Income tax expense	13 532 998	3 449 383
Loss for the period	**(40 716 464)**	**(26 805 538)**
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
(Losses)/Gains on property revaluation	(2 549 834)	40 117 280
Related tax	571 169	(8 986 271)
Other comprehensive (loss)/income for the period net of tax	**(1 978 665)**	**31 131 009**
Total comprehensive loss for the period	**(42 695 129)**	**4 325 471**
Per share information:		
Weighted average shares in issue	405 991 394	336 070 555
Loss per share (cents)		
Basic loss per share	(10.03)	(7.98)
Diluted loss per share	(10.03)	(7.98)
Headline loss per share (cents)		
Basic headline loss per share	(4.02)	(7.61)
Diluted headline loss per share	(4.02)	(7.61)

Consolidated Statement of Changes in Equity

Figures	Stated capital	Revaluation reserve	Share-based payment reserve	Total reserves	Accumulated loss	Total attributable to equity holders of the group / company	Related party loan	Total equity
	R	R	R	R	R	R	R	R
Balance at 01 January 2017	400 100	14 660 332	23 077	14 683 409	(14 746 843)	336 666	16 528 691	16 865 357
Loss for the year	-	-	-	-	(26 805 538)	(26 805 538)	-	(26 805 538)
Other comprehensive income	-	31 131 010	-	31 131 010	-	31 131 010	-	31 131 010
Total comprehensive loss for the period	-	31 131 010	-	31 131 010	(26 805 538)	4 325 472	-	4 325 472
Issue of shares	180 515 690	-	-	-	-	180 515 690	(16 528 691)	163 986 999
Share buy back	(306 381)	-	-	-	-	(306 381)	-	(306 381)
Share-based payments	-	-	1 019 923	1 019 923	-	1 019 923	-	1 019 923
Total contributions by and distributions to owners of company recognised directly in equity	180 209 309	-	1 019 923	1 019 923	-	181 229 232	(16 528 691)	164 700 541
Opening balance as previously reported	180 609 409	45 791 342	1 043 000	46 834 342	(41 292 597)	186 151 154	-	186 151 154
Adjustments								
Retained earnings restated due to prior period error	-	-	-	-	(259 797)	(259 797)	-	(259 797)
Balance at 01 January 2018 as restated	180 609 409	45 791 342	1 043 000	46 834 342	(41 552 394)	185 891 357	-	185 891 357
Loss for the year	-	-	-	-	(40 716 464)	(40 716 464)	-	(40 716 464)
Other comprehensive income	-	(1 978 665)	-	(1 978 665)	-	(1 978 665)	-	(1 978 665)
Total comprehensive loss for the period	-	(1 978 665)	-	(1 978 665)	(40 716 464)	(42 695 129)	-	(42 695 129)
Issue of shares	561 390	-	-	-	-	-	-	-
Transfer to share capital	1 043 000	-	(1 043 000)	(1 043 000)	-	-	-	-
Realisation of revaluation due to forced disposal	-	(6 271 670)	-	(6 271 670)	6 271 670	-	-	-
Total contributions by and distributions to owners of company recognized directly in equity	1 604 390	(6 271 670)	(1 043 000)	(7 314 670)	6 271 670	561 390	-	561 390
Balance at 31 December 2018	182 213 799	37 541 007	-	37 541 007	(75 997 188)	143 757 618	-	143 757 618

Consolidated Statement of Cash Flows

Figures in Rand	Audited 12 months ended 31 December 2018	Restated 12 months ended 31 December 2017
Cash flows from/used in operating activities		
Cash receipts from customers	129 382 856	78 129 272
Cash payments to suppliers	(107 045 829)	(93 566 100)
Cash generated by/ (used in) operations	22 337 027	(15 436 828)
Finance income	62 934	635 888
Finance costs	(4 917 720)	(2 202 462)
Net cash from/ (used in) operating activities	**17 482 241**	**(17 003 402)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(9 573 696)	(33 785 321)
Deposits paid - properties	-	(15 000 000)
Acquisition of business (net of cash)	-	(5 000 000)
Repayment of loans to related parties	(5 473 178)	
Net cash used in investing activities	**(15 046 874)**	**(53 785 321)**
Cash flows from financing activities		
Proceeds on share issue	560 831	70 912 248
Debenture movements	(122 127)	
Proceeds from other financial liabilities	662 243	1 675 985
Repayment of other financial liabilities		(1 315 333)
Proceeds from life right liability	-	737 778
Finance lease payments	(3 799 053)	(1 508 868)
Proceeds from loans from group companies	-	2 754 014
Repayments of loans from related parties		(534 247)
Net cash (used in)/ from financing activities	**(2 698 106)**	**72 721 578**
Total cash movement for the period	**(262 739)**	**1 932 855**
Cash at the beginning of the period	1 876 923	(55 932)
Total cash at the end of the period	**1 614 184**	**1 876 923**

Segmental information

The reportable segments, which represent the structures used by the Chief Operating Decision Maker to make key operating decisions and assess performance are set out below:

Reportable segment

The Group's reportable segments are operating segments which are differentiated by the activities that each undertake and markets they operate in.

The Group's reportable segments are operating segments which are identified on a service basis. The reportable segments identified and reported on are PLG Properties, PLG Retirement Villages and PLG Schools.

The revenue earned by the Schools segment is derived from educational services. The major sources of revenue are school fees, boarding fees, aftercare fees, registration fees and sundry income. The revenue earned by the Retirement segment is primarily monthly rental and frail care fees. The revenue of PLG Properties comprises inter-segmental revenue, being rental on owned properties. Taxation is assessed by the Chief Operating Decision Makers at a Group level and not considered separately at a segmental level.

Segmental revenue, total assets, total liabilities and results
The Executive Directors assess the performance of the operating segments at operating level. The segment information provided to the Executive Directors is presented below:

Year ended 31 December 2018

	PLG Properties	**PLG Schools**	**PLG Retirement**	**Other**	**Total**
Revenue	39 536 332	82 419 826	51 860 157	5 298 110	179 114 460
Inter segment	39 536 302	-	-	5 404 009	44 940 311
External revenue	**30**	**82 419 826**	**51 860 157**	**(105 899)**	**134 174 149**
Other income	(4 081 878)	1 442 862	2 807 791	207 085	375 860
Inter group	(4 081 878)	266 800	788 200	-	(3 026 878)
External other income	**-**	**1 176 062**	**2 019 591**	**207 085**	**3 402 738**
Operating expenses	(65 176 884)	(90 775 327)	(66 813 732)	(30 455 427)	(253 221 370))
Inter group	(17 563 200)	(30 649 949)	(16 127 296)	(15 213 812)	(79 554 257)
External operating expenses	**(47 613 684)**	**(60 125 378)**	**(50 686 436)**	**(15 241 615)**	**(**173 667 113**)**
EBITDA	(29 722 430)	(6 912 639)	(12 145 784)	(24950233)	(73 731 085))
Inter group and elimination on consolidation	17 891 224	(30 383 149)	(15 339 096)	(9809803)	(37 640 824)
External EBITDA	**(47 613 654)**	**23 470 510**	**3 193 312**	**(15140429)**	**(**36 090 261**)**
Depreciation and amortisation	(305 306)	(3 767 177)	(9 144 270)	(87 651)	(13 304 404)
Finance cost	(1 162 466)	(3 202 655)	(483 719)	(68 879)	(4 917 719)
Finance income	-	27 431	6	35 498	62 935
Profit/(Loss) before tax	(31 190 202)	(13 855 040)	(21 773 767)	(25 071 264)	(91 890 273))
Inter group	17 891 224	(30 383 149)	(15 339 096)	(9 809 803)	(37 640 824)
Remaining	**(49 081 426)**	**16 528 109**	**(6 434 671)**	**(15 261 462)**	**(54 249 450)**
Total assets (external)	154 888 028	56 932 096	29 346 611	2 316 831	243 483 566
Total liabilities (external)	(40 072 083)	(42 731 422)	(13 927 251)	(2 995 181)	(99 725 937)

Year ended 31 December 2017

	PLG Properties	PLG Schools	PLG Retirement	Other	Total
Revenue	3 940 124	52 379 236	28 727 070	-	85 046 430
Inter segment	3 940 124	-	-	-	3 940 124
External revenue	**-**	**52 379 236**	**28 727 070**	**-**	**81 106 306**
Other income	42 433 640	525 660	8 116 944	2 038 491	53 114 735
Inter group	41 296 314	-	2 629 050	2 038 491	45 963 855
External other income	**1 137 326**	**525 660**	**5 487 894**	**-**	**7 150 880**
Operating expenses	(16 442 369)	(59 433 684)	(39 310 481)	(10 179 819)	(125 366 353)
Inter group	(3 070 148)	(4 068 593)	(2 499 684)	(2 469 245)	(12 107 670)
External operating expenses	**(13 372 221)**	**(55 365 091)**	**(36 810 797)**	**(7 710 574)**	**(113 258 683)**
EBITDA	29 931 395	(6 528 788)	(2 466 467)	(8 141 328)	12 794 812
Inter group and elimination on consolidation	42 166 290	(4 068 593)	129 366	(430 754)	37 796 309
External EBITDA	**(12 234 895)**	**(2 460 195)**	**(2 595 833)**	**(7 710 574)**	**(25 001 497)**
Depreciation and amortisation	(68 988)	(425 300)	(1 623 509)	(12 793)	(2 130 590)
Finance cost	(515 932)	(3 146 683)	(82 453)	(13 656)	(3 758 724)
Finance income	-	155 807	-	480 081	635 888
Profit/(Loss) before tax	29 346 475	(9 944 964)	(4 172 429)	(7 687 696)	7 541 386
Inter group	42 166 290	(4 068 593)	129 366	(430 750)	37 796 313
Remaining	**(12 819 816)**	**(5 876 371)**	**(4 301 795)**	**(7 256 941)**	**(30 254 923)**
Total assets (external)	168 096 336	49 254 904	38 263 793	6 838 165	262 453 198
Total liabilities (external)	(18 116 789)	(33 816 365)	(28 815 734)	4 187 060	(76 561 828)

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accounting policies and method of measurement and recognition applied in the preparation of these consolidated condensed audited results are in terms of International Financial Reporting Standards ("IFRS") and are consistent with those applied in the audited annual financial statements for the year ended 31 December 2017, except for the first-time adoption of IFRS 15 and IFRS 9.

The consolidated results are prepared in accordance with the requirements of the Listings Requirements of the Johannesburg Stock Exchange ("JSE") for provisional reports and the requirements of the Companies Act, 71 of 2008. The summarised consolidated results are presented in terms of the disclosure requirements set out in International Accounting Standards ("IAS") 34 – Interim Financial Reporting, as well the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The Financial Director, Riaan van Jaarsveld, was responsible for overseeing the preparation of the audited consolidated results. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the group's external auditors. The directors of PL Group ("the Board") take full responsibility for the preparation of the results.

These consolidated financial statements have been extracted from the audited consolidated annual financial statements. The results have been audited by the Group's auditors, Moore Stephens FRRS. The auditor's modified audit report is available for inspection at the registered office of the Company and the details of the modification is extracted below:

"

We draw attention to note 39 in the financial statements, which indicates that the group and the company incurred a net loss of R40,7 million (2017: R26,8 million) and R20,5 million (R2017: R8,2 million) after tax, respectively, for the year ended 31 December 2018 and that the current liabilities exceed the current assets with R57,2 million (2017: R32,8 million) and R5,3 million respectively. As stated in note 39, these events or conditions, along with other matters as set forth in note 39, indicate that a material uncertainty exists that may cast significant doubt on the group and company's ability to continue as a going concern. These matters further indicate that the group and company might be unable to realise their assets and discharge their liabilities in the normal course of business. Management have not yet been able to conclude any of the fund-raising projects initiated as part of their plans as disclosed in note 39. We were therefore unable to obtain sufficient appropriate audit evidence to conclude on the plans to address the group and company's ability to continue as a going concern.

"

Furthermore, the audit report contained an emphasis of matter as detailed below:

"We draw attention to note 35 in the consolidated and separate financial statements, which indicates that a prior year error was identified and that the comparative numbers have been restated. As explained in note 35, this is to reflect the effects of the correction of the accounting of an unrecorded liability. Our opinion is not modified in respect of this matter."

The audit report contained details of two reportable irregularities as detailed further below, one of which is not easily solvable due to industry practice outside the control of the Group.

The directors take full responsibility for the preparation of the financial statements and confirm that the financial information has been correctly extracted from the underlying consolidated financial statements. The auditors' report does not necessarily cover all of the information contained in this financial report. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditors' work they should obtain a copy of that report together with the accompanying financial information from the registered office.

The Group financial statements are available for inspection at the registered office of the Company.

COMPANY PROFILE
PL Group focuses mainly on providing accessible, affordable, private education as well as the provision of retirement accommodation and associated services as from 1 July 2017.

The Company operates as a holding company to three subsidiaries, namely:

- Pembury Schools Proprietary Limited, known as PLG Schools, the education business;
- PLG Properties Proprietary Limited, which owns the group properties; and
- PLG Retirement Villages Proprietary Limited, known as Pembury Retirement Villages, the retirement segment.

Where possible, PL Group acquires the properties from which its schools or retirement villages operate, with the initial property acquisitions being PLG Schools properties. This was facilitated by the listing on the JSE.

COMMENTARY
The directors of PL Group are pleased to present the Group's results for the year ended 31 December 2018, which represents the second year since listing and the fourth period of operations as a group. When comparing the results to the prior period, attention is drawn to the impact of the acquisition of the Retirement Villages business with effect from 1 July 2017 and the acquisition of properties during 2017. Accordingly, the results for the year ended 31 December 2018 are not strictly comparable to the prior year results.

Group revenue has grown 65.4% for the year ended 31 December 2018 to R134.2 million compared to the 31 December 2017 period (R81.1 million), of which PLG Schools contributed R82.4 million and Retirement Villages R51.8 million.

PLG Schools revenue grew 57.35% to R82.4 million from R52.5 million in the prior period, with growth in pupil numbers at the eleven (2017: seven) campuses operating during 2018 from 1 384 pupils at 31 December 2017 to 2 180 pupils at 31 December 2018. Subsequent pleasing growth in pupil numbers is being achieved, with 2 458 pupils at 31 January 2019.

Nine of the eleven campuses that operated during the year ended 31 December 2018 are operating at positive earnings before interest, tax, depreciation and amortisation ("EBITDA") and are thus through the "J-Curve", with another school approaching breakeven. No new campuses have been opened after the reporting date, in line with the current strategy of growing the existing schools and consolidating the business.

With effect from 1 July 2017, the Company acquired the retirement business known as Pembury Retirement Villages, which contributed revenue of R28.7 million during the prior year ended 31 December 2017 and R51.9 million in the current year. This segment has not performed well with a large drop in occupancies, largely due to natural causes and also a large number of once-off

or non-cash flow IFRS impairments or charges, which does distort its performance. During the period under review, management made a decision to not continue with the Plettenberg Bay Lodge operations as negotiations to acquire the underlying property were unsuccessful.

Subsequent to the reporting date, the Company closed the lodge in Sandton as it was no longer viable following a large increase in rates after the town council changed the zoning. The residents were consulted on a one-on-one basis and moved into the other lodges or facilities elsewhere. This has had the positive impact on occupancies in all the other lodges subsequent to the reporting date. However, the continued inclusion of the retirement business in the Group is to be evaluated by the Board during 2019 following feedback from banks, shareholders and potential strategic partners that the retirement business does not fit within the Group.

Other operating income comprised income from the sale of food, drinks, tuck shop sales, recoveries of costs and sundry income. During the period under review, the company decided to outsource the tuck shop operations.

Operating expenses increased by 62.5% compared to the year ended 31 December 2017, which increase is primarily associated with the following:

- Expansion of PLG Schools (growing to eleven campuses with the opening of 4 new campuses), which operating costs increased by 59% to R90.7 million compared to R59.4 million in the prior year;
- Retirement Villages operating costs of R66.8 million for a full 12-month period compared to R39.3 million for the 6 months in the prior year from date of acquisition;
- Operating costs of R65.1 million for PLG Properties compared to R16.5 million for the prior year, noting that the properties were acquired during the prior year;
- The operating costs of the holding company, including head office, increased by 199% to R30.5 million from R10.2 million.
- Higher costs associated with the accounting problems identified during 2018, including higher finance department costs and audit fees;

The above operating expenses also included a number of once-off costs, impairments and IFRS charges amounting to around R35.5 million, which were largely non-cash in nature and are detailed below.

- The once-off impairment (pre-tax) of fixed assets of R4.1 million (2017: R1.7 million);
- The once off impairment (pre-tax) of goodwill of R460k (2017: R5.96 million);
- The once-off impairment of intangible assets of R5.2 million (pre-tax) associated with Sandton Retirement Village;
- The amortisation of intangible assets of R2.5 million (2017: R1.45 million);
- The impairment of the Mellow Oaks property due to a forced disposal of R18.2 million (which is being opposed as detailed under Subsequent Events);
- The impairment of a deposit on a property of R1.4 million; and
- A provision for credit losses of R3.6 million compared to R2.6 million in the prior year;

Costs are centrally monitored and management is investing in an aggressive marketing campaign to increase pupil numbers.

Finance income decreased by R573k, primarily due to lower levels of cash and cash equivalents compared to the prior year.

Finance costs increased by R1.16 million, mostly due to the increase in interest-bearing obligations associated with the bond on Carlswald as well as finance costs associated with the Hartbeespoort property and other financed assets.

Other comprehensive income (net of tax) decreased to a loss of R1.98 million from income of R31.1 million in the prior period as a result of losses on property revaluations during the period under review. This resulted in a total comprehensive loss (net of tax) of R1.98 million for the year compared to income of R31 .1 million in the prior period.

As a result of the above, the attributable loss after tax for the year was R42.7 million compared to income of R4.3 million for the previous period.

This resulted in a loss per share of (10.03) compared to the prior year restated loss of (7.98) cents per share. The headline loss per share improved to (4.02) cents from (7.61) cents (restated). The weighted average share in issue for the year under review increased to 405 991 394 shares (2017: 336 070 555 shares).

The Group experienced a decrease in net asset value from 45.92 cents per share to 35.38 cents per share, partly due to the forced sale of the property at Mellow Oaks.

Property, plant and equipment increased to R197.4 million from R142.9 million mostly due to additional properties acquired by PLG Properties namely Willow View and Northriding.

Trade and other receivables amounted to R4.1 million (2017: R3.4 million), which is net of allowance for credit losses and includes prepayments. The increase of 21% is partly correlated to the increase in revenue of 65%.

Property deposits amounted to R4.9 million at reporting date compared to R74.8 million in the prior year. The deposits are related to properties acquired during the year which have not yet been transferred into PLG Properties. However, the Willow View and Northriding properties are now reflected under investment property as all the benefits of ownership have passed.

At reporting date, the Group took a conservative approach to its trade receivable and increased the allowance for credit losses by R3.6 million, taking the allowance to R6.5 million (2017: R4.6 million). Management has implemented strict controls over debtors and started with a debtor recovery plan during 2017, which included hiring debt recovery agents for older debtors, while a stringent policy on short-term defaulters is enforced. The percentage of irrecoverable debts recognised for the current year approximates 2.7% (2017:1.7%) of Group turnover, noting that the irrecoverable debtors experience on the Retirement Villages is lower.

Trade and other payables at year end of R35,5 million were higher than 31 December 2017 of R16,2 million primarily due to a higher number of schools in existence in the period under review, capital expenditure and tight cash flow towards the end of 2018.

A liability of R1.7 million (2017: R738k) arose during the year in relation to life rights, which are associated with the Retirement Villages business. Life rights have been granted to occupants in a retirement village in exchange for the right to use loan capital granted, interest free, by those occupiers to the Group for as long as they occupy the units. The Group currently has an agreement with tenants where an amount is to be refunded to the tenant at the end of their life expectancy period based on the future value of the life right. The liability is therefore measured at fair value. This is a level 3 fair value measurement.

As at year end the Company was in default in relation to an amount of R5.2 million owed to Van Dyk Enterprises CC, which entity has attached the Mellow Oaks property as further detailed under Subsequent Events. This amount was reclassified to provisions at year end and was decreased to R3 million, being the potential full damages amount less the R5 million selling price achieved at the auction. The Company was also in default in relation to amounts owed on the Midview property as detailed under Commitments.

Currently, the Group has no overdraft facilities. Management intend securing bond facilities or other strategic partners to fund capital expenditure and working capital during 2019.

Details of the headline loss reconciliation and per share information are set out below:

	31 December 2018 R	31 December 2017 Restated R
Headline earnings Reconciliation:		
Net loss after tax	(40 716 454)	(26 805 538)
Adjusted for:		
Impairment of property, plant and equipment	2 951 836	1 232 786
Impairment of goodwill	331 200	4 292 546
Loss on disposal of property, plant and equipment	13 083 288	-
Impairment of intangible assets	3 726 163	(4 286 232)
Impairment of loans	4 314 161	-
Headline loss for the year	**(16 309 816)**	**(25 567 438)**
Per share information:		
Weighted average shares in issue	405 991 394	336 070 555
Loss per share (cents)		
Basic earnings/(loss) per share	(10.03)	(7.98)
Diluted earnings/(loss) per share	(10.03)	(7.98)
Headline loss per share (cents)		
Basic headline loss per share	(4.02)	(7.61)
Diluted headline loss per share	(4.02)	(7.61)

RESTATEMENT OF PRIOR YEAR RESULTS DUE TO PRIOR PERIOD ERROR

Comparative figures have been restated due to additional information identified after the release of the prior period financial statements. The group entered into agreements with an equity investor and a property vendor, to transfer shares to the value of R4,8 mil, already issued to the property vendor for payment of a property, to the investor for a cash settlement payable to the property vendor. The property vendor transferred the shares to the investor and the group received the cash from the investor. The group did not settle the debt with the property vendor and the liability and the interest accrued was not accounted for.

This prior period error affects the consolidated and separate financial statements, and the comparative figures have been restated accordingly.

The correction of the prior period error has resulted in the following adjustment:

Item	2017
Statement of Financial Position	
Increase in other financial liabilities	(5 160 816)
Decrease in loans with related parties	4 800 000
Increase in Deferred Tax	101 028
	(259 788)
Increase in Assets	4 901 028
Increase in Liabilities	(5 160 816)
Statement of Profit or Loss and Other Comprehensive Income	
Increase in Finance costs	360 816
Decrease in Tax	(101 028)
Decrease in Profit	**259 788**

The above had an (0.08) cents increase on the loss and headline loss per share.

PROPERTY, PLANT AND EQUIPMENT

During the year under review, there were the following changes to property, plant and equipment as set out below:

	Opening balance	Additions	Disposals	Reval-uations	Other	Depre-ciation	Impair-ment loss	Closing balance
Land	47 700 000	8 714 572	(11 000 000)	1 664 928	-	-	-	47 079 500
Buildings	78 720 966	68 521 428	(9 332 049)	(4 214 762)	297 125	-	-	133 973 510
Furniture and fixtures	5 012 887	485 949	(32 221)	-	-	(317 425)	(1 307 981)	3 841 209
Motor vehicles	1 511 815	-	-	-	-	(179 918)	(124 459)	1 207 438
Office equipment	614 812	9 046	-	-	-	(112 255)	(84 612)	426 991
IT equipment	365 234	4 800	-	-	-	(54 495)	(102 023)	213 516
Leasehold improvements	8 964 836	4 601 793	-	-	-	(396 623)	(2 463 537)	10 706 469
	142 890 550	**82 337 588**	**(20 364 270)**	**(2 549 834)**	**297 125**	**(1 060 716)**	**(4 099 772)**	**197 448 633**

FAIR VALUE INFORMATION AND HIERACHY

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.
Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly
Level 3: Unobservable inputs for the asset or liability.

Recurring fair value measurements - Assets

Financial assets at fair value through profit (loss)	2018	2017
Life rights liabilities	1 722 045	737 778
Total	1 722 045	737 778

Valuation techniques used to derive level 3 fair values
The fair value of the life right liability is determined by increasing the initial lump sum received with an estimated growth rate that is based on the future value of life right sales. It is estimated that 50% of the life right liability will be refunded. No changes have been made to the valuation technique.

ACQUISITIONS AND DISPOSALS
There were no acquisitions or disposals of property during 2018. However, as further detailed under subsequent events, the Mellow Oaks property was attached and accordingly the property has been impaired as a forced disposal.

During the period under review, the group entered into an agreement to acquire the Finch Haven property for a purchase price of R16 000 000, financed through an interest-bearing loan that is payable within 7 years of the transfer of the property. This remains a commitment as at 31 December 2018 as the acquisition was identified as a related party acquisition and a fairness opinion was required before the Company could implement the acquisition. The terms of the acquisition were found to be fair subsequent to year end.

During the period under review the Willow View and North Riding properties were acquired.

PROSPECTS AND PROFIT FORECAST
The Company issued its prospectus on 9 March 2017 ahead of its listing on the AltX of the JSE. The prospectus contains a profit forecast for the year ending 31 December 2018, which has been compared to the actual results for the year ended 31 December 2018.

	31 December 2018 (Actual)	**31 December 2018 (Forecast)**
Revenue	134 174 119	135 617 381
Other operating income	3 402 689	-
	(3 629 476)	
Operating expenses	(183 342 008)	(108 103 633)
Operating (loss)/income	(49 394 676)	27 513 748
Finance income	62 934	-
Finance cost	(4 917 720)	(9 518 011)
(Loss)/income before tax	(54 249 462)	17 995 737
Income tax credit/(expense)	13 532 998	(5 038 806)
Net (loss)/profit after tax	**(40 716 464)**	**12 956 931**
Revaluation loss on properties	(2 549 834)	-
Income tax effect	571 169	-
Other comprehensive (loss)/income for the period net of tax	**(1 978 665)**	
Total comprehensive (loss)/income	**(42 695 129)**	12 956 931

Headline earnings reconciliation		
Attributable (loss)/income	(40 716 454)	12 956 931
Adjusted for (net of tax):		
Impairment of property, plant and equipment	2 951 836	-
Impairment of goodwill	331 200	-
Loss on disposal of property, plant and equipment	13 083 288	-
Impairment of intangible assets	3 726 163	-
Impairment of loans	4 314 161	
Headline (loss)/earnings for year	**(16 309 816)**	**12 956 931**
Per share information (assuming fully diluted per the forecast)		
(Loss)/Earnings per share (cents)	(10.03)	3.67
Headline (loss)/earnings per share (cents)	(4.02)	3.67
Weighted average shares in issue	405 991 394	353 000 000

Revenue was in line with the forecast due to the inclusion of revenue from Pembury Retirement Villages of R51.9 million. The comparable revenue from PLG Schools was R82.4 million and was 39% lower than the forecast primarily due to lower student numbers than anticipated. This was attributed to tighter credit controls being introduced in the first quarter of 2017 and the delay in the expansion of the school properties due to the listing taking longer than originally expected. This had a knock-on effect through to 2018.

Operating expenses were similarly higher with the inclusion of R66.8 million of expenses related to Pembury Retirement Villages. The operating expenses for PLG Schools were 12.6% lower than forecast on a comparable basis at R94.5 million.

Operating expenses also include a number of once-off expenses or impairments of property, goodwill and intangible assets as detailed in the results commentary above.

Finance costs were lower than forecast due to lower levels of debt than anticipated. The above impacted on the operating loss, loss before tax and the attributable loss compared to the forecast loss.

The above impacted on the operating loss, loss before tax and the attributable loss compared to the forecast loss.

For details of the assumptions behind the profit forecast, shareholders are referred to the Company's prospectus which can be found on the Company's website at www.plgschools.co.za.

The Company has secured four new properties subsequent to listing and opened four new campuses, comprising eleven schools, in January 2018, namely PLG Greenhills Academy in Randfontein, PLG Carlswald Academy in Midrand, PLG Midview Academy and a recently acquired property in Modimolle known as PLG Sanrock Academy.

With the opening of four new campuses in January 2018, the increase in pupil numbers in the existing PLG schools in January 2019 and the restructuring of the retirement business in Q1 of 2019, the directors are of the view that the Group's prospects are sound, although additional funding will be required as detailed under the Going Concern paragraph below.

COMMITMENTS
During the period under review, the Group had on-going agreements to purchase various properties from which Pembury Schools operate, some of which were concluded subsequent to the reporting period. Details of these agreements are set out below:

- the acquisition of unregistered portions of remainder of Portion 163 of the Farm Elandsvlei 249 IQ Elandsvlei, being the current location of PLG Greenhills Academy, which opened in 2018, for R6 000 000 (including VAT and commission), of which R1.8 million was outstanding at year end. The terms have been amended and extended subsequent to year end;
- the acquisition of ERF 1729, Strubenvale EXT. 2, Springs, being the current location of PLG Springs Academy which opened in January 2017, for a purchase consideration of R3 500 000, including VAT, which terms have also been amended and extended during 2019 and an amount of R3.9 million is now owing;
- the acquisition of ERF 640, Allensnek EXT. 35, Roodepoort being the current location of PLG Allens View Academy which opened in January 2017, for a purchase consideration of R7 500 000 of which an amount of R7,000,000 is still outstanding;
- the acquisition of Portion 57 of the Farm Knopjeslaagte No 385, City of Tshwane Metropolitan Municipality, Registration Division JR, Gauteng being the location of PLG Midview Academy, which opened in January 2018, for a purchase consideration of R14 000 000, including VAT, of which R12.6 million remains outstanding. The Group is in default of the initial agreement with the seller of the Midview property due to cash flow constraints as result of the share suspension in 2018 but is in the process of renegotiating the agreement. However, at this stage the Company has taken a prudent stance to impair the deposit already paid of R1.400,000.
- Finch Haven, as detailed under Acquisitions and Disposals above.

During the year under review, the Company entered into a conditional acquisition of a property in Bryanston, which conditions were not met on time and which agreement has since lapsed. However, the intention is to revive the agreement in due course on similar terms and conditions.

RELATED PARTY DISCLOSURE
The following related party information, which is material to an understanding of these results, is disclosed below:

Figures in Rands	31 December 2018 R	31 December 2017 R
Related party balances		
Loan accounts - Owing (to) by related parties		
Pembury Services Proprietary Limited	4 591 890	4 591 890
Kygoway Proprietary Limited	(136 585)	(186 042)
Pembury Lodges Proprietary Limited	-	(1 665 753)
Amounts included in trade and other payables		
Kygoway Proprietary Limited	(3 254 697)	(408 100)
Joan McLachlan	(99 200)	-
Hostprops Proprietary Limited	(3 740 446)	
Related party transactions		
Rent paid to (received from) related parties		
Joan McLachlan	499 200	-
Hostprops 1064 CC	11 610 858	-
Pembury Lodges CC	772 003	
Leasehold improvements paid to related parties		
Kygoway Proprietary Limited	2 541 858	4 879 477

Repair and maintenance paid to related parties		
Kygoway Proprietary Limited	395 620	387 773
General expenses paid to/(by) related parties		
Kygoway Proprietary Limited	381 119	-
Hostprops 1064 CC	22 106 957	-
Pembury Services Proprietary Limited		
Impairment of loan	4 591 890	

The above related party loans did not bear interest during the period under review and there are no fixed terms of repayment.

During the prior year, Pembury Services Proprietary Limited converted a loan of R19 019 060 into equity at R1.00 per share ahead of the listing on the JSE on 31 March 2017.

The loan agreement with Pembury Lodges Proprietary Limited was reduced due to the adjustment arising from the prior period error as detailed earlier.

Pembury Services Proprietary Limited provided head office and administration services to the PL Group and a management services contract for shared services was in place. This service contract was terminated with the related party acquisition of Retirement Villages with effect from 1 July 2017.

Kygoway Proprietary Limited provides construction and maintenance services to the group. Hostprops 1064 CC leases or owns certain of the properties occupied by Pembury Retirement Villages. Pembury Services, Pembury Lodges Proprietary Limited and Kygoway have common directors and shareholders to the PL Group.

SUBSEQUENT EVENTS

The terms of the acquisition of the Finch Haven property were found to be fair subsequent to year end but the acquisition has not yet been implemented. The purchase price of R16 000 000 is to be financed through an interest-bearing loan that is payable within 7 years of the transfer of the property. Capital repayments shall be made in multiples of R100 000 at the discretion of PLG Properties.

During the first two months of 2019, the Sandton retirement lodge was closed down and the majority of the residents were relocated to other Pembury retirement villages, which has resulted in the remaining lodges reaching an average occupancy of more than 95%. Retrenchment and relocation costs were incurred subsequent to year end.

Subsequent to year end, the Company learned that a Notice of Sale of Immovable Property pursuant to an attachment of the Mellow Oaks property was served on the previous head of the PLG Mellow Oaks Academy during November 2018. Neither the directors nor the management were, at the time, made aware of the Notice having been served.

During March 2019, the Company discovered that the property had been advertised for auction through the Sheriff Roodepoort North's Office without either a reserve price or details of the existing lease agreement.

At the auction, without introduction of a reserve price, the execution creditor submitted a bid of R6.5 million. Fantique Trade 1207 CC, a close corporation being related to the Company submitted an offer of R6.6 million on which a 10% deposit and Sheriff's commission was payable.

The aforesaid bid was accepted, but then the execution creditor's attorney insisted that the 10% deposit, plus Sheriff's commission and VAT on the purchase price had to be paid immediately, despite the upfront payment of VAT on the purchase price not forming part of the published conditions of sale.

The execution creditor (that had attached the property) then submitted a bid of R5 million, which was accepted. The Company is instituting a formal legal process to reverse this sale as it believes that an irregular process was followed. The Company is also investigating collusion with specific reference to the original delivery of Notices.

The Company will be taking all steps to recover and/or retain the property in the interim. The full value of the property has been impaired in the results for the year ended 31 December 2018.

REPORTABLE IRREGULARITIES

The Company listed during 2017 and experienced a number of accounting difficulties in late 2017, which had a major impact on the 2018 financial year, although there was substantial improvement. During the year under review, the following Reportable Irregularities were identified, the second of which was identified during the prior year but is very difficult to address due to the reluctance of property owners or financiers to endorse the title deeds. These are extracted from the Audit Report below:

a) "Pembury Lifestyle Group Limited ("the company") and PLG Properties Proprietary Limited ("Properties") entered into agreements with an equity investor and a property vendor, to transfer shares to the value of R4,8 mil, already issued to the property vendor for payment of a property, to the investor for a cash settlement payable by the investor. The property vendor transferred the shares to the investor. The company received the cash from the investor. The company did not settle the debt with the property vendor as had been agreed. The property vendor subsequently obtained a High Court order and auctioned the property on the 29th of March 2019 for damages. Properties and the group impaired the property and incurred a loss of R20,3 mil in the 2018 financial year."
b) "PLG Retirement Villages Proprietary Limited ("Retirement Villages") entered into agreements with some of their tenants in terms whereof the tenants acquired a right to occupation/life right against payment for an agreed consideration. The Housing Development Schemes for Retired Persons Act 65 of 1988 requires that the deeds of the land concerned had to be endorsed at The Deeds Office in terms of section 4C. The deeds of the land were not endorsed as required by the Act. The Act has further specific requirements in terms of Section 4 that was not incorporated in the agreements with the tenants."

Item a) has had a material impact on the results for the year ended 31 December 2018 as detailed above but was not intentional. The Company is taking legal steps to recover or retain the property as further detailed under Subsequent Events. The Company is in the process of responding to the Reportable Irregularity. Item b) does not have any material effect on the results of the Group, was not intentional and was essentially a matter of compliance. The group continues to monitor the finance function to avoid a reoccurrence of such events, ensuring improved controls and systems.

CONTINGENT LIABILITY

The Group currently has an agreement with tenants where an amount is to be refunded to the tenant at the end of their life expectancy period. Pembury Retirement Villages could be held liable for the life rights sold by the previous owner when the life rights are sold in the future even though the Group is not contractually obligated to. This is due to the fact that the Group is

currently paying this liability on behalf of the previous owner which could lead to a constructive obligation. The Group has a warranty from the previous owner that it would be liable for this debt. A valuation was performed on all life rights within the Group. The value of the liability that could potentially be paid out to tenants amounts to R10.3 million (2017: R9.1 million).

SHARE ISSUES AND REPURCHASES

During the year under review, the Company issued 1 467 375 shares for cash at an average price of 38.22 cents per share. No treasury shares were held at the reporting date. There are no convertible securities in issue.

The authorised and unissued shares are under the control of the directors of the Company, subject to the provisions of the Memorandum of Incorporation ("MOI"), the Companies Act and the JSE Listings Requirements.

There have been no repurchases of shares by the Company or any of its subsidiaries during the period under review.

LITIGATION

The Company is involved in litigation with regard to the Mellow Oaks property as further detailed under Subsequent Events, which property has been impaired in the group results for the year ended 31 December 2018. In addition, the Board has approved the funding of legal costs in relation to the Melrose Retirement Village in the best interests of the residents, as the new property owners are challenging the long-standing lease with Hostprops 1064 CC.

GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Group made a loss for year under review of R40.7 million (2017: R26.8 million) and had accumulated losses of R76 million (2017: R41.6 million). It is noted that a large portion of the loss for the year was attributed to non-cash impairments and IFRS charges amounting to over R35.5 million as detailed under the Commentary section. The Group's total comprehensive loss for the year was R42.7 million compared to comprehensive income of R4.3 million in the prior year.

The Group's total assets exceed its liabilities by R143.8 million (2017: R185.9 million). The current liabilities exceed current assets by R57.2 million, however the current liabilities include the prepayment of school fees (contract liability) of R9.8 million and provisions of R11.6 million. Subsequent to year end, trade creditors were reduced by more than 30%.

Cash generated by operations was R17.8 million for the year ended 31 December 2018, reflecting a substantial turnaround from the prior year where cash used in operating activities was R17.0 million.

The directors are not aware of any new material changes that may adversely impact the Group and a conservative approach has been adopted in the preparation of the results for the year ended 31 December 2018.

The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group and Company.

The directors have satisfied themselves that the Group is in a sound financial position and that it should be able to meet its foreseeable cash requirements, on the basis of the information below:

- The PLG Schools business reflected positive EBITDA and net profit before and after tax for the year ended 31 December 2018;
- The PLG Schools business will have positive cash flows from 2019 based on the fact that the more established schools are reaching 70% occupancy levels (before expansion of additional capacity). Currently nine of the eleven campuses are already profitable at the EBITDA level, with another school approaching breakeven;
- The higher student numbers in 2019 will further enhance this profitability and positive cash flows. The revenue and cash flows will also be enhanced where the campuses increase student enrolments within the grades where there is capacity in an existing classroom without incurring significant additional costs. A further increase in the number of pupil has been experienced since January 2019 to date.
- An inflationary increase in school fees in 2020 as well as a grade increase will further enhance the profitability of the Group from January 2020 onwards.
- The closing of the loss-making retirement lodge in Sandton and the relocation of residents to other Pembury Lodges, has resulted in much higher average occupancies and the remaining lodges are expected to improve performance during 2019. However, in the first six months of 2019, a number of additional costs were incurred due to this relocation.
- Pembury Retirement Villages was trading at 85% capacity in the prior year. At the reporting date, this has increased to more than 95%. This will reduce the cash flow shortfall of the entity.

Whilst the company has suffered a number of losses or impairments, partly as a knock-on effect of the accounting issues and suspension of the company during 2018, subsequent to year end the business has reduced liabilities and improved cash flows.

Management has assessed the Group's and Company's cash flow forecast for the next 12 months and identified the need to obtain additional funding for the operations for the next 12 months.

A corporate advisor was appointed towards the end of 2018 in order to identify strategic investors or partners for the Group and substantial progress has been made. The directors have identified the following opportunities from which to procure funding:

- The Group has the option to obtain further capital from the market as well as from potential strategic investors. The corporate advisor has identified two interested parties that are engaging with management and this process will continue following the finalisation of the results for the year ended 31 December 2018;
- In addition, two parties are interested in investing in the property side of the business, which discussions will continue following the publication of these results;
- PLG Properties further has the option of obtaining bond finance over the owned properties to obtain cash inflows in the 2019 financial year. PLG Properties has properties worth R64.1 million that are paid in full, with two additional properties of R78 million already paid for that are in the process of being transferred. This was an option in the 2018 year but was not exercised due to the extended suspension of the Company until November 2018. Management then decided to wait for the finalisation of the results for the year ended 31 December 2018 before approaching the banks.
- PLG Properties also has the option of entering into a sale and leaseback on one or more of its properties.

Due to the above, the directors believe that the Group has adequate assets and financial resources to continue in operation for the foreseeable future and accordingly, the consolidated and separate financial statements have been prepared on a going concern basis.

The ability of the Group and Company to continue as a going concern is dependent on a number of factors. The most significant of these are that the directors continues to procure funding for the on-going operations of the Company. The uncertainty of the outcome of the relevant funding options indicates a material uncertainty in the going concern assumption.

BOARD OF DIRECTORS

The Board comprises of three executive directors and four non-executive directors, of which two are independent. During the year under review, Mr Sheldon Nielson was appointed as Chief Operating Officer on 8 August 2018 and Mr Barry Moyo retired as a board member on 1 November 2018. Subsequent to year end, Ms Shelley Thomas was appointed in the stead of Mr Grantley Waters with effect from 6 March 2019.

DIVIDEND

The Company has not historically declared interim and final dividends and does not have a formal dividend policy as at the date of this report.

In the Prospectus it was stated that from the year ended 31 December 2018, the Board will consider a formal dividend pay-out policy of at least 10% of headline earnings of the consolidated group of companies, unless the Board is of the opinion that a lower dividend is to be declared because of the necessity to apply the Group's cash resources to any planned acquisitions or that it is in the interest of the Group to build up cash reserves for foreseeable unfavourable market or economic conditions.

The Board's current view is that the adoption of a dividend policy will be postponed due to the need to fund expansion and capital expenditure, particularly of PLG Schools, for the foreseeable future.

FUTURE PROSPECT

The Company experienced a difficult year in 2018, with its events still impacting the Group. However, with the continued growth in pupil numbers and the relocation of the Sandton residents, the Company is better positioned for growth, particularly in PLG Schools. The cash flow and cost management of the Group will have to be carefully managed against the expansion of the group and, as advised in the prior year, the Board has taken a decision to postpone new acquisitions of properties for the establishment of new schools in order to focus on filling existing capacity.

The Retirement Villages represent a more mature business, with reasonably high occupancies but limited growth prospects. The Board of directors will be evaluating the strategic rationale of retaining the Retirement Villages in the group during the 2019 period.

For and on behalf of the Board

ANDREW MCLACHLAN
Chief Executive Officer
30 April 2019

RIAAN VAN JAARSVELD
Financial Director

Executive Directors Andrew McLachlan (Chief Executive Officer) Riaan van Jaarsveld (Financial Director) Sheldon Nielson (Chief Operating Officer)	**Registered Office** 111 9th Avenue Fairland, Johannesburg, 2030
Independent Non-executive directors Lou Brits (Chairman) Shelley Thomas **Non-executive directors** Christo Hechter Njabulo Mthembu	**Transfer Secretaries** Link Market Services South Africa Proprietary Limited (Registration number 2000/007239/07) 13th Floor, 19 Ameshoff Street Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000)
Designated Advisor Arbor Capital Sponsors Proprietary Limited	**Company Secretary** Arbor Capital Corporate Services Proprietary Limited (Registration number 2016/120671/07)
WEBSITE http://www.plgschools.co.za	