

African and Overseas Enterprises Limited

(Incorporated in the Republic of South Africa - Registration Number: 1947/027461/06)

JSE share codes: AOO - AON - AOVP ISIN: ZAE000000485 - ZAE000009718 - ZAE000000493

("AOE" or "the company" or "the group")



SUMMARISED AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2022

SUMMARISED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2022

	YoY change	2022 R'000	2021 R'000
CONTINUING OPERATIONS			
Revenue	35.5%	665,669	491,427
Retail sales	28.8%	598,839	464,961
Cost of sales		(271,167)	(222,421)
Gross profit	35.1%	327,672	242,540
Other income	152.5%	66,829	26,466
Other operating costs	39.2%	(306,863)	(220,393)
Operating profit / (loss)	80.3%	87,638	48,613
Investment income		24,766	20,541
Finance costs		(32,425)	(37,271)
Impairment losses on financial assets		(113)	-
Share of loss of associate		(4,269)	(939)
Profit / (loss) before tax	144.3%	75,597	30,944
Income tax		(26,832)	(9,083)
Profit / (loss) for the period from continuing operations	123.1%	48,765	21,861
DISCONTINUED OPERATIONS[^]			
Profit / (loss) for the year from discontinued operations		(93)	559
Profit / (loss) for the year		48,672	22,420
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Gain on post-retirement defined benefit plan		135	210
Items that may be reclassified subsequently to profit or loss			
Fair value adjustment on assets held at fair value through other comprehensive income		877	531
Other comprehensive income for the year, net of taxation		1,012	741
Total comprehensive income for the year		49,684	23,161
Profit / (loss) attributable to:			
Equity holders		27,716	10,870
Non-controlling interest		20,956	11,550
Profit / (loss) for the year		48,672	22,420
Total comprehensive income attributable to:			
Equity holders		28,257	11,322
Non-controlling interest		21,427	11,839
Total comprehensive income for the year		49,684	23,161
Reconciliation of headline earnings / (loss)			
Equity holders		27,683	10,837
Adjusted for:			
Loss / (profit) from disposal of property, plant and equipment, net of taxation		1,146	1,194
Impairment on right-of-use asset		116	1,273
Non-headline earnings of associate			
Loss / (profit) from disposal of property, plant and equipment, net of taxation		-	3
Headline earnings / (loss)		28,945	13,307
Basic earnings / (loss) per ordinary share (cents)	155.3%	241.3	94.5
Headline earnings / (loss) per ordinary share (cents)	117.5%	252.3	116.0
Diluted earnings / (loss) per ordinary share (cents)	153.1%	238.7	94.3
Diluted headline earnings / (loss) per ordinary share (cents)	115.5%	249.6	115.8
Weighted average number of equity shares on which earnings per share is based (000's)		11,472	11,472
Weighted average number of equity shares on which diluted earnings per share is based (000's)		11,596	11,489
KEY RATIOS			
Gross profit margin	%	54.7	52.2
Retail operating costs to turnover	%	40.4	43.1
Other operating costs to revenue	%	46.1	44.8
Operating profit margin	%	14.6	10.5
Retail segment operating profit margin	%	14.4	9.1
Net profit after tax margin	%	8.1	4.7

SUMMARISED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
as at 30 June 2022

	Notes	2022 R'000	2021 R'000
ASSETS			
Non current assets		545,483	507,425
Property, plant and equipment		45,387	43,284
Investment property		58,684	60,829
Goodwill and intangible assets		30,257	14,924
Right-of-use asset	5	182,093	182,749
Investment in associate	6	172,675	170,081
Other investments		17,115	1,904
Loan receivable		20,280	987
Deferred tax asset		18,992	32,667
Current assets		267,297	212,341
Inventories		124,960	81,237
Loan to associate	6	-	-
Trade and other receivables		32,576	19,434
Income tax receivable		17,676	211
Accrued operating lease asset		567	819
Cash and cash equivalents		90,730	110,640
Total assets		812,780	719,766
EQUITY AND LIABILITIES			
Equity		331,936	273,177
Share capital		9,713	3,629
Share premium		6,616	6,616
Treasury shares		-	(243)
Share-based payment reserve		2,743	3,891
Other reserves		(16,519)	1,875
Retained earnings		154,875	125,311
Non-controlling interest		174,508	132,098
Non current liabilities		305,741	301,984
Lease liability	7	190,230	204,210
Post-retirement liability		85	312
Provisions		14,294	3,078
Loan payable		89,792	82,067
Deferred tax liability		11,340	12,317
Current liabilities		175,103	144,605
Lease liability	7	52,097	56,719
Trade and other payables		89,898	85,547
Provisions		33,108	2,165
Forward exchange contracts		-	174
Total equity and liabilities		812,780	719,766
OTHER INFORMATION AND KEY RATIOS			
Capital commitments			
Authorised - not contracted for	R'000	16,852	8,226
Authorised - contracted for	R'000	342	879
Return on equity	%	9.2	4.2
Return on capital	%	35.7	26.1
Return on assets	%	14.1	9.1
Inventory turn	times	2.6	2.3
Asset turn	times	0.8	0.6
Net asset value per share	R	13.25	12.27

SUMMARISED CONSOLIDATED STATEMENTS OF CASH FLOWS
for the year ended 30 June 2022

	2022 R'000	2021 R'000
Cash flows from operating activities		
Operating profit before working capital changes	162,375	94,517
Working capital changes	(49,217)	36,786
Interest received	6,716	18,494
Interest paid	(23,931)	(37,290)
Dividends paid	(50)	(50)
Dividends received	1,493	38
Income tax paid	(33,261)	(412)
Net cash inflows from operating activities	64,125	112,083
Cash flows from investing activities		
Additions to property, plant, equipment and investment property	(13,259)	(4,197)
Additions to intangible assets	(60)	(369)
Proceeds from disposal of property, plant and equipment	315	-
Loan advanced	(20,204)	(20)
Loan repaid	998	-
Investment in associate	-	(421)
Business combination acquisition, net of cash acquired	17,821	-
Other investments	(14,103)	(402)
Net cash outflows from investing activities	(28,492)	(5,409)
Cash flows from financing activities		
Lease liabilities repaid	(55,543)	(66,753)
Share repurchased by subsidiary	-	(1,905)
Net cash outflows from financing activities	(55,543)	(68,658)
Net increase in cash and cash equivalents	(19,910)	38,016
Cash and cash equivalents at the beginning of the year	110,640	72,624
Cash and cash equivalents at the end of the year	90,730	110,640

SUMMARISED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
for the year ended 30 June 2022

	2022 R'000	2021 R'000
Share capital	9,713	3,629
Opening balance	3,629	3,629
Shares issued	6,084	-
Share premium	6,616	6,616
Opening balance	6,616	6,616
Treasury shares	-	(243)
Opening balance	(243)	-
Treasury shares purchased	-	(486)
Delivery of treasury shares	243	243
Share-based payment and other reserves	(13,776)	5,766
Opening balance	5,766	5,576
Actuarial gains on post-retirement defined benefit plan	-	163
Delivery of treasury shares	(243)	(243)
Equity-settled share-based payment	(748)	(32)
Gain on post-retirement defined benefit plans	74	-
Fair value adjustment on assets held at fair value through other comprehensive income	464	289
Put option liability	(18,857)	-
Change in degree of control	(232)	13
Retained earnings	154,875	125,311
Opening balance	125,311	113,630
Profit / (loss) for the year	27,716	10,870
Delivery of treasury shares	-	-
Shares issued	7,607	-
Equity-settled share-based payment	1,221	484
Other retained income of associate	-	-
Change in degree of control	(6,947)	360
Preference dividends paid	(33)	(33)

Non-controlling interest	174,508	132,098
Opening balance	132,098	120,705
Profit / (loss) for the year	20,956	11,550
Preference dividends paid	(17)	(17)
Treasury shares purchased	-	(647)
Shares issued	6,966	-
Equity-settled share-based payment	232	591
Gain on post-retirement defined benefit plans	61	-
Fair value adjustment on assets held at fair value through other comprehensive income	410	289
Put option liability	6,623	-
Change in degree of control	7,179	(373)
Total capital and reserves	331,936	273,177

**SUMMARY OF RELATED PARTY BALANCES AND TRANSACTIONS
for the year ended 30 June 2022**

	2022	2021
	R'000	R'000
Related party transactions during the period were as follows:		
Goods purchased		
- Tru-Fi Electronics S A Proprietary Limited ¹	3	-
Media and broadcasting income		
- Media Cloud Proprietary Limited ¹	204	-
- Media Host Proprietary Limited ¹	206	-
- Red Pepper Pictures Proprietary Limited ¹	40	-
- Rentals and Workflows Proprietary Limited ¹	35	-
- The Horse Racing Channel Proprietary Limited ¹	173	-
Rental expense paid		
- The Bretherick Family Trust ¹	51	-
- Telelet Proprietary Limited ¹	1,682	-
Management and administration fees received		
- SA Water Works Holding Company (RF) Proprietary Limited ¹	2,953	2,722
Management and administration fees paid		
- Geomer Managerial Services Proprietary Limited ²	2,646	2,520
Transaction fees paid		
- Geomer Managerial Services Proprietary Limited ²	1,611	-
Dividend income		
- Texton Property Fund Limited	1,446	-
Accrued dividends on loan to associate		
- SA Water Works Holding Company (RF) Proprietary Limited ¹	19,778	17,213
Related party balances during the period were as follows:		
Loans receivable		
- SA Water Works Holding Company (RF) Proprietary Limited ¹	158,580	151,717
- Unsecured loans to share scheme participants ³	-	987
Current accounts payable		
¹ - Telelet Proprietary Limited	3	-

¹ Associate company

² Indirectly controlled by MA Golding

³ Includes a loan to a director

**DIRECTOR'S REMUNERATION
for the year ended 30 June 2022**

Directors' fees	1,023	1,225
Fees for other services	326	326
Basic salary	1,438	1,552
Performance related payments	125	-
Share-based payment	977	882
Value of other benefits	85	57
Retirement fund contributions	62	55
	4,036	4,097

GROUP SEGMENTAL REPORTING
for the year ended 30 June 2022

	Retail	Property	Media and broadcasting	Water infrastructure	Group services	Inter-segment eliminations	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
2022							
Revenue							
Retail sales	597,525	-	1,464	-	-	(151)	598,838
Management fee income	636	-	-	2,199	4,958	(4,839)	2,954
Media and broadcasting income	-	-	37,499	-	-	-	37,499
Rental income	-	27,612	-	-	-	(7,229)	20,383
Tenant recoveries	-	5,714	-	-	-	(1,224)	4,490
Dividend income	-	-	-	41	14,452	(13,000)	1,493
Profit on sale of property	-	-	-	-	11	-	11
Total group revenue	598,161	33,326	38,963	2,240	19,421	(26,443)	665,668
Depreciation and amortisation	70,518	2,819	1,912	-	-	-	75,249
Impairment	308	-	-	-	-	-	308
Operating profit / (loss)	85,949	15,640	2,971	(11,223)	(5,812)	-	87,525
Finance income	2,003	183	248	19,779	8,479	(5,926)	24,766
Finance cost	(22,841)	-	(740)	(13,651)	(1,082)	5,889	(32,425)
Share of loss of associate	-	-	-	(4,269)	-	-	(4,269)
Income tax	(18,932)	(4,432)	(2,399)	(1,670)	601	-	(26,832)
Profit / (loss) for the year	46,179	11,390	6,000	(11,034)	(3,770)	-	48,765
Segment assets	406,315	72,121	70,832	172,693	172,722	(81,903)	812,780
Segment liabilities	(295,104)	(7,650)	(40,096)	(158,524)	(48,716)	69,246	(480,844)
Capital expenditure	12,685	322	312	-	-	-	13,319
	Retail	Property	Media and broadcasting	Water infrastructure	Group services	Inter-segment eliminations	Total
	R'000	R'000		R'000	R'000	R'000	R'000
2021							
Revenue							
Retail sales	464,961	-	-	-	-	-	464,961
Management fee income	1,785	-	-	2,116	4,186	(5,365)	2,722
Rental income	-	26,652	-	-	-	(6,799)	19,853
Tenant recoveries	-	4,922	-	-	-	(1,069)	3,853
Dividend income	-	-	-	34	4	-	38
Profit on sale of property	-	-	-	-	-	-	-
Total group revenue	466,746	31,574	-	2,150	4,190	(13,233)	491,427
Depreciation and amortisation	72,931	2,867	-	-	-	-	75,798
Impairment	7,240	-	-	-	-	-	7,240
Operating profit / (loss)	42,099	15,364	-	(122)	(8,728)	-	48,613
Finance income	1,445	88	-	17,213	7,631	(5,836)	20,541
Finance cost	(30,023)	-	-	(12,877)	(207)	5,836	(37,271)
Share of loss of associate	-	-	-	(939)	-	-	(939)
Income tax	(3,356)	(4,326)	-	(1,171)	(230)	-	(9,083)
Profit / (loss) for the year	10,165	11,125	-	2,104	(1,533)	-	21,861
Segment assets	420,839	72,600	-	170,146	123,701	(67,520)	719,766
Segment liabilities	(343,717)	(7,783)	-	(144,943)	(13,440)	63,294	(446,589)
Capital expenditure	4,436	130	-	-	-	-	4,566

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS

1 Summarised results

This summarised report is extracted from audited information, but is not itself audited. The annual financial statements were audited by PricewaterhouseCoopers, who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the company's registered office and on the company's website at www.rextrueform.com. The directors take full responsibility for the preparation of the provisional report and that the financial information has been correctly extracted from the underlying annual financial statements

2 Basis of preparation

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require provisional 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 International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial

This report was prepared under the supervision of the group financial director, WD Nel CA(SA).

3 Dividends

A dividend on the 6% cumulative preference shares for the six months ended 30 June 2022 in the amount of 6 cents per share was declared by the board of directors on 7 July 2022 and was paid on 1 August 2022. The directors have not proposed a dividend in respect of the ordinary and 'N' ordinary shares.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS (continued)

4 Discontinued operations

Management has considered the Namibian operations to be a separate segment based on the geographical location of the stores and the customers. During the prior financial year all the stores located in Namibia were closed. The Namibian segment was therefore classified as a discontinued operation.

	2022 R'000	2021 R'000
Financial performance		
Revenue		
Retail sales	-	2,878
Cost of sales	-	(1,480)
Gross profit	-	1,398
Gain on lease cancellations	-	1,724
Loss on disposal of fixed assets	-	(1,367)
Depreciation, impairment and amortisation	-	(222)
Other operating costs	(93)	(868)
Operating loss	(93)	665
Finance costs	-	(106)
Loss before tax	(93)	559
Income tax expense	-	-
Loss for the period from discontinued operations	(93)	559
Cash flow information		
Net cash inflows from operating activities	-	337
Net cash outflows from financing activities	-	(723)
Net (decrease) / increase in cash and cash equivalents from discontinued operations	-	(386)

5 Right-of-use asset

Fixed-term store leases

Carrying value at the beginning of the year	182,749	231,967
Additions	34,446	21,532
Additions through business combination	31,472	-
Landlord contributions	(56)	-
Lease modifications	(13,099)	(10,792)
Depreciation charge for the year	(53,111)	(52,718)
Impairment charge for the year	(308)	(7,240)
Carrying value at the end of the year	182,093	182,749

6 Investment in associate

The group's investment in associate consists of a 30.79% (2021: 30.79%) controlled interest in SA Water Works Holding Company (RF) Proprietary Limited ("SAWW") which is held via a 52% controlled subsidiary, Ombrecorp Trading (RF) Proprietary Limited ("Ombrecorp"). The group's effective interest in SAWW is 16.01% (2021: 16.01%). SAWW's investments consists of entities which provide water and water services to the City of Mbombela and Ilembe District

Interest in associate	172,675	170,081
Reconciliation of carrying value at the beginning and end of the year		
Carrying value at the beginning of the year	18,364	18,882
Increase in investment at cost	-	421
Share of net attributable losses of associates	(4,269)	(939)
Carrying value at the end of the year	14,095	18,364
Loan to associate at the beginning of the year	151,717	149,670
- Capital	125,000	125,000
- Accrued dividends	26,717	24,670
Accrued dividends repaid during the year	(1,815)	(15,166)
Accrued dividends recognised during the year	19,778	17,213
Impairment of loan during the year	(11,100)	-
Loan to associate at the end of the year	158,580	151,717
- Capital	125,000	125,000
- Accrued dividends	44,680	26,717
- Impairment of loan receivable	(11,100)	-
Shown as:		
Non-current assets	172,675	170,081
Current assets	-	0
	172,675	170,081

7 Lease liability

Fixed-term store leases

At the beginning of the year	260,929	346,249
New leases	33,362	21,532
Additions through business combination	31,472	-
Lease modifications	(27,931)	(40,099)
Finance cost	22,533	29,497
Finance cost paid	(22,495)	(29,497)
Capital repaid	(55,543)	(66,753)
At the end of the year	<u>242,327</u>	<u>260,929</u>
Included in non-current liabilities	190,230	204,210
Included in current liabilities	<u>52,097</u>	<u>56,719</u>
	<u>242,327</u>	<u>260,929</u>
Fixed-term store leases	211,543	260,929
Media and broadcasting facilities	30,784	-
	<u>242,327</u>	<u>260,929</u>

8 Business combination

Acquisition of Telemedia Proprietary Limited

In November 2020, the company together with its subsidiary company, Rex Trueform Group Limited, entered into a sale of shares agreement subject to certain suspensive conditions, to acquire 75% of Telemedia Proprietary Limited for a consideration of R67,500,000 to be settled in cash and shares, with the company acquiring a 11.29% for a consideration of R9,956,250 and its subsidiary acquiring a 63.71% interest for a consideration of R57,543,750. All suspensive conditions were met on 1 March 2022, being the effective date of the acquisition.

Telemedia is a broad-based media broadcast facility manufacturer and supplier. Telemedia's services include the installation of satellite transmission and radio and television signal distribution. In addition, Telemedia is a supplier of microwave and satellite new gathering services including broadcasting, studio recording and services ancillary thereto. Refer to SENS dated 13 November 2020. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Payment of the purchase consideration

An initial purchase consideration of R30,000,000 comprising the issue of 368,750 new ordinary shares by the company at R27 per share (R9,956,250), the issue 857,212 new ordinary shares by Rex Trueform at an issue price of R18 per share (R15,429,816) and a cash payment of R4,613,934 made by Rex Trueform.

The balance of the purchase consideration, being R37,500,000 shall be discharged by the company in cash should the profit undertakings given by the sellers for the financial years ending 30 June 2021, 30 June 2022 and 30 June 2023 be cumulatively met on a 20%, 20% and 60% basis. Should the cumulative profit undertaking given by the sellers not be achieved by 30 June 2023, the balance of the purchase consideration shall be reduced pro rata by the shortfall of actual profits to warranted profits, provided that the reduction cannot reduce the balance of the purchase consideration to below zero.

Issue of ordinary shares and share price underpin

The fair value of the Ordinary shares (368,750) issued by the company as part of the consideration paid amounting to R14,572,604 was based on the published share price on 1 March 2022 of R16.50 per share. In terms of the sale and purchase agreement, the company undertook to underpin the share price at R18 per share for 12 months from the effective date of the transaction giving rise to a contingent consideration of R3,598,128.

The fair value of the Ordinary shares (857,212) issued by Rex Trueform as part of the consideration paid amounting to R14,572,604 was based on the published share price on 1 March 2022 of R17 per share. In terms of the sale and purchase agreement, Rex Trueform undertook to underpin the share price at R18 per share for 12 months from the effective date of the transaction giving rise to a contingent consideration of R796,606.

Furthermore, the company and its subsidiary undertook to guarantee the repurchase of the shares in the event that a buyer of the ordinary shares cannot be found or the company and its subsidiary fail to provide the necessary consent for the sale. The guarantee gives rise to a put option liability of R6,084,375 in the company and R12,772,459 in its subsidiary, Rex Trueform.

Significant estimate: contingent consideration - profit warranties

Cumulative profit undertakings given by the sellers for the period 1 March 2020 to 30 June 2023 amounted to R78,750,000. As at 1 March 2022, it was managements view that Telemedia will achieve R48,407,754 in profits for the warranty period. As a result the fair value of the contingent consideration payable was estimated to be R10,423,362.

The contingent consideration in respect of the share price underpin and profit warranty was determined by calculating the present value of future cash flows using a discount rate of 7.5%.

Purchase consideration:

Cash paid	4,614	-
Ordinary shares issued	20,657	-
Contingent consideration - share price underpin	4,395	-
Contingent consideration - profit warranties	10,423	-
Total purchase consideration	<u>40,089</u>	<u>-</u>

8 Business combination (continued)

The provisional fair values of the assets and liabilities recognised as a result of the acquisition are as follows:

Property, plant and equipment	7,243	-
Right-of-use asset	31,472	-
Trade and other receivables	6,849	-
Cash and cash equivalents	22,435	-
Lease liability	(31,472)	-
Current tax payable	(1,051)	-
Deferred tax	(380)	-
Trade and other payables	(8,601)	-
Net identifiable assets acquired	26,495	-
Less: non-controlling interests	(6,624)	-
Add: goodwill	20,218	-
Net assets acquired	40,089	-

At the time the financial statements were authorised for issue, the group had not yet concluded the calculation of the fair values of the assets and liabilities

There were no acquisitions in the financial year ending 30 June 2021.

Acquired receivables

The fair value of acquired trade receivables is R6,844,511. The gross contractual amount for trade receivables due is R12,375,197 with a loss allowance of R5,530,685.

Accounting policy choice for non-controlling interests

The group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Telemedia, the group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets. See note 2 for the group's accounting policies for business combinations.

Revenue and profit contribution

The acquired business contributed revenues of R41,955,444 and net profit after tax of R5,638,879 to the group for the period from 1 March 2022 to 30 June 2022. If the acquisition had occurred on 1 July 2021, consolidated revenue and profit for the year ended 30 June 2022 would have been R103,792,490 and R14,289,854 respectively.

Purchase consideration – cash outflow at acquisition date

Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	4,614	-
Less: Cash balances acquired	(22,435)	-
Net inflow of cash – investing activities	(17,821)	-

9 Events subsequent to the reporting date

An agreement was entered into between Geomer Investments and the previous shareholders of Telemedia whereby the ordinary shares issued by the company and Rex Trueform, as part of the consideration payable for the company's 11.29% and Rex Trueform's 63.71% acquired interest in Telemedia, would be purchased Geomer Investments. In terms of the sale and purchase agreement the company had undertaken to underpin the ordinary share price for a period of 12 months. On 1 July 2022 the board of directors of the company and Rex Trueform signed a waiver, via special resolution, as a result of the sale of shares agreement between Geomer Investments and the sellers. This had the effect of relinquishing the company from its undertaking to underpin the share price and its option to purchase the ordinary shares with effect from the same date. The financial liability will therefore be reversed on 1 July 2022. Refer to note 25.4, 25.5 and 40.

On 20 July 2022 the group entered into an agreement to acquire a property situated at 5 Fitzmaurice Road, Epping, Cape Town for an acquisition consideration amounting to R85,000,000. The Acquisition Consideration is payable on the Effective Date and will be funded via cash consideration of R20,000,000 and R65,000,000 is to be funded by way of a loan from a bank against security of the registration of a first mortgage bond over the Property. The effective date shall be the date of transfer. Refer to SENS dated 26 July 2022.

On 3 August 2022 all conditions precedent to the acquisition of a 51% interest in a property letting enterprise, Belper Investments Proprietary Limited ("Belper Investments"), were fulfilled. The entity has acquired five (5) industrial properties located in Epping, Cape Town, for a total consideration of R104,200,000. Accordingly, the transaction is now unconditional in accordance with the terms of the agreement, with the effective date being 3 August 2022. Refer to SENS dated 21 April 2022 and 3 August 2022. Included in loan receivables as at 30 June 2022 is an amount receivable from Belper amounting to R20,280,132. Included in operating expenses for the current financial year is commission amounting to R1,380,000, relating to due diligence and the conclusion of the transaction, which has been paid to Quoin Online Proprietary Limited who is a related party to the minority shareholders of Belper Investments.

During 2015, Siza Water (RF) Proprietary Limited raised a tariff dispute against Umgeni Water and the Minister of Water and Sanitation, when they increased our bulk water tariff by 37.9%. Umgeni Water and the Minister of Water and Sanitation lost their case in the Kwazulu-Natal High Court and their appeal in The Supreme Court of Appeal. Both parties approached the Constitutional Court of South Africa for leave to appeal. On 5 February 2020, the Constitutional Court of South Africa dismissed Umgeni Water's application for leave to appeal with costs. Thereafter the company and Umgeni Water signed a full and final settlement agreement based on the lower bulk water tariff covering the period 1 July 2015 to 31 May 2020 and it was agreed to release the funds held in escrow. The Constitutional Court allowed Umgeni Water to present their case with the Minister's application, which was heard on 10 November 2020. On 23 July 2021 the Constitutional Court overturned the decisions of the High Court as well as Supreme Court of Appeal to rule that Umgeni Water's tariff was enforceable. The higher tariff is reflected the financial statements of Siza Water (RF) Proprietary Limited. The Constitutional Court made no reference to the full and final settlement that was concluded based on the lower bulk water tariff covering the period 1 July 2015 to 31 May 2020. The amount in dispute is R88 million excluding VAT and income taxes and including interest and penalties. Legal advice obtained by the company indicates that the full and final settlement agreement is probably valid and enforceable.

9 Events subsequent to the reporting date (continued)

The Mpumalanga Divisional High Court matter, Buhle Waste Proprietary Limited versus the City of Mbombela Municipality and six other respondents (including SA Water Works (RF) Proprietary Limited) under case number 2640/2019, was heard on 26 May 2022. On 17 August 2022 judgement was handed down which had the effect of suspending the transfer of Silulumanzi (RF) Proprietary Limited and SA Water Works Utilities Proprietary Limited shares to SA Water Works (RF) Proprietary Limited and Brain Gear Investments (RF) Proprietary Limited. An application for leave to appeal was heard on 8 September 2022 which was consequently dismissed with costs. An application for leave to appeal shall be made to the Supreme Court of Appeal which will have the effect of suspending current judgement and order pending the outcome of the application.

There is no other matters or circumstances which is material to the financial affairs of the company, which has occurred between 30 June 2022 and the date of approval of the financial statements, that has not been otherwise dealt with in the financial statements.

10 Going concern

Retail segment turnover has fully recovered in the year under review to pre-COVID-19 levels. The renegotiation of the current portfolio of store leases and the seeking of rental relief are largely complete with one store still under negotiation. Short term rental relief received during the year under review amounted to R12,781,319 (2021: R29,168,733) and was recognised in profit and loss in terms of the amendment to IFRS 16. Leases that were favourably renewed or terminated during the year further resulted in gains on lease modifications amounting to R12,547,088 (2021: R27,038,033) recognised in the current financial year. The full R12,547,088 has been recognised in the Statement of Comprehensive income as the related right-of-use assets were fully impaired or insufficient to cover the reduction in the lease liability. Right-of-use lease assets relating to loss-making and low-profitability stores amounting to R308,002 (2021: R7,239,572) were impaired during the financial year.

The property sector remains constrained due to weak macro-economic environment and low GDP growth with the office sector most significantly impacted. The group's property segment was resilient during the financial year. No rental relief was granted to tenants (2021: R485,911) and vacancies decreased to 3% (2021: 9.4%) as at 30 June 2022.

The group is sufficiently capitalised and has sufficient cash resources to settle debts as they fall due. Cash and cash equivalents held by the group as at 30 June 2022 amounted to R90,730,182 (2021: R110,638,510).

The financial statements have been prepared on the going concern basis. The directors have made an assessment of the ability of the group and company to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead. The directors are satisfied that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

11 Financial review

The principal operating subsidiary, Rex Trueform Group Limited, reports as follows:

Group revenue increased by 35.5% to R665.7m (2021: R491.4m), mainly due to an increase in retail segment turnover and the impact of COVID-19 in the fashion retail sector. Other revenue, comprising of rental income, tenant recoveries, media and broadcasting services income and management fee income, increased by 152.5% to R66.8m, mainly driven by the groups recent acquisition of media and broadcasting business, Telemedia. Investment income increased by 19.4% to

The group realised an operating profit of R88.8m in the current year compared to an operating profit of R50.1m in the prior year. The net profit after tax was R50.7m (2021: R23.5m) resulting in earnings per share of 255.1 cents (2021: 110.9 cents). Headline earnings per share was 266.6 cents (2021: 146.6 cents). Refer to the reconciliation of headline earnings in the summarised statement of comprehensive income for reasons for the movement between earnings per share and headline earnings per share.

The group's capital and reserves increased by R63.5m to R340.7m (2021: R277.2m). Net asset value per share increased by 16.2% to R14.89 (2021: R12.81).

12 Outlook

The group anticipates that the current economic environment will remain challenging into the new financial year. There is a high level of uncertainty in the local and global macro-economic environment with a consistent theme of rising interest rates and high inflation. Other factors negatively impacting the local economy is impacts experienced as a result of international supply chain disruption, local electricity load-shedding, and flooding in KwaZulu-Natal.

The retail business segment has a strong brand in a niche market. Store right sizing and expansion together with enhanced inventory management is contributing positively to profitability.

The properties segment of the business will be expanded in the new financial year as a result of an acquisition of a portfolio of industrial properties in the Epping, Cape Town area. Industrial property has seen strong performance since the onset of the COVID-19 pandemic.

Despite its challenges, the group's water assets are successful working examples of private-public partnerships and are well positioned to take advantage of any new opportunities which may arise within the water and sanitation sector.

The groups investment in Telemedia became effective on 1 March 2022. The media and broadcasting sector will continue to evolve rapidly in line with ongoing trends, disruptions within the industry and pandemic-led behavioural changes.

Management will continue to drive efficiencies within current operations, expand segments by growth and acquisitions and seek new opportunities in other sectors of the economy.

References to future financial performance have not been reviewed or reported on by the group's external auditors and do not constitute an earnings forecast.

MR Molosiwa

(Chairman)

MA Golding

(Chief Executive Officer)

Cape Town
30 September 2022

Directors: MR Molosiwa* (Chairman), MA Golding (Chief Executive Officer), WD Nel (Financial Director), HB Roberts*, PM Naylor*, LK Sebatane*
*Independent non-executive

Registered office: 263 Victoria Road, Salt River, Cape Town, 7925

Company secretary: AR Mushabe

Transfer secretaries: Computershare Investor Services Proprietary Limited: Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Sponsor: Java Capital Trustees and Sponsors Proprietary Limited: 6th Floor, 1 Park Lane, Weirda Valley, Sandton, 2196

Websites: www.queenspark.com - www.rextrueform.com - www.telemedia.co.za