SAPO PLC

(FORMERLY KNOWN AS SOUTH AFRICAN PROPERTY OPPORTUNITIES PLC)

Period ended 31 December 2018

CONTENTS

Directors and Advisers

Directors	Michael Meyer (Non-executive Chairman) Michael Langoulant (Non-executive Director) all of the registered office below
Registered Office	Millennium House 46 Athol Street Douglas Isle of Man IM1 1JB
Administrator and Registrar	Mainstream Fund Services (IOM) Limited Millennium House 46 Athol Street Douglas Isle of Man IM1 1JB
Auditor	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE

Chairman's Statement

Dear Shareholder

OBJECTIVES ACHIEVED

I am delighted to write to you again that the three objectives we set out to achieve this year have been fulfilled. Namely that we have sold the last remaining South African property interest for R10m (£537,785), have identified a sector that will provide superior returns for shareholders & lastly raised funds to cover the costs in re listing our shares on a recognised stock exchange.

I hope that we will be able to re list during November 2019.

Michael Meyer
Chairman
8 November 2019

Report of the Directors

The Directors hereby submit their annual report together with the audited consolidated financial statements of SAPO PLC (formerly known as South African Property Opportunities plc) (the "Company") and its subsidiaries (the "Group") for the period from 1 July 2017 to 31 December 2018.

The Company

The Company is incorporated in the Isle of Man under the Isle of Man Companies Act 2006 and held a portfolio of property interests in South Africa.

Currency and debt

The Group does not hedge its exposure in its Rand assets and liabilities.

Divestment strategy

Following a strategic review the Company disposed of the Group's portfolio where acceptable returns were generated.

Independent Auditor

Jeffreys Henry LLP were appointed as independent auditor on 10 October 2019 and, being eligible, has indicated its willingness to continue in office.

Results and dividends

The Company has reported a loss for the period of £498,000 (profit for year ended 30 June 2017 (restated) £4,691,000). The results and position of the Group at the period end are set out on pages 8 to 27 of the financial statements.

Directors

The Directors who served during the period and up to the date of this Report were as follows:

	Appointed	**Resigned**
David Hunter - former Chairman		9 May 2018
John Chapman		9 May 2018
Craig McMurray		9 May 2018
David Saville		9 May 2018
Stephen Coe		27 April 2018
John Treacy – former Chairman	9 May 2018	16 November 2018
Michael Langoulant	9 May 2018	
Michael Meyer – Chairman	24 August 2018	

Directors and other interests

At the balance sheet date, Michael Meyer held 18,480,166 Ordinary Shares in the Company. A further 37,500,000 shares were allotted to Mr Meyer subsequent to the year end on 10 September 2019.

Save as disclosed above and in note 23, none of the Directors had any interest during the period in any material contract for the provision of services which was significant to the business of the Company.

Report of the Directors (continued)

Principal risk and uncertainties

The Board regularly reviews the risks to which the company is exposed and ensures through its meetings and regular reporting that these risks are minimised as far as possible. Following the subsequent resale of Madison Park Properties 40 (Pty) Limited on 27 September 2019 the directors are actively pursuing a number of business opportunities which will determine the future strategy of the Company.

Principal risks and uncertainties facing the Company include but are not limited to:

- Management of its cash resources to ensure it has the ability to execute its future strategy.
- There is a risk that the new strategy does not add to a sustained increase in shareholder value.

Use of financial instruments

The Company's financial risk management objectives are to minimise its liabilities, to fund its activities through equity financing and to ensure the Company has sufficient working capital to pursue its corporate strategic objectives.

On behalf of the Board

Michael Meyer
Director
8 November 2019

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") (as adopted by the European Union). In preparing those financial statements it is the Directors' responsibility to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business; and

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board

Michael Meyer
Director
8 November 2019

Independent auditor's Report to the Members of SAPO PLC

Opinion

We have audited the financial statements of SAPO Plc ('the parent') and its subsidiaries ('the group') for the period ended 31 December 2018 which comprise the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of the Company's loss for the period then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 (Isle of Man).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006 (Isle of Man)

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 (Isle of Man) requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities

This description forms part of our auditor's report.

Use of this report

This report is made solely to the Company's members, as a body, in accordance with Chapter 2 of Part V of the Companies Act 2006 (Isle of Man). Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

S Parmar

Sanjay Parmar (Senior Statutory Auditor)
For and on behalf of
Jeffreys Henry LLP, Statutory Auditor
Finsgate
5-7 Cranwood Street
London EC1V 9EE
8 November 2019

Consolidated Income Statement

	Note	Period from 1 July 2017 to 31 December 2018 £'000	Year ended 30 June 2017 As restated £'000
Revenue – rental income		-	9
Total revenue		-	9
Total cost of sales	5	(23)	(31)
Gross loss		**(23)**	**(22)**
Investment management fees	6	(166)	(200)
Performance fees	6	-	(44)
Other administration fees and expenses	7	(483)	(475)
Directors incentive payments	7	-	(115)
Administrative expenses		**(649)**	**(834)**
Reversal of impairment/(impairment) of assets held for sale	15	117	(120)
Impairment of third party loan	11	(184)	-
Operating loss		**(739)**	**(976)**
Finance income		13	4
Foreign exchange gain	3	14	3,456
Net finance income		**27**	**3,460**
Profit on disposal of subsidiary undertakings	24	214	2,207
Profit before income tax		**(498)**	**4,691**
Income tax expense	9	-	-
Profit for the period/year		**(498)**	**4,691**
Attributable to:			
- Owners of the Parent		(498)	4,437
- Non-controlling interests	19	-	254
		(498)	**4,691**
Basic and diluted profit per share (pence) attributable to the owners of the Parent during the period/year	10	**(0.80)**	**7.12**

The accompanying notes on pages 13 to 27 form an integral part of these financial statements

Consolidated Statement of Comprehensive Income

	Note	Period from 1 July 2017 to 31 December 2018	Year ended 30 June 2017 As restated
		£'000	£'000
Profit for the period/year		**(498)**	**4,691**
Other comprehensive expense			
Items reclassified to profit or loss			
Accumulated foreign exchange differences arising on subsidiary operations reclassified from equity to profit or loss	24	(360)	(1,812)
Items that may subsequently be reclassified to profit or loss			
Currency translation differences		-	(2,734)
Other comprehensive expense for the period/year		**(360)**	**(4,546)**
Total comprehensive expense for the period/year		**(858)**	**145**
Total comprehensive expense attributable to:			
- Owners of the Parent		(858)	50
- Non-controlling interests		-	95
		(858)	**145**

The accompanying notes on pages 13 to 27 form an integral part of these financial statements

Consolidated Balance Sheet

	Note	As at 31 December 2018 £'000	As at 30 June 2017 As restated £'000
Assets			
Current assets			
Third party loan	11	415	-
Inventories	12	-	-
Trade and other receivables	13	73	266
Cash at bank	14	33	548
		521	814
Assets of disposal group classified as held for sale	15.1	-	1,284
Total current assets		**521**	**2,098**
Total assets		**521**	**2,098**
Equity			
Capital and reserves attributable to owners of the Parent:			
Issued share capital	16	623	623
Foreign currency translation reserve	17	-	360
Retained earnings	17	(184)	314
		439	1,297
Non-controlling interests	19	-	(940)
Total equity		**439**	**357**
Liabilities			
Current liabilities			
Loans from third parties	20	-	-
Trade and other payables	21	82	137
		82	137
Liabilities of disposal group classified as held for sale	15.2	-	1,604
Total current liabilities		**82**	**1,741**
Total liabilities		**82**	**1,741**
Total equity and liabilities		**521**	**2,098**

The financial statements on pages 8 to 27 were approved and authorised for issue by the Board of Directors on 8 November 2019 and signed on its behalf by:

Michael Meyer
Director

Michael Langoulant
Director

The accompanying notes on pages 13 to 27 form an integral part of these financial statements

Consolidated Statement of Changes in Equity

	Attributable to owners of the parent					
	Share capital	Foreign currency translation reserve	Retained earnings/ (deficit)	Total	Non-controlling interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2016	623	4,747	1,639	7,009	(1,035)	5,974
Comprehensive income/(expense)						
Loss for the year	-	-	4,437	4,437	254	4,691
Other comprehensive income						
Accumulated foreign exchange differences arising on subsidiary operations reclassified from equity to profit and loss	-	(1,812)	-	(1,812)	-	(1,812)
Foreign exchange translation differences	-	(2,575)	-	(2,575)	(159)	(2,734)
Total comprehensive expense for the year	-	(4,387)	4,437	50	95	145
Transactions with owners						
Distributions paid	**-**	-	(5,762)	(5,762)	-	(5,762)
Total transactions with owners	**-**	**-**	(5,762)	(5,762)	-	(5,762)
Balance at 30 June 2017	**623**	**360**	**314**	**1,297**	**(940)**	**357**
Balance at 1 July 2017	623	360	314	1,297	(940)	357
Comprehensive expense						
Profit for the period	-	-	(498)	(498)	-	(498)
Other comprehensive expense						
Accumulated foreign exchange differences arising on subsidiary operations reclassified from equity to profit and loss	-	(360)	-	(360)	-	(360)
Foreign exchange translation differences	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive expense for the period	-	(360)	(498)	(858)	-	(858)
Transactions with owners						
Sale of subsidiary (note 24)	-	-	-	-	940	940
Total transactions with owners	-	-	-	-	940	940
Balance at 31 December 2018	**623**	**-**	**(184)**	**439**	**-**	**439**

Profit and retained earnings for the year ended 30 June 2017 have been amended to reflect the reversal of the provision made in the financial statements for the year then ended.

Consolidated Cash Flow Statement

	Note	Period 1 July 2017 to 31 December 2018 £'000	Year ended 30 June 2017 As restated £'000
Cash flows from operating activities			
Profit for the period/year before tax		(498)	4,691
Adjustments for:			
Finance income		(13)	(4)
Impairment of third party loan	11	184	-
Profit on disposal of subsidiary undertakings	24	(214)	(2,207)
Foreign exchange gain	3	(14)	(3,456)
Operating loss before changes in working capital		**(555)**	**(976)**
Decrease in trade and other receivables		155	1
(Decrease)/increase in trade and other payables		(118)	115
Cash used in operations		**(518)**	**(860)**
Interest received		-	4
Net cash used in operating activities		**-**	**(856)**
Cash flows from investing activities			
Net cash on disposal of subsidiaries	13, 24	(1)	5,318
Net cash (used in)/generated from investing activities		**(1)**	**5,318**
Cash flows from financing activities			
Distributions paid	16	-	(5,762)
Net cash used in financing activities		**-**	**(5,762)**
Net decrease in cash and cash equivalents		(519)	(1,300)
Cash and cash equivalents at beginning of the period/year		548	1,788
Foreign exchange losses on cash and cash equivalents		4	60
Cash and cash equivalents at end of the period/year	14	**33**	**548**

The accompanying notes on pages 13 to 27 form an integral part of these financial statements

Notes to the Financial Statements

1 General information

SAPO PLC (formerly known as South African Property Opportunities Plc) (the "Company") was incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004 on 27 June 2006 as a public limited company with registered number 117001C. On 7 January 2011 with the approval of Shareholders in general meeting, the Company was re-registered as a company under the Isle of Man Companies Act 2006 with registered number 006491v. South African Property Opportunities plc and its subsidiaries' (the "Group") investment objective is the orderly realisation of a portfolio of real estate assets in South Africa and the subsequent return of capital to the shareholders.

The Company's property activities were managed by Group Five Property Developments (Pty) Limited ("Group Five"). Bridgehead Real Estate Fund (Pty) Ltd ("Bridgehead") was appointed as the replacement investment manager with effect from 1 July 2014 until 2 May 2019. The Company's administration is delegated to Galileo Fund Services Limited (the "Administrator"). The registered office of the Company is Millennium House, 46 Athol Street, Douglas, Isle of Man, IM1 1JB.

Pursuant to a prospectus dated 20 October 2006 there was an authorisation to place up to 50 million shares. Following the close of the placing on 26 October 2006, 30 million shares were issued at a price of 100p per share.

The shares of the Company were admitted to trading on the AIM Market of the London Stock Exchange ("AIM") on 26 October 2006 when dealings also commenced. On the same date the shares of the Company were admitted to the Official List of the Channel Islands Stock Exchange (the "CISX").

As a result of a further fundraising in May 2007, 32,292,810 shares were issued at a price of 106p per share, which were admitted to trading on AIM on 22 May 2007.

On 4 June 2018 the listing of the Company's shares on the AIM market of the London Stock Exchange and on TISE was cancelled.

The Company's agents perform all functions, other than those carried out by the Board's non-executive directors.

The financial statements were authorised for issue by the directors onxx November 2019.

Financial year end

The financial period end of the Company has been changed from 30 June to 31 December.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial statements have been prepared on a going concern basis, with assets stated at realisable amounts and provisions of the estimated liquidation costs.

Adoption of new and revised International Financial Reporting Standards (IFRSs)

A number of new standards, amendments to standards and interpretation are effective for annual periods beginning after 1 January 2018, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group. The relevant standards are as follows.

Notes to the Financial Statements (continued)

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Adoption of new and revised International Financial Reporting Standards (IFRSs)

Reference	Title	Summary	Application date of standard (Periods commencing on or after)
IFRS 2	Share-based payments	Amendments to classification and measurement of share-based payment transactions	1 January 2018
IFRS 9	Financial instruments	Revised standard for accounting for financial instruments	1 January 2018
IFRS15	Revenue from contracts with customers	Specifies how and when to recognise revenue from contracts as well as requiring more information and relevant disclosures	1 January 2018
IFRS16	Leases	Principles for the recognition, measurement, presentation and disclosure of leases	1 January 2019
IFRS17	Insurance contracts	Principles for the recognition, measurement, presentation and disclosure of insurance	1 January 2021

2.2 Significant accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment
As described in note 15 and note 24, the Group presented the assets and liabilities of Madison Park Properties 40 (Pty) Limited as held for sale. To determine the impairment of asset held for sale, the Group estimated the consideration on the sale as the fair value of the assets and liabilities of Madison Park Properties 40 (Pty) Limited. The assets of the disposal group had been valued based on the contractual disposal proceeds. Liabilities were recorded at amortised cost. The payments and completion of the disposal were delayed and the Investment Manager experienced difficulties in enforcing the contract. The impairment for the year ended 30 June 2017 was released during the period ended 31 December 2018 as it related to a settlement agreement which never completed.

Subsequent to the year end the Company exchanged its third party loan with SAPSPV Holdings RSA (Pty) Limited (notes 11 and 24) for a direct holding of the underlying shares (50% holding) in Madison Park Properties 40 (Pty) Limited for consideration of ZAR 11,000,000 (£646,416).

Madison Park Properties 40 (Pty) Limited was sold subsequent to its reacquisition post period end (Note 25). The loan has been impaired by £183,673 to reflect the net proceeds achieved on disposal.

(b) Trade receivables and Loans and receivables
The Group assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Notes to the Financial Statements (continued)

2 Summary of significant accounting policies (continued)

2.2 Significant accounting estimates and judgements

(c) Provision for ongoing costs and liquidation costs

As described in note 8, the company has made a prior year adjustment to reverse the provision made in the financial statements for the year ended 30 June 2017.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Pound Sterling, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the company income statement.

(c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates; and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is disposed of, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale. On the partial disposal of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of exchange differences recognised in other comprehensive income is re-attributed to the non-controlling interests. In any other partial disposal of a foreign operation, the proportionate share of the cumulative exchange differences recognised in other comprehensive income is reclassified to profit and loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 Revenue and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of inventory in the ordinary course of the Group's activities and rental income received or receivable in relation to operating leases. Revenue is shown net of value added tax.

The Group recognises revenue from the sale of inventory on the transfer of the risks and rewards of ownership, which is when all the contractual conditions of sale have been met.

Operating lease income in respect of rents is recognised in the income statement on a straight-line basis over the period of the lease and relates to leases in which a significant portion of the risks and rewards of ownership are retained by the Group, as lessor, and are classified as operating leases.

Notes to the Financial Statements (continued)

2 Summary of significant accounting policies (continued)

2.4 Revenue and expense recognition (continued)

Interest income is recognised in the financial statements on a time-proportionate basis using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the period.

Expenses are accounted for on an accruals basis.

2.5 Basis of consolidation

Subsidiaries
Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists, the company considers all relevant facts and circumstances including the size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights, substantive potential voting rights held by the company and by other parties, other contractual arrangements and historic patterns in voting attendance.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and continue to be included until control is lost or ceases.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Transactions and non-controlling interests
The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised gains/losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2.6 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its chief operating decision-maker is the Board of the Company.

The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Based on this internal reporting to the Board, it has been determined that there is only one operating segment, property development in the Republic of South Africa.

2.7 Financial assets and financial liabilities

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. The Board determine the classification of its financial assets at initial recognition. At 31 December 2018 the Group did not have any financial assets at fair value through profit or loss or available for sale.

Notes to the Financial Statements (continued)

2 Summary of significant accounting policies (continued)

2.7 Financial assets and financial liabilities (continued)

Trade and other receivables
Trade and other receivables and loans to third parties are stated at their cost, less any impairment losses

Cash at bank
Cash at bank are stated at fair value.

Trade and other payables
Trade and other payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

Third party loan
Third part loans are valued at fair value through profit or loss.

2.8 Inventories

Land and buildings that are being developed for future sale are classified as inventory and recorded at cost on initial recognition. Building costs and borrowing costs in relation to inventory are capitalised. Land and building for development is subsequently carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

2.9 Assets and Liabilities Held for Sale and Disposal Groups

Assets and disposal groups are classified as held for sale when it is established that management have a committed plan to sell which is unlikely to be significantly changed or withdrawn, the assets are available for immediate sale with an active programme initiated to locate a buyer and are being marketed at a reasonable price in relation to fair value with a sale being highly probable within 12 months of classification.

Assets or disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Any resulting impairment loss is recognised in profit or loss. Once classified as held for sale, these assets are not depreciated and are disclosed separately on the face of the balance sheet within current assets.

2.10 Taxation

The Company is resident for taxation purposes in the Isle of Man and is subject to income tax at a rate of zero per cent. The Group is liable for tax in the Republic of South Africa on the activities of its subsidiaries.

The tax expense represents the sum of the tax currently payable, which is based on taxable profits for the period. The Group's liability is calculated using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Notes to the Financial Statements (continued)

2 Summary of significant accounting policies (continued)

2.10 Taxation (continued)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Distributions

Distributions are recognised as a liability in the period in which they are declared and approved.

3 Risk management in respect of financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The financial risks relate to the following financial instruments: loans and receivables and other liabilities as detailed in note 2.7.

Foreign currency risk
Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's operations are conducted in jurisdictions which generate revenue, expenses, assets and liabilities in currencies other than Pound Sterling ("the functional currency of the Company"). As a result the Group is subject to the effects of exchange rate fluctuations with respect to these currencies. The currency giving rise to this risk is the South African Rand.

The Group's policy is not to enter into any currency hedging transactions. The table below summarises the Group's exposure to foreign currency risk in respect of its financial instruments:

31 December 2018	Monetary Assets £'000	Monetary Liabilities £'000	Total £'000
South African Rand	488	-	-
	488	**-**	**-**

30 June 2017	Monetary Assets £'000	Monetary Liabilities £'000	Total £'000
South African Rand	260	(1,643)	(1,383)
	260	**(1,643)**	**(1,383)**

At 31 December 2018, had the Pound strengthened/weakened by 5 per cent. against the South African Rand, with all other variables held constant, the impact on equity of the above financial instruments would be a decrease of £23,000 or an increase of £26,000 (30 June 2017: 10 per cent. currency movement, increase of £126,000 or a decrease of £154,000).

For the period ended 31 December 2018 the income statement included a foreign exchange gain of £14,757 arising on assets denominated in South African Rand. For the year ended 30 June 2017 the income statement included a foreign exchange gain of £3,456,408 which included a gain of £3,438,467) arising on the translation of the loan from the Company to its direct subsidiary, SAPSPV Holdings RSA (Pty) Limited; a loan which was denominated in South African Rand. On consolidation, the corresponding foreign exchange loss arising on translation of this loan in SAPSPV Holdings RSA (Pty) Limited from the functional currency of South African Rand to the presentation currency of Pound Sterling was included in the foreign currency translation reserve within equity.

Notes to the Financial Statements (continued)

3 Risk management in respect of financial instruments (continued)

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. This relates also to financial assets carried at amortised cost.

At the reporting date, the Group's financial assets exposed to credit risk amounted to the following:

	31 December 2018 £'000	30 June 2017 £'000
Third party loan	415	-
Trade and other receivables	73	258
Cash at bank	33	548
Assets of disposal group held for sale	-	1
	521	**807**

The Group manages its credit risk by monitoring the creditworthiness of counterparties regularly. Cash transactions and balances are limited to high-credit-quality financial institutions. Trade and other receivables balance at 31 December 2018 principally comprise escrow accounts relating to the disposal of the Group's subsidiary.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due. The Group currently manages its liquidity risk by maintaining sufficient cash and banking facilities as indicated by its cashflow forecasts. The Group's liquidity position is monitored by the Board of Directors.

The residual undiscounted contractual maturities of financial liabilities are as follows:

31 December 2018	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	Over 5 years £'000	No stated maturity £'000
Financial liabilities						
Trade and other payables	82	-	-	-	-	-
	82	**-**	**-**	**-**	**-**	**-**

30 June 2017 (as restated)	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	Over 5 years £'000	No stated maturity £'000
Financial liabilities						
Trade and other payables	67	17	53	-	-	-
Liabilities of disposal group classified as held for sale	-	2	4	-	-	1,598
	67	**19**	**57**	**-**	**-**	**1,598**

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk from the cash held in interest bearing accounts at floating rates or short term deposits of one month or less and on loans from third parties. The Company's Board of Directors monitor and review the interest rate fluctuations on a continuous basis and act accordingly.

Notes to the Financial Statements (continued)

3 Risk management in respect of financial instruments (continued)

Interest rate risk
During the period ended 31 December 2018 should interest rates have decreased by 100 basis points, with all other variables held constant, the shareholders' equity and profit for the period would have been £3,000 lower (2017: 100 basis points, £4,000 lower).

Capital risk management
The Company's primary objective when managing its capital base is to safeguard its ability to continue as a going concern whilst disposing of the Group's portfolio where acceptable returns can be generated and returning excess capital to shareholders.

Capital comprises share capital (see note 16) and reserves.

No changes were made in respect of the objectives, policies or processes in respect of capital management during the periods ended 30 June 2017 and December 2018.

4 Segment Information

The entity is domiciled in the Isle of Man. All of the reported revenue, £nil (2017: £9,093) arises in South Africa.

5 Cost of sales

	Period 1 July 2017 to 31 December 2018 £'000	Year ended 30 June 2017 £'000
Property expenses	23	30
	23	30
Impairment of inventories (note 12)	-	1
Total cost of sales	**23**	**31**

Property expenses comprise utilities, rates and related expenses incurred in respect of Brakpan.

6 Investment Manager's fees

Annual fees
Bridgehead was appointed as the replacement investment manager with effect from 1 July 2014 and was entitled to an annual management fee of £175,000 per annum (excluding VAT) up to the date of termination on 2 May 2018. Management fees for the period ended 31 December 2018 paid to Bridgehead amounted to £166,250 (30 June 2017: £199,500) including VAT.

Performance fees
Bridgehead is entitled to a performance fee of 1.5% of the net proceeds received by the Group following the sale of an asset under the investment management agreement dated 1 July 2014. Performance fees for the period ended 31 December 2018 amounted to £nil (ZAR nil) (30 June 2017: £43,543 (ZAR 735,000)).

The Group entered into a termination deed on 1 July 2014 with Group Five under which the Group has agreed to pay Group Five a fee of 0.5% of the net proceeds received by the Group following the sale of an asset until 1 January 2016. This is settled by Bridgehead out its 1.5% performance fee.

Notes to the Financial Statements (continued)

7 Other administration fees and expenses

	Period 1 July 2017 to 31 December 2018 £'000	Year ended 30 June 2017 £'000
Audit	41	46
Directors' remuneration and fees	158	151
Directors' insurance cover	16	14
Professional fees	64	82
Other expenses	204	182
Administration fees and expenses	**483**	**475**

Included within other administration fees and expenses are the following:

Directors' remuneration

The maximum amount of basic remuneration payable by the Company by way of fees to the Non-executive Directors permitted under the Articles of Association is £200,000 per annum. All Directors are each entitled to receive reimbursement of any expenses incurred in relation to their appointment. The former Chairman, David Hunter, was entitled to receive an annual fee of £40,000, Stephen Coe was entitled to an annual fee of £35,000 and David Saville was entitled to an annual fee of £15,000. Mr Meyer is entitled to receive an annual fee of £82,200.

Executive Directors' fees

John Chapman was entitled to an annual basic salary of £30,000 and Craig McMurray was entitled to an annual basic salary of £20,000. Pursuant to the terms of their service agreements, Craig McMurray and John Chapman were entitled to incentive payments of, respectively, 1.5 per cent. and 0.5 per cent. of all sums distributed to shareholders. Their services agreements also provide for payments of the same percentages, following termination of their employment, for distributions paid or payable from cash generated during their employment. Total incentive fees for the period ended 31 December 2018 amounted to £nil (30 June 2017: £115,242).

All directors' remuneration and fees

Total fees and basic remuneration (including VAT where applicable) paid to the Directors for the period ended 31 December 2018 amounted to £157,658 (30 June 2017: £151,000) and was split as below. Directors' insurance cover amounted to £15,701 (30 June 2017: £13,890).

	Period 1 July 2017 to 31 December 2018			Year ended 30 June 2017		
	Basic fee/salary £'000	Incentive fees £'000	Total £'000	Basic fee/salary £'000	Incentive fees £'000	Total £'000
David Hunter	40	-	40	48	-	48
David Saville	14	-	14	18	-	18
Stephen Coe	29	-	29	35	-	35
Michael Meyer	29	-	29	-	-	-
	112	-	112	101	-	101
John Chapman	28	-	28	30	29	59
Craig McMurray	18	-	18	20	86	106
	46	-	46	50	115	165
	158	**-**	**158**	**151**	**115**	**266**

Notes to the Financial Statements (continued)

8 Prior year adjustment

During the year ended 30 June 2017, the directors of the company made a provision for fees and expenses expected to be incurred in liquidating the company and realising its assets, amounting to £511,643. As the resolution to appoint the liquidators was not passed the at the year end, the provision is not permitted by International Accounting Standard 39.

The line items of the financial statements affected and value of correction are as follows:

	As at 1 July 2016	**As at 30 June 2017**
	£'000	**£'000**
Profit for the period/year	-	4,179
Adjustment to prior period	-	512
As restated	-	4,691
Total comprehensive expense for the period/year	-	367
Adjustment to prior period	-	512
As restated	-	879
Retained earnings	1,639	(198)
Adjustment to prior period	-	512
As restated	1,639	314
Total Equity	5,974	(155)
Adjustment to prior period	-	512
As restated	5,974	357
Total liabilities and current liabilities	1,553	2,253
Adjustment to prior period	-	512
As restated	1,553	1,741

9 Income tax expense

	Period 1 July to 31 December 2018 £'000	Year ended 30 June 2017 £'000
Current tax	**-**	**-**

The tax on the Group's (loss)/profit before tax is higher than the standard rate of income tax in the Isle of Man of zero per cent. The differences are explained below:

	Period 1 July to 31 December 2018 £'000	Year ended 30 June 2017 As restated £'000
Profit before tax	(498)	4,691
Tax calculated at domestic tax rates applicable in the Isle of Man (0%)	-	-
Effect of higher tax rates in South Africa (28%)	-	-
Tax expense	**-**	**-**

Notes to the Financial Statements (continued)

10 Basic and diluted (loss)/profit per share

Basic profit per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of shares in issue during the period.

	Period 1 July 2017 to 31 December 2018	Year ended 30 June 2017
Profit attributable to equity holders of the Company (£'000)	(498)	4,691
Weighted average number of shares in issue (thousands)	62,293	62,293
Basic profit per share (pence per share)	**(0.80)**	**7.12**

The Company has no dilutive potential ordinary shares; the diluted earnings per share is the same as the basic earnings per share.

11 Third party loan

	31 December 2018 £'000	30 June 2017 £'000
Start of the period/year	-	-
Exchanged for shares on sale (note 24)	646	-
Impairment	(184)	-
Exchange differences	(47)	-
End of the period/year	**415**	**-**

During the period the Group exchanged its holding in and intercompany loan with its subsidiary Madison Park Properties 40 (Pty) Limited for a loan of ZAR 11,000,000 due from SAPSPV Holdings RSA (Pty) Limited, a former subsidiary of the Group.

Subsequent to the year end the Company exchanged its third party loan with SAPSPV Holdings RSA (Pty) Limited (notes 11 and 24) for a direct holding of the underlying shares (50% holding) in Madison Park Properties 40 (Pty) Limited for consideration of ZAR 11,000,000 (£646,416).

Madison Park Properties 40 (Pty) Limited was sold subsequent to the reacquisition post period end (Note 25). The loan has been impaired to reflect the net proceeds achieved on disposal.

12 Inventories

Current assets	31 December 2018 £'000	30 June 2017 £'000
Start of the period/year	-	3,187
Costs capitalised	-	1
Impairment	-	(1)
Transfer to assets held for sale (note 15)	-	(1,283)
Disposal via sale of subsidiary	-	(2,423)
Exchange differences	-	519
End of the period/year	**-**	**-**

At 31 December 2018 all developments had been sold. At 30 June 2017 all developments had been sold or reclassified as assets held for sale.

Notes to the Financial Statements (continued)

13 Trade and other receivables

	31 December 2018 £'000	30 June 2017 £'000
Prepayments	-	8
VAT receivable	-	4
Proceeds due from sale of inventory and sale of subsidiary (note 24) *	73	254
Trade and other receivables	**73**	**266**

* proceeds held in escrow by the South African administrator (ZAR 936,880 (£51,019) and by the Chairman Michael Meyer (ZAR 400,000 (£21,782))

The fair value of trade and other receivables approximates their carrying value.

14 Cash and cash equivalents

	31 December 2018 £'000	30 June 2017 £'000
Bank balances	33	548
Cash at bank	**33**	**548**

15 Disposal Group Classified as Held for Sale

15.1 Assets of Disposal Group

The assets and liabilities of Madison Park Properties 40 (Pty) Limited (owning the assets of the Brakpan Project) were presented as held for sale as at 30 June 2017.

	31 December 2018 £'000	30 June 2017 £'000
Inventories	-	1,283
Trade and other receivables	-	1
Total	**-**	**1,284**
Of which fair value measurements use:		
- Quoted prices in active markets for identical assets (Level 1)	-	-
- Significant other observable inputs (Level 2)	-	-
- Significant unobservable inputs (Level 3)	-	1,284

15.2 Liabilities of Disposal Group

	31 December 2018 £'000	30 June 2017 £'000
Loans from third parties	-	1,480
Trade and other payables	-	124
Total	**-**	**1,604**
Of which fair value measurements use:		
- Quoted prices in active markets for identical assets (Level 1)	-	-
- Significant other observable inputs (Level 2)	-	-
- Significant unobservable inputs (Level 3)	-	1,604

Notes to the Financial Statements (continued)

15 Disposal Group Classified as Held for Sale (continued)

The assets of the disposal group were valued based on the contractual disposal proceeds. Liabilities were recorded at amortised cost. The payments and completion of the disposal were delayed and the Investment Manager experienced difficulties in enforcing the contract. On 1 July 2017 the shares were exchanged for a loan (note 24).

16 Share capital

Ordinary Shares of 1p each	As at 30 June 2017 & 31 December 2018 Number	As at 30 June 2017 & 31 December 2018 £'000
Authorised	150,000,000	1,500
Issued and fully paid up	62,292,810	623

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

No distributions were paid during the period (year ended 30 June 2017: 7.25 pence per Ordinary Share on 27 January 2017 and 2 pence per Ordinary Share on 23 June 2017).

17 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	**Description and purpose**
Foreign currency translation reserve	Gains/losses arising on retranslating the net assets of overseas operations into the presentation currency.
Retained earnings	All other net gains and losses and transactions with owners (e.g.dividends) not recognised elsewhere

18 Net asset value ("NAV") per share

	31 December 2018	30 June 2017 As restated
Net assets attributable to equity holders of the Company (£'000)	439	1,297
Shares in issue (in thousands)	62,293	62,293
NAV per share (£)	**0.01**	**0.02**

19 Non-controlling interests

Subsidiary	Country of incorporation	Percentage of shares held	Assets £'000	Liabilities £'000	Profit/(loss) allocated to NCI period ended 31 December 2018 £'000	Accumulated NCI 31 December 2018 £'000
Madison Park Properties 40 (Pty) Limited	South Africa	50%	-	-	-	-

On 1 July 2017 the shares were exchanged for a loan (note 24).

Notes to the Financial Statements (continued)

20 Loans from third parties

	31 December 2018 £'000	30 June 2017 £'000
Start of the period/year	-	1,280
Transfer to liabilities held for sale (note 15.2)	-	(1,480)
Exchange differences	-	200
End of the period/year	**-**	**-**

21 Trade and other payables

	31 December 2018 £'000	30 June 2017 £'000
Trade payables	-	1
Directors fees payable	4	-
Management fees payable	-	17
Performance fees payable	-	3
Other payables	78	116
Trade and other payables	**82**	**137**

The fair value of trade and other payables approximates their carrying value.

22 Contingent liabilities and commitments

As at 31 December 2018 the Group had no contingent liabilities or commitments.

23 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial or operational decisions. Key management is made up of the Board of Directors who are therefore considered to be related parties and the transactions were made at arm's length. Fees in relation to the Directors are disclosed in note 7.

The investment manager, Bridgehead Real Estate Fund (Pty) Ltd, is a company managed by Craig McMurray, who was an Executive Director of the Company. Fees in relation to Bridgehead are disclosed in note 6 and fees in relation to the Executive Directors are disclosed in note 7.

During the period a liquidator was appointed for both Crimson King Properties 378 (Pty) Limited and Business Venture Investments No 1187 (Pty) Limited.

Notes to the Financial Statements (continued)

24 Loss on disposal of subsidiary and third party loan

During the period the Group exchanged its holding in and intercompany loan with its subsidiary Madison Park Properties 40 (Pty) Limited for a loan with a total consideration of ZAR 11,000,000 (£646,416) with a former subsidiary of the Company (SAPSPV Holdings RSA (Pty) Limited) resulting in a net profit on disposal of £186,639 as follows:

	£'000
Inventory (note 15.1)	1,283
Trade and other receivables	-
Cash and cash equivalents	1
Trade and other payables	(5)
Intercompany loan	(1,689)
Loans from third parties (note 15.2)	(1,480)
Total identifiable net liabilities	**(1,890)**
Non-controlling interest	940
Intercompany loan	1,689
Total interest	**739**
Consideration	(646)
Loss on disposal	93
Accumulated foreign exchange differences arising on subsidiary operations reclassified from equity to profit and loss	(280)
Net profit on disposal	(187)

During the period, additional surplus cash balances were deemed receivable in relation to the sale of the principal South African subsidiary, SAPSPV Holdings RSA (Pty) Limited, of ZAR 456,892 (£27,473).

25 Post Balance Sheet Event

On 10 June 2019 the Company exchanged its third party loan with SAPSPV Holdings RSA (Pty) Limited (notes 11 and 24) for a direct holding of the underlying shares (50% holding) in Madison Park Properties 40 (Pty) Limited for consideration of ZAR 11,000,000 (£646,416) recognising additional exchange loss of £20,651.

On 19 August 2019 ZAR 1 million (£53,445) was received into the escrow account as a deposit on account for the sale of Madison Park Properties 40 (Pty) Limited. The sale was finalised on 29 September 2019 for total consideration of ZAR 10 million (£537,785) and net consideration after expenses of £415,341. ZAR 10 million was received in escrow on 29 September 2019.

On 10 September 2019 75 million Ordinary Shares were allotted, 37,500,000 to Mr Michael Meyer (Chairman of the Company) and 37,500,000 to Mr Barry Hersh, increasing the Company's issued share capital to 137,292,810.

On 2 October 2019 at the EGM the resolution was passed to increase the authorised share capital to 200,000,000 shares at 1 pence per share.