AFRISTRAT INVESTMENT HOLDINGS LIMITED
(formerly Ecsponent Limited)
Incorporated in the Republic of South Africa
Registration number: 1998/013215/06
JSE Code: ATI - ISIN: ZAE000287587
Debt Issuer Code: ATID
Hybrid Issuer Code: ATIG
("**Afristrat**" or "**the Company**" or "**the Group**")

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020 OF AFRISTRAT AND ITS SUBSIDIARIES

The Board of directors of Afristrat ("**the Board**") presents the condensed consolidated interim financial statements of the Group for the six-month period ending 30 September 2020.

The six-month period reflects the positive effect of the debt reduction and restructuring process, corporate restructuring and cost reductions implemented by the Company.

The Groups' financial metrics compared to the prior six months reflect the effect of the initiatives implemented to stabilise the business and are set out below:

- Total assets decreased by 41% to R889 million compared to R1.5 billion;
- Total liabilities decreased by 77% to R867 million compared to R3.7 billion;
- Revenue decreased by 99.19% to R368 thousand compared to R45 million;
- Operating losses decreased by 85.53% to R287 million compared to R1.981 billion;
- Loss per share ("**LPS**") decreased by 99.39% to a LPS of 1.003 cents per share compared to 165.443 cents per share;
- Headline loss per share ("**HLPS**") decreased by 99.40% to a HLPS of 0.988 cents per share compared to 165.704* cents per share;
- Credit impairments decreased by 96.63% to R9.9 million compared to R294 million; and
- Fair value losses decreased by 82.79% to a loss of R297 million compared to a loss of R1.7 billion.

**Shareholders should note the comparative number differs from the Trading Statement which reflected 165.443 due to an erroneous inclusion of the incorrect comparative figure in the Trading Statement.*

Afristrat's Board implemented the following interventions during the six-month period and up to the date of this report, in order to improve the solvency and liquidity of the Group:

- The restructure of the R5 billion JSE Limited ("**JSE**") listed preference share programme in the Extraordinary General Meeting on 27 May 2020 in order to achieve a solvent position and alignment with the liquidity profile of the Group's equity investments; resulting in Afristrat converting total preference share debt of R2.32 billion into equity, of which R1.8 billion converted into ordinary shares and R521 million converted into a new hybrid preference share.
- Entering into negotiations with debt holders to restructure debt facilities.
- Exit of non-core investments through:
    - The disposal of MHMK Capital (Pty) Ltd for a purchase consideration of R18 million;
    - Exit of Capitis vehicle; and
    - Disposal of MyBucks Zambia for a consideration of USD1.5million, subject to in-country Reserve Bank approvals, in order to settle current debts.
- Rationalisation of the business operations to reduce costs, resulting in a reduction of staff from approximately 80 to 12 and operational cost savings of up to 60%.
- New appointments to the Board of Afristrat and redeployment of directors to the Board of its largest investment, MyBucks S.A.
- Successful issue of 8 808 624 705 Afristrat ordinary shares to settle debt of R215.8 million.

The Board wishes to thank its shareholders for their support and vote of confidence in the rebuilding process commenced during this six-month period, which was reflected in the overwhelming positive participation in the debt-to-equity transaction and the recent annual general meeting.

OPERATIONAL REVIEW

Group Overview

Below is an overview of the Group's operations for the six-month period ended 30 September 2020.

Private Equity

The Board implemented various restructuring initiatives which included a strategic shift from a Group which focused on both private equity investments and financial services to a Group that focuses almost exclusively on private equity investments. Fundamental to Afristrat's future success is the portfolio of equity assets that provide platforms to unlock sustainable medium to long term returns. The Equity business unit investment strategy is to invest in companies with significant intellectual property, which provide high barriers to entry, command sustainable margins and employ robust business models. The Group holds investments in banking, financial services, renewable energy, and mining.

The Group's investment portfolio at 30 September 2020 consisted of:

Division	Investment
Banking and Financial Services	**42.97%** in MyBucks S.A. ("**MyBucks**") **32.8%** in Getbucks Microfinance Bank Limited ("**Getbucks Zimbabwe**")
Renewable Energy	**70%** in Invest Solar Africa Limited ("**Invest Solar Africa**")
Mining	**51%** in Chrome Valley Mining Private Limited ("**Chrome Valley Mining**" or "**CVM**").

The significant exposure to MyBucks, has continued to put pressure on the financial results for the six-month period, with further downward fair value adjustments recorded.

Below is a summary of the investments which are expected to contribute to the future value of the Group.

Banking and Financial Services

MyBucks and Getbucks Zimbabwe

MyBucks is an African focused banking Group incorporated in Luxembourg and listed on the Frankfurt Stock Exchange. Through its presence in five African countries (Uganda*, Zambia*, Mozambique*, Malawi and Zimbabwe), it provides financial products and services such as impact loans, unsecured credit, banking solutions and insurance products.

**Disposed of subject to Regulatory Approvals*

During the six-month period ended 30 September 2020, the Group deployed two of its Non-Executive directors to the Board of MyBucks, to perform an in-depth assessment and complete the final phase of restructuring in order to:

- accelerate the elimination of the debt overhang at the MyBucks holding company level;
- assess, develop and implement an effective strategy to rebuild value in MyBucks; and
- identify a roadmap to unlock future value for MyBucks and Afristrat.

During this six-month period, MyBucks managed to effectively enter into various transactions and agreements to finally deal with all residual debt which amounted to EUR108million when the restructuring process commenced.

These initiatives resulted in the following announced transactions:

- Disposal of Opportunity Bank of Uganda to settle third party debts*
- Disposal of MBC Mozambique and MyBucks Zambia to settle third party debts*
- Disposal of 25% of MBC Malawi to settle third party debts*
- Disposal of Getbucks Botswana and Getbucks Mauritius to a related party

**Subject to in-country regulatory approvals*

After completion of all debt restructuring initiatives above, MyBucks will effectively remain with:

- An investment in Getbucks Zimbabwe of 52%
- An investment in MBC Malawi of 49%

An analysis of the final position has brought the realisation that the future prospects of MyBucks as an investment vehicle is unsustainable and would not provide any realistic turnaround value for Afristrat in the future.

The Board has therefore started a strategic review to actively pursue the best route to rebuild value from the remaining two assets in MyBucks, and to recapitalise Afristrat in order to rebuild its financial services and banking division. Refer to the Prospects section for further details.

Renewable Energy

Invest Solar Africa

Invest Solar Africa is an investment vehicle focused on renewable energy opportunities in markets within Africa. It focuses on small projects of up to 30 megawatts, a niche that early movers often ignore owing to a preference for larger scale projects. This project size generally attracts higher feed-in tariffs and, as technology evolves, can be scaled up to reduce the overall investment per megawatt, resulting in improved returns. Invest Solar Africa's project pipeline, coupled with an experienced team and a clear strategic path forward, should ensure that the entity goes from strength to strength.

Invest Solar Africa's target is to raise and direct a total sum of USD 150 million in funding for renewable energy projects with an aggregate generation capacity of over 300 megawatts over the next 5 years.

Invest Solar Africa is in the final phases of commissioning the 20-megawatt Harava, Phase 1 Solar project in Zimbabwe, which is expected to provide the first 20MW in the first quarter of 2021. The 30-megawatt Zhenje and the 20-megawatt Harava Phase 2 Solar projects in Zimbabwe are in initial construction phase.

Invest Solar Africa has also commenced with the development of the following projects, which, in combination with the Zimbabwean projects, total a pipeline of 150 megawatts:

- a 20-megawatt plant in Botswana;
- a 20-megawatt plant in eSwatini;
- a 20-megawatt plant in Mozambique; and
- a 20-megawatt plant Zambia.

Mining

Chrome Valley Mining

ECS Private Equity Limited (formerly Ecsponent Botswana Limited) acquired 51% of CVM during the period. CVM is a private exploration company incorporated in Zimbabwe that holds a total of 2,400-hectares (ha) of claims located 40 kilometres Northeast of Guruve town centre which is in the extreme northern part of the Great Dyke. Zimbabwe is estimated to hold 12% of the world's resource of metallurgical chrome, mainly on the Great Dyke with a chromic oxide range of 47% to 60% and chromium to iron ratios ranging between 2:2 and 4:1.

The initial trenching work focused mainly on the 600ha first phase, comprising about 25% of the total Mining Claims. 753 metric kilotons (kt) of the Chrome mineral resources potential of 1 903kt was upgraded from a "deposit" to an inferred mineral resource as a result of the trenching work. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially extractable chrome deposits, and therefore the estimated mineral resource tonnage and grade have an associated risk of discovery and development. It is anticipated that further planned assessments during the next phase, being the initial diamond drilling exploration work, will result in an increase in confidence and an upgrade of some or all of the inferred mineral resources to indicated or measured resources.

An independent valuation was undertaken to obtain an indicative mineral asset value, performed in compliance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves and the South African Code for the Reporting of Mineral Asset Valuation. The indicative value placed on the inferred mineral resources contained in the initial 600ha is USD 18.08 million (R324.26 million).

The investment is classified as an exploration asset.

Further development of this asset requires additional capital investment, in order to complete the full feasibility assessment. Based on the current political environment in Zimbabwe, opportunities remain constrained and the Board is currently assessing the best option to build value from this investment, with a view to develop and extract value over the medium to long term.

Credit

The Group's Credit operations historically have provided secured credit to its commercial client base, consisting of emerging businesses and individuals, Small and Medium Enterprises (SMEs) and Large corporate businesses.

As stated above, the Group is in the process of exiting from its credit operations with a focus to provide funding to underlying private equity investments.

COVID 19 – IMPACT

The outbreak of Covid-19 (Coronavirus) and the resultant extended lockdown has resulted in mass production shutdowns and supply chain disruptions resulting in ripple effects across all economic sectors; concomitantly, most countries have revised their growth forecasts downward. The duration of the Covid-19 pandemic and long-term magnitude of the economic shock on the Group's businesses, and those of its clients in the countries in which the Group operates, remains unknown and uncertain with a second wave of infections hitting Europe and the USA, resulting in new lockdown restrictions. While there is no doubt the current developments will have an impact on our clients and the Group's financial performance, the high level of uncertainty is further complicated by evolving scientific data on the virus and the expected timing of vaccines which makes it difficult to estimate the financial effects of the pandemic, at this time.

Countries in which the Group's underlying investments operate, have recorded cases of coronavirus; each country is going through its own set of unique challenges, ranging from partial to full lockdowns. The Group is following directives from the respective governments, national health agencies and the World Health Organisation in order to control the spread of the virus. Our banking subsidiaries under MyBucks, which are regarded as essential services during this difficult time, have implemented measures to ensure business continuity and adequate service and support to clients, whilst ensuring a safe environment under the guidelines of the World Health Organisation.

The Group is closely monitoring the situation and is fully committed to ensuring the safety of its clients and employees. In this respect, the Group has implemented measures to ensure smooth information dissemination and has also enhanced several preventative measures, including significantly increasing hygiene and safety conditions wherever employees are rendering essential services and effectively maintaining and implementing social distancing and/or working from home policies. As the situation develops, decisions are continually reassessed, and additional measures implemented that are considered necessary to adapt to the changing environment. The Group will update the market of further developments from time to time.

PROSPECTS

Afristrat's private equity operations investment philosophy is to invest in a diversified portfolio of companies operating in high growth sectors and with an ability to generate a minimum return of 30% in South African Rands over a long-term period. Over the past six months, the Company has established the necessary building blocks to redevelop and rebuild its private equity investment portfolio in very difficult and turbulent market conditions.

The detailed and fundamental assessment of the prospects related to the MyBucks investment has necessitated the Company to reconsider its long-term plan in relation to this investment. The ability to rebuild a sustainable and value accretive business around the MyBucks investment has been determined as unfeasible. The Company is therefore in the process of extracting the maximum amount of value from any remaining assets held by MyBucks and developing a detailed strategy to rebuild its banking and financial services platform around these assets in a new structure, with the need for further recapitalisation and complementary acquisitions, considered as essential.

The Board of Afristrat will now focus on rebuilding its underlying equity investment and remains confident that the investments will provide returns in the medium to long term to its investors, being the next three to five years.

FINANCIAL RESULTS

Presented below are the unaudited condensed consolidated financial statements for the six-months ended 30 September 2020.

Condensed Consolidated Interim Statement of Financial Position as at 30 September 2020

		Group	
		Unaudited	**Audited**
		At 30 Sept	**At 31 Mar**
		2020	**2020**
	Notes	**R '000**	**R '000**
ASSETS			
Cash and cash equivalents		1 835	9 511
Assets held for sale	3	28 290	3 248
Current tax receivable		6 135	6 132
Trade and other receivables		15 416	30 387
Loans and advances	4	245 521	240 665
Other financial assets	5	71 140	243 624
Investments in associates	6	297 301	648 139
Mineral and exploration asset		22 694	23 719
Deferred tax asset	8	190 721	284 527
Property, plant and equipment		9 680	15 841
TOTAL ASSETS		**888 733**	**1 505 793**
LIABILITIES			
Bank overdraft		46	81
Current tax payable		-	23
Trade and other payables		69 899	61 838
Preference shares	11	16 519	2 341 548
Other financial liabilities	10	607 154	1 068 100
Note programme	9	165 612	161 099
Deferred tax liability		2 551	63 653
Lease liabilities		5 083	9 339
TOTAL LIABILITIES		**866 864**	**3 705 681**
ASSETS MINUS LIABILITIES		**21 869**	**(2 199 888)**
EQUITY			
Equity and reserves			
Share capital	12	2 164 347	145 170
Hybrid preference shares	8	521 394	-
Accumulated loss		(2 571 063)	(2 233 857)
Reserves		(92 324)	(118 515)
Equity attributable to equity holders of parent		**22 354**	**(2 207 202)**
Non-controlling interest		(485)	7 314
TOTAL EQUITY		**21 869**	**(2 199 888)**

FINANCIAL RESULTS

Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income or Loss for the six-month interim period ended 30 September 2020

		Group	
	Notes	**Unaudited 6-months ended 30 Sept 2020 R '000**	**Unaudited 6-months ended 31 Dec 2019 R '000**
Revenue		368	45 027
Cost of sales		(48)	(39 816)
Gross profit		**320**	**5 211**
Interest income		29 065	93 175
Interest expenses		(24 750)	(59 490)
Net interest income		**4 315**	**33 685**
Fair value loss	13	(291 975)	(1 657 619)
Dividend income		-	174
Profit on disposal of equity investment	7	8 832	-
Share of net profit of associate		-	3 978
Impairments (raised)/reversed		1 639	(26 380)
Investment loss		**(281 504)**	**(1 679 847)**
Other income		26 455	22 900
Credit impairments		(9 914)	(294 448)
Operating expenses		(26 365)	(69 301)
Operating loss		**(286 693)**	**(1 981 800)**
Finance cost		(16 030)	(151 531)
Loss after finance cost		**(302 723)**	**(2 133 331)**
Taxation	8	(38 114)	353 214
Loss for the period		**(340 837)**	**(1 780 117)**
OTHER COMPREHENSIVE INCOME OR (LOSS)			
Items that may be reclassified to profit and loss:			
Exchange differences on translating foreign operations		26 191	629
Total comprehensive loss		**(314 646)**	**(1 779 488)**

	Notes	Group Unaudited 6-months ended 30 Sept 2020 R '000	 Unaudited 6-months ended 31 Dec 2019 R '000
(LOSS) AND PROFIT AND OTHER COMPREHENSIVE INCOME OR (LOSS) ATTRIBUTABLE TO:			
(Loss)/profit attributable to:			
Owners of the parent		(337 206)	(1 786 045)
Non-controlling interest:		(3 631)	5 928
		(340 837)	**(1 780 117)**
Total comprehensive (loss)/profit attributable to:			
Owners of the parent		(311 015)	(1 785 416)
Non-controlling interest		(3 631)	5 928
		(314 646)	**(1 779 488)**
LOSS PER SHARE - BASIC AND DILUTED			
Basic and diluted loss per share (cents) attributable to equity holders of the parent	14	(1.003)	(165.443)

Condensed Consolidated Statement of Changes in Equity for the interim period ended 30 September 2020

Group	Share capital R'000	Hybrid preference shares R'000	Foreign currency translation reserve R'000	Retained income / (accumulated loss) R'000	Non-controlling interest R'000	Total equity R'000
Balance at 01 July 2019	**145 170**	**-**	**6 132**	**(213 202)**	**842**	**(61 058)**
Loss for the period	-	-	-	(1 786 045)	5 928	(1 780 117)
Other comprehensive income	-	-	629	-	-	629
IFRS 16 adjustment	-	-	-	(185)	-	(185)
Business combinations	-	-	-	-	7 566	7 566
Balance at 31 December 2019	**145 170**	**-**	**6 761**	**(1 999 432)**	**14 336**	**(1 833 165)**
Loss for the period	-	-	-	(234 425)	(5 421)	(239 846)
Other comprehensive loss	-	-	(125 276)	-	-	(125 276)
Disposal of subsidiaries	-	-	-	-	(1 601)	(1 601)
Balance at 31 March 2020	**145 170**	**-**	**(118 515)**	**(2 233 857)**	**7 314**	**(2 199 888)**
Conversion of preference shares	1 783 187	-	-	-	-	1 7843 187
Debt to equity conversion	235 810	-	-	-	-	235 810
Issue of shares	180	-	-	-	-	180
Hybrid preference shares conversion	-	521 394	-	-	-	521 394
Loss for the period	-	-	-	(337 206)	(3 631)	(340 837)
Other comprehensive income	-	-	26 191	-	-	26 191
Disposal of subsidiary	-	-	-	-	(4 168)	(4 168)
Balance at 30 September 2020	**2 164 347**	**521 394**	**(92 324)**	**(2 571 063)**	**(485)**	**(21 869)**

Condensed Consolidated Cash Flow Statement for the interim period ended 30 September 2020

	Unaudited For the 6-month period ended 30 Sept 2020 R '000	Unaudited For the 6-month period ended 31 Dec 2019 R '000
Cash flow from operating activities		
Cash (utilised)/generated by operations	19 727	(7 552)
Finance costs	(9 886)	(184 716)
Taxation paid	(26)	(4 222)
Net cash from operating activities	**9 815**	**(196 490)**
Cash flow from investing activities		
Purchase of property, plant and equipment	-	(1 466)
Proceeds on the disposal of property plant and equipment	-	1 515
Loans and advances - disbursement	(19 954)	(125 092)
Loans and advances – repayments	8 977	25 132
Other financial assets – investments	-	(7 774)
Other financial assets - proceeds	3 992	-
Cash acquired through business combination	(5)	555
Net cash from investing activities	**(6 990)**	**(107 130)**
Cash flow from financing activities		
Preference share issues - proceeds	-	276 415
Preference shares redeemed	-	(61 118)
Note issues – proceeds	-	80 660
Other financial liabilities - raised	2 171	47 870
Other financial liabilities - repaid	(11 111)	(51 437)
Lease payments	(1 526)	(1 373)
Net cash from financing activities	**(10 466)**	**291 017**
Total cash movement for the period	**(7 641)**	**(12 603)**
Effect of exchange rate movement on cash balances	-	6 947
Cash at the beginning of the period	9 476	36 855
Total cash at the end of the period	**1 835**	**31 199**

Notes to the Unaudited Condensed Consolidated Interim Financial Statements for the six-months ended 30 September 2020

1. ACCOUNTING POLICIES, BASIS OF PREPARATION OF RESULTS

The unaudited condensed consolidated interim financial statements for the six-month period ended 30 September 2020 are prepared in compliance with International Financial Reporting Standard ("**IFRS**"), the presentation and disclosure requirements of IAS 34: *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act, (No. 71 of 2008, as amended) of South Africa and the JSE Listings Requirements.

The accounting policies applied in the preparation of these interim financial statements for the period ended 30 September 2020 are in terms of IFRS and are consistent with those adopted in the previous annual financial statements for the year ended 31 March 2020, other than the adoption of those standards that became effective in the current period. These unreviewed condensed consolidated interim financial statements of the Group were prepared under supervision of Mr. T.J. de Kock CA(SA).

2. FINANCIAL INSTRUMENTS – FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1 , 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

Accounting classification and fair values

The following table sets out the Group's classification of each class of financial asset and financial liability, including their carrying values amounts.

30 September 2020	**FVTPL**	**At amortised cost**	**Total**
	R '000	**R '000**	**R '000**
Non-financial assets measured at fair value			
Investment in associate	297 301	-	297 301
Financial assets that are not measured at fair value			
Other financial assets	-	71 140	71 140
Loans and advances	-	245 521	245 521
Trade and other receivables	-	15 416	15 415
Cash and cash equivalents		1 835	1 835
	297 301	**333 911**	**631 212**
Financial liabilities that are not measured at fair value			
Bank overdraft	-	(46)	(46)
Preference shares	-	(16 519)	(16 519)
Note programme	-	(165 612)	(165 612)
Other financial liabilities	-	(607 154)	(607 154)
Trade and other payables	-	(69 900)	(69 900)
	-	**(859 229)**	**(859 229**

31 March 2020	FVTPL	Carrying amounts At amortised cost	Total
	R '000	R '000	R '000
Financial assets measured at fair value			
Other financial assets	168 291	-	168 291
Non-financial assets measured at fair value			
Investment in associate	624 737	-	624 737
Financial assets that are not measured at fair value			
Other financial assets	-	75 333	75 333
Loans and advances	-	240 665	240 665
Trade and other receivables	-	27 972	27 972
Cash and cash equivalents	-	9 511	9 511
	793 028	**353 481**	**1 146 5**
Financial liabilities that are not measured at fair value			
Bank overdraft	-	(81)	(81)
Preference shares	-	(2 341 548)	(2 341 548)
Note programme	-	(161 099)	(161 099)
Other financial liabilities	-	(1 068 100)	(1 068 100)
Trade and other payables	-	(61 558)	(61 558)
	-	**(3 631 903)**	**(3 631 903)**

Fair value hierarchy

The following table contains the fair values of assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for assets and liabilities not measured at fair value.

30 September 2020	Fair value Level 1	Level 3	Total
	R '000	R '000	R '000
Fair value through Profit / Loss			
Investment in associate	-	297 301	297 301
	-	**297 301**	**297 301**

31 March 2020	Fair value Level 1	Level 3	Total
	R '000	R '000	R '000
Fair value through Profit / Loss			
Investment in associate	-	624 737	624 737
Other financial assets	-	168 291	168 291
	-	**793 028**	**793 028**

The following table reflects the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs.

Fair value of financial assets and liabilities

The fair value of all financial assets and liabilities are considered to be equal to their carrying values. Directors consider the carrying value of financial instruments of a short-term nature, that mature in 12 months or less, to approximate the fair value of such assets or liability classes. The carrying value of longer-term assets are considered to approximate their fair value as these instruments bear interest at interest rates appropriate to the risk profile of the asset or liability class.

The Group's approach to determining the fair value for:

- Listed investments which are suitably liquid investments, the available market prices (calculated at spot on reporting date) is the basis for the measurement of the IFRS Portfolio Value for identical instruments.
- Listed investments where an active market does not exist and unlisted investments, the primary valuation methodologies applied are the income approach (IA) and discounted cash flow (DCF), compared against a market approach (MA), where appropriate.

Measurements of fair value – valuation techniques and significant unobservable inputs.

The following table reflects the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs.

Type	Valuation technique	Significant unobservable inputs
Investment in associate - MyBucks	For the valuation of the MyBucks Group an IA and MA approach was used. The IA approach made use of a DCF and the MA based on market price and recent transactions	• A final cost of equity rate of 19.89%. • A five-year consolidated cash flow forecast and in perpetuity calculation was used in the valuation, with the forecast dividend pay-outs used as the basis for cash flows. • Dividend pay-out ratio of 20% from 2022 onwards. • Applied a fundamental price to book value ("PBV") of 2.94x. • Recent significant transactions at Euro 1 per share; and • 30 September 2020 the spot Euro rate to convert to reporting currency.
Investment in associate - GetBucks Zimbabwe	For the valuation of the GetBucks Zimbabwe an IA and MA approach was used. The IA approach made use of a DCF and the MA based on market value and a peer comparison.	• A discount rate of 25.29% was used in the DCF valuation. • A five-year cash flow forecast and in perpetuity calculation was used, with the forecast dividend pay-outs used as the basis for cash flows. • Dividend pay-out ratio of 20% from 2021 onwards. • Applied a fundamental price to book value ("PBV") of 2.57x. • The PBV vs RoE scatter plot for the banking sample used yields the following regression equation; PBV = {8.4723* RoE+ 0.0268}; and • The local currency was adjusted to USD applying future cash flow factors taking into consideration the effect of hyperinflation.

Invest Solar - Zimbabwe	For the valuation an IA and MA approach was used. The IA approach made use of a DCF and the MA based on market value and a peer comparison.	• The market value and peer comparison approach estimate the value of the solar asset at different stages of the project life cycle per MW of production capacity. • A discount rate of 27.4% was used in the DCF valuation. • A five-year cash flow forecast and in perpetuity calculation was used in the valuation. • Dividend pay-out ratio of 20% from 2021 onwards.

Measurements of fair value

Reconciliation of Level 3 fair values

Below is a reconciliation of the movement in level 3 fair values during the period:

	For the 6-month period ended At 30 Sept 2020 R '000	For the 6-month period ended At 31 Mar 2020 R '000
Assets as at fair value through profit & loss		
Assets as at fair value through profit & loss	297 301	793 027
Assets at fair value through profit & loss		
Opening balance at the start of the period	**793 027**	**1 836 170**
Reclassification from loans and advances	-	450 000
Reclassification to available for sale assets	(25 042)	-
Transfer from level 1 fair values	-	9 299
Purchases	-	136 647
Disposals	(181 300)	-
Foreign currency loss recognised in profit and loss	2 590	95 476
Fair value loss recognised in profit and loss	(291 975)	(1 734 565)
Balance at the end of the period	**297 301**	**793 027**

3. ASSETS AND LIABILTIIES HELD FOR SALE

Properties held for sale

During the prior financial period the Group has decided to dispose of two fixed properties and thus these properties are classified as assets held for sale. An active process to sell these properties are underway and the expectation is that the properties will be sold within the next 6 to 9 months. The properties consist of unit 111 Blue Stream villas and erf 1001 Equestria ext. 142.

Disposal of EFS Zambia and settlement of liabilities

The Company entered into an agreement to dispose of MyBucks Zambia subject to in-country Regulatory approval. The disposal proceeds have been ringfenced for the settlement of the Ever Prosperous Worldwide Limited Debt. At the date of these results, the Regulatory approval remains outstanding and as a result the MyBucks Zambia investment was reclassified as held for sale.

Assets held for sale	At 30 September 2020 R '000	At 31 March 2020 R '000
Properties held for sale	3 248	3 248
Investment in MyBucks Zambia	25 042	-
	28 290	**3 248**

4. LOANS AND ADVANCES

	For the 6-month period ended At 30 Sept 2020 R '000	For the 6-month period ended At 31 Mar 2020 R '000
Business credit	546 616	549 576
The Business funding advances are secured, via a cession of the underlying equity and/or assets. The advances bear interest at fixed interest rates based on the entity risk profile, ranging between 8% - 28% and repayment terms are facility specific with loans in the portfolio with terms up to 4 years.		
Supply chain funding	21 758	21 758
Enterprise development and supply chain advances are of a short-term nature with an average transaction cycle of 30 to 45 days. The Afristrat Group secures the funding via the terms of the transactions and where appropriate additional covering security is obtained.		
TOTAL LOANS AND ADVANCES	**568 374**	**571 334**
Expected credit losses per stage of default	**(322 853)**	**(330 669)**
Stage 1: 30 days or less in default	(1 935)	(2 135)
Stage 2: 31 days to 360 days in default	(50 444)	(51 902)
Stage 3: more than 360 days in default	(270 474)	(276 632)
	245 521	**240 665**
NON-CURRENT ASSETS		
At amortised cost	179 962	184 009
CURRENT ASSETS		
At amortised cost	65 559	56 656
Total loans and advances	**245 521**	**240 665**

5. OTHER FINANCIAL ASSETS

	For the 6-month period ended At 30 Sept 2020 R '000	For the 6-month period ended At 31 Dec 2019 R '000
AT FAIR VALUE THROUGH PROFIT OR LOSS		
Capitis Equities	-	146 802
Afristrat held a 19% investment in a Section 12J Fund, Capitis Equities (Pty) Ltd, valued at R146 million. The Board decided to exit its position in Capitis Equities Pty (Ltd) and has agreed to a settlement of the investment against the Capitis liability. The exit was effectively concluded on 9 June 2020.		
Ngwedi Capital Holdings	-	21 489
The Ngwedi Capital Holdings assets was disposed of as part of the MHMK disposal. Refer to note 7 for details.		
	-	**168 291**
Other financial assets carried at amortised cost		
Listed bond	71 140	75 333
Bond issued by GetBucks Botswana, listed on the Botswana stock exchange. The bond has a fixed coupon rate of 18% per annum and matures on 31 December 2021.		
	71 140	**75 333**
TOTAL OTHER FINANCIAL ASSETS	**71 140**	**243 624**
NON-CURRENT ASSETS		
At fair value through profit or loss	-	168 291
At amortised cost	70 365	75 258
	70 365	**243 549**
CURRENT ASSETS		
At fair value through profit or loss	-	-
At amortised cost	775	75
	775	**75**

6. INVESTMENT IN ASSOCIATES

At 30 September 2020 the Group had significant influence over the entities below by virtue of its interest in these company’s shareholding and voting powers:

- MyBucks S.A. incorporated in Luxembourg (“**MyBucks**”);
- GetBucks Microfinance Bank Limited incorporated in Zimbabwe (“**GetBucks Zimbabwe**”); and
- Invest Solar (Private) Limited incorporated in Zimbabwe (“**Invest Solar Zimbabwe**”).

Details of the Group's associate investments at 30 September 2020

	Proportion of ownership interest (%)		Proportion of voting power (%)	
	Sept 20	**Mar 20**	**Sept 20**	**Mar 20**
MyBucks	42,97%	42,97%	42,97%	42,97%
GetBucks Zimbabwe	32,80%	32,80%	32,80%	32,80%
Invest Solar Zimbabwe	40,70%	40,70%	40,70%	40,70%

30 September 2020	**MyBucks**	**MyBucks Zambia***	**GetBucks Zimbabwe**	**Ngwedi***	**Invest Solar Zimbabwe**
Value of associates	148 293	-	25 667	-	123 340

31 March 2020	**MyBucks**	**MyBucks Zambia**	**GetBucks Zimbabwe**	**Ngwedi**	**Invest Solar Zimbabwe**
Value of associates	432 763	23 403	30 610	31 009	130 355

**Disposed*

Use of level 3 fair value hierarchy

Management deems the use of level 3 appropriate for the fair valuation of MyBucks and GetBucks Zimbabwe due to the inactive market, with thin trading volumes of the number of shares in issue during the six-months period.

Reconciliation of movement

	For the 6-month period ended 30 Sept 2020 R '000	For the 9-month period ended 31 Mar 2020 R '000
Investments in associates – measured at fair value		
Opening balance	**648 139**	**1 533 896**
Business combination	-	136 647
Reclassification from other loans and advances	-	450 000
Fair value adjustments passed	(291 975)	(1 552 281)
Impairment of equity accounted associate	-	(19 142)
Foreign exchange differences	-	95 476
Disposal	(31 009)	-
Equity accounted post acquisition earnings	-	3 543
Transfer of associate to available for sale assets	(25 041)	-
	297 301	**648 139**

Fair value loss

The Afristrat Group reported a fair value loss of R291 million of which the investment in MyBucks accounts for R283 million. The fair value assessment at the reporting date is impacted by MyBucks Group revised forecasts and budgets to take account of the current uncertain economic environment, the impact of the Covid-19 pandemic on the markets in which MyBucks trades and the lack of liquidity in capital markets to expand their lending operations and the final settlement agreements to eliminate its debt overhang.

7. DISPOSAL OF SUBSIDIARY

Disposal of the Group's 70% in MHMK Capital (Pty) ("MHMK")

Ecsponent South Africa (Pty) Ltd entered into an agreement to dispose of its 70% shareholding in MHMK, its subsidiary in South Africa which provides corporate finance services. The investment was disposed on 30 June 2020 for a total consideration of R18 million.

Fair value of the assets and liabilities disposed of are as follows:

	As at 30 Jun 2020 R'000
Other financial assets	21 489
Investments in associates - Ngwedi	31 009
Property, plant and equipment	1 901
Deferred tax asset	3 751
Deferred tax liability	(9 087)
Cash and cash equivalents	4
Trade and other receivables	2 174
Lease Liabilities	(1 273)
Trade and other payables	(2 131)
Other financial liabilities	(34 501)
Total identifiable net assets	**13 336**
Non-controlling interest	(4 168)
Net assets derecognised	**9 167**
Profit on disposal	8 832
Consideration receivable	**18 000**

Net cash flow on disposal	**As at 30 Jun 2020 R'000**
Net cash balance disposed of	4
	4

8. DEFERRED TAX

Net deferred tax asset	**For the 6-month period ended At 30 Sept 2020 R '000**	**For the 6-month period ended At 31 March 2020 R '000**
Fair value adjustments	119 053	158 039
Capital loss	4 111	7 471
Tax losses available for set off against future taxable income	34 884	59 724
Capital growth accruals	1 385	18 706
Allowance for credit loss	30 500	15 738
Capital gain - 12J	-	(37 993)
Other deferred tax (liabilities)/assets	659	1 042
Deferred transaction cost	(872)	(1 853)
	188 113	**220 875**

Recognition of deferred tax asset

The Group recognises the net tax benefit relating to deferred income tax assets arising from future deductible temporary differences and past income tax losses. The deferred income tax asset is recognised to the extent it is probable that taxable income will be available from forecast profits to realise the future tax saving. The expectation of future taxable profits is based on the continued improvement in the Group's operating results arising from the restructure initiatives already implemented and the continuation of the Group's restructure. The main objective of the initiative is to ensure the Group's profitability and sustainability. The Group applied judgement in determining the future expected taxable income to recover deferred tax assets.

The deferred tax asset arising on Group tax losses and fair value adjustments have not been recognised in full as at 30 September 2020, the amount of unrecognized deferred tax losses amounts to R529 million.

9. NOTE PROGRAMME

	For the 6-month period ended 30 Sept 2020 R'000	For the 6-month period ended 31 Mar 2020 R'000
HELD AT AMORTISED COST		
Note 1		
Initial issue price redeemable after three years. Monthly interest is paid at a rate of 9% per annum.	1 548	1 540
Note 2		
Initial issue price redeemable after three years. Monthly interest is paid at a rate of 10% per annum	29 010	28 785
Note 3		
Initial issue price redeemable after three years. Monthly interest is paid at a rate of 12% per annum	60 582	59 396
Note 4		
Note redeems at 137.49% of the initial issue price after three years. No monthly interest is paid.	36 629	33 829
Note 5		
Initial issue price redeemable after three years. Monthly interest is paid at a rate of prime plus 1.5% per annum.	37 842	37 550
TOTAL NOTES IN ISSUE	**165 612**	**161 099**
NON-CURRENT LIABILITIES		
At amortised cost	164 824	160 327
CURRENT LIABILITIES		
At amortised cost	788	772

10. OTHER FINANCIAL LIABILITIES

	For the 6-month period ended At 30 Sept 2020 R '000	For the 6-month period ended At 31 March 2020 R '000
Scipion Active Trading Fund *USD 10 million term loan facility that bears interest at 10% plus 12-month LIBOR screen rate amortised and payable monthly. 50% of the capital is payable by May 2021 and the remaining 50% is payable in August 2021. This loan is secured over MyBucks S.A. shares to the value of 125% of the loan balance. In addition to the shares as security, a further requirement is that an amount of R20m in financial assets of the Group is to be maintained and Afristrat Ltd signed as Original Guarantor. The Company is entered into renegotiation discussions with the lender after default on payment terms related to interest. The renegotiation is ongoing with an interest payment holiday until 31 December 2020 being in place.*	174 009	180 846
Ever Prosperous Worldwide Limited - ISA *This is a two-year facility bearing interest at 12% per annum. The loan is to be fully repaid by December 2021, with monthly payments from 31 July 2020. The facility is secured by shares in Invest Solar (Private) Limited ("ISA"), a personal guarantee by Mr G Manyere as well as the equipment purchased using the facility by Harava Solar Park.*	140 160	144 077
Ever Prosperous Worldwide Limited *Loan to be settled as part of the disposal of MyBucks Zambia. Refer to held for sale note 3.*	12 454	14 649
Ever Prosperous Worldwide Limited *Loan to be settled as part of the disposal of MyBucks Zambia. Refer to held for sale note 3.*	12 588	12 392
Ever Prosperous Worldwide Limited *ZAR 33,4 million unsecured term loan facility at an interest rate of 12% per annum. At 31 March 2020 arrear interest amounted to R1 332 609. The loan capital is repayable monthly from April 2020 with the last payment on 30 November 2020. At the reporting date management renegotiated terms for final settlement of the facility from the process of monetising certain longer-term assets as referred to in the going concern note 17.*	27 190	26 129

Capitis Equities (Pty) Ltd	-	146 802
The loan was settled as part of the Capitis exit on 9 June 2020.		
MHMK Group Ltd (Mauritius)	-	256 270
The loan was settled as part of the debt-to-equity conversion on 10 September 2020.		
Ecsponent Eswatini Collective Investment Scheme	1 013	1 038
The loan is secured by a payment guarantee by Afristrat, repayable 12 months from date of advance and bears interest at 15% per annum.		
Norsad Finance (Botswana) Limited	86 426	91 733
USD 5 million loan is secured by a pledge of 444,000 MyBucks shares that bears interest at the three-month LIBOR plus 11% per annum, payable quarterly. The loan is repayable on 11 July 2022.		
Norsad Finance (Botswana) Limited - ISA	96 214	98 768
This is a seven-year facility issued, being charged at 9% plus six months Libor which is to be utilised in the construction of the Harava Solar Project in Zimbabwe. The loan is payable in March 2026 and capital is payable from October 2020. The facility is secured by shares in Invest Solar Africa as well as the equipment purchased for the Harava Solar Park using the facility.		
Chrome Valley Mine Development	22 694	23 719
The liability relates to the company's obligation to pay $1,5 million for the development of the Chrome mineral assets held by Chrome Valley Mine Development to secure the Group's 51% interest. The funding comprises the initial capital contribution of the company and no fixed payment terms are determined.		
Ecsponent Holdings Ltd (Eswatini)	-	32 847
The loan was settled as part of the MHMK disposal. Refer to note 7.		
Stodaflow (Pty) Ltd	72	2 000
This R30million facility is unsecured, interest free and repayable 6 months after drawdown.		
Promissory notes - Colyn	15 966	17 117
Promissory note bearing interest at 8% per annum, interest is payable monthly, unsecured and the capital is repayable by 25 July 2024.		
Promissory notes - Beetge	4 290	4 041
Promissory note bearing interest at 12% per annum, interest payable monthly, unsecured and matures on 30 June 2020. Repayment terms have been renegotiated to 3 December 2020.		

Promissory notes - Seihler	1 469	1 447
Promissory note bearing interest at 12% per annum, interest payable monthly, unsecured and matures on 2 December 2022.		
Other	12 609	14 225
Credit facilities in issue are unsecured and bear no interest. The notes have repayment terms of 24 months commencing from the 1 December 2020.		
TOTAL OTHER FINANCIAL LIABILITIES	**607 154**	**1 068 100**
NON-CURRENT LIABILITIES		
At amortised cost	432 181	589 855
CURRENT LIABILITIES		
At amortised cost	174 973	478 244

11. PREFERENCE SHARES

The Company registered a R5 billion preference share programme ("the Programme"). The Programme was approved by the JSE on 8 September 2014 and again on 15 December 2015.

On 10 February 2020 the Board advised its ordinary and preference shareholders and noteholders that the Company's strategic focus has shifted from a group which focused on both private equity investments and financial services to that of almost exclusively a private equity investment business and as a result would not be in a position to continue to the redemption of the preference shares specifically those due in March 2020 and ongoing dividend payments to its various classes of preference shares. As a result, a circular was published to convert the Programme into a hybrid preference share or convert into ordinary shares. The meeting was held on 27 May 2020. The outcome of the meeting resulted in R1.8 billion preference share from Class A, B, C and E converting into ordinary shares and R521 million preference shares from Class D and G converting into a new hybrid preference shares classified as equity and effectively deregistering the programme from the JSE.

	For the 6-month period ended **At 30 Sept 2020** **R '000**	**For the 6-month period ended** **At 31 March 2020** **R '000**
Preference shares issued by Afristrat Investment Holdings Ltd (South Africa):		
Various classes of preference shares Settled on conversion to ordinary shares and Hybrid preference shares at the EGM of 27 May 2020.	-	2 324 911
Preference shares issued by ECS Private Equity Limited (Botswana): **Preference share - class A**	11 955	12 195
5-year income provider with a variable rate redeemable, convertible unit of P1 000 comprising P1 preference share and P999 claim. 15% rate at present paid monthly.		

Preference share - class B	4 258	4 443
5-year capital growth provider with a zero-rate redeemable, convertible units of P1 000 comprising P1 preference share and P999 claim. Redeemed at end of 5 years at P2 000.		
TOTAL PREFERENCE SHARES	**16 213**	**2 341 549**
NON-CURRENT LIABILITIES		
At amortised cost	-	-
CURRENT LIABILITIES		
At amortised cost	16 213	2 341 549

12. SHARE CAPITAL

	For the 6-month period ended At 30 Sep 2020 '000	**For the 6-month period ended At 31 March 2020 '000**
Share in issue at beginning of period	1 079 555	1 079 555
Conversion of preference shares	49 551 700	-
Issue of new shares	6 000	-
Conversion of debt-to-equity	8 808 624	-
	59 445 880	**1 079 555**

13. FAIR VALUE

	6-months ended 30 Sept 2020 R'000	**6-months ended 31 Dec 2019 R'000**
Fair value gains (losses) - Listed equities	286 139	1 629 656
Fair value gains (losses) - Unlisted equities	5 836	(19 596)
Fair value gains (losses) - Other financial assets	-	47 559
	291 975	**1 657 619**

14. EARNINGS AND FULLY DILUTED EARNINGS PER SHARE

Loss	**6-months ended 30 Sept 2020 R '000**	**6-months ended 31 Dec 2019 R '000**
- Total loss for the period	(340 837)	(1 780 117)
- Loss attributable to non-controlling interest	(3 631)	5 928
Basic loss	**(337 206)**	**(1 786 045)**

No share issues took place during the 2019 financial period.

Number of shares in issue at start of period	1 079 555 326	1 079 555 326
Weighted average of shares issued during the period	32 526 384 127	-
Total weighted number of shares in issue at end of period	**33 605 939 491**	**1 079 555 326**

Earnings and diluted earnings per share

Loss and diluted loss per share have been calculated using the following:		
Net loss for the period attributable to ordinary shareholders	(387 206)	(1 786 045)
Weighted average number of shares in issue for the period	33 605 939 491	1 079 555 326
Basic profit and fully diluted loss per share (cents)	(1.003)	(165.433)

Headline loss and diluted headline loss per share have been calculated as follows:

Headline loss		
- Basic loss	(337 206)	(1 786 045)
- Loss of control on disposal of subsidiary	6 359	5 423
- Profit on disposal of property, plant and equipment	(9)	(30)
- Bargain purchase	-	(13 770)
- Impairments/(Reversals) - IAS 36 *Impairment of assets*	(1 180)	-
- Impairment of goodwill	-	5 555
Total headline loss attributable to shareholders	**(332 036)**	**(1 788 867)**
Weighted average number of shares in issue for the period	33 605 939 491	1 079 555 326
Headline earnings per share (cents)	(0.988)	(165.704)

15. RELATED PARTIES

The Group entered into related party transactions with associates and related entities to directors during the financial period. Below is a summary of the relevant balances in this regard:

	30 Sept 2020 R'000	**31 March 2020 R'000**
Related party balances		
Other financial liabilities		
- Associate companies	(6 290)	(6 924)
- Entities related to directors	(24 916)	(291 499)
- Entities related to associates	(4 097)	(28 638)
Investments in		
- Associate companies	297 301	648 139
Exploration and evaluation assets		
- Associate companies	22 694	23 719
Other financial assets		
- Entities related to directors	71 140	21 489
- Entities related to associates	-	75 333

Loans and advances		
- Entities related to directors	128 529	119 700
- Entities related to associates	90 617	103 675
Trade receivables /(payables)		
- Entities related to directors	-	(383)
- Associate companies	-	3 847

Related party transactions

Net lending income/(expenses)		
- Entities related to directors	21 566	(2 632)
- Associate companies	-	12 165
- Entities related to associates	4 728	44 073
Investment income/(loss)		
Dividends		
- Associate companies	-	177
Fair value gains/(losses)		
- Entities related to directors	-	(198 062)
- Associate companies	(291 975)	(1 501 62)
Other income		
Bargain purchase		
- Associate companies	-	17 653

16. SUMMARY CONSOLIDATED SEGMENTAL INFORMATION

The segments identified are based on the operational and financial information reviewed by management for performance assessment and resource allocation. There has been no change in the basis of operational segmentation or in the basis of measurement of segment profit or loss since the 2019 annual financial statements. Due to the move to a private equity business the segments will be reviewed in the 2021 financial year.

Period ended 30 September 2020

	Total Assets R '000	**Revenue R '000**	**Operating profit (loss) R '000**
Operating segment			
Business credit	292 647	-	21 126
Investment services	63 979	-	5 313
Equity holdings	530 753	(368)	(274 836)
Corporate	7 629	-	3 106
Elimination	(6 276)	-	(41 402)
	888 733	**(368)**	**(286 693)**

	Total Assets R '000	**Revenue R '000**	**Operating profit (loss) R '000**
Geographic segment			
South Africa	394 638	(368)	(250 564)
Botswana	472 725	-	20 228
Eswatini	-	-	-
Mauritius	327 263	-	(14 934)
Zambia	383	-	(21)
Elimination	(6 276)	-	(41 402)
	888 733	**(368)**	**(286 693)**

Period ended 31 December 2019

	Total assets R'000	Revenue R'000	Operating profit/ (loss) R'000
Operating segment			
Business Credit	2 058 441	116 193	(647 633)
Investment services	2 110 145	151 060	(460 672)
Equity holdings	902 208	40 889	(698 204)
Corporate	14 384	13 544	5 068
Elimination	(3 279 661)	(183 484)	(180 359)
Group total	**1 805 517**	**138 202**	**(1 981 800)**
Geographic segment			
South Africa	3 577 517	223 930	(759 397)
Botswana	646 786	28 038	(537 594)
Eswatini	610 061	58 902	44 927
Mauritius	249 406	9 992	(549 939)
Zambia	1 408	824	562
Eliminations	(3 279 661)	(183 484)	(180 359)
Group total	**1 805 517**	**138 202**	**(1 981 800)**

17. EVENTS AFTER THE REPORTING PERIOD

No material subsequent events have been noted.

18. GOING CONCERN

The condensed consolidated interim financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

In performing the going concern assessment, the Board considered historical data relating to resources and reserves, available information about the future, the possible outcomes of planned events, changes in future conditions, the current global economic situation due to the Covid-19 pandemic and the responses to such events and conditions that would be available to the Board.

The Board has, inter alia, considered the following specific factors in determining whether the Group is a going concern:

- The total comprehensive loss for the six-month financial period of R315 million compared to a R1.78billion loss in the comparative six-month period;
- Current liabilities exceeding current assets by approximately R143 million as at 30 September 2020;
- Cash raised in operations during the 2020 financial period in the amount of R9 million;
- Assessment of the solvency and liquidity position in terms of the Companies Act of South Africa;
- Whether the Group has sufficient cash resources to pay its creditors and maturing liabilities as and when they fall due and meet its operating costs for the ensuing twelve months;
- Whether there is any significant pending litigation that will threaten the going concern status of the Group;
- Whether the Group has available cash resources to deploy in developing and growing existing operations or invest in new opportunities; and
- Significant value accretive decisions taken and events after the reporting date.

The Board believes that the current economic outlook presents challenges in the near term, predominantly evidenced by the fair value reduction in the Group’s investments and the current macro-economic conditions. These conditions, together with those mentioned above are considered to indicate that a material uncertainty exists which may cast significant doubt on the Groups ability to continue as a going concern. This is largely attributable to its short-term liquidity position.

The Board implemented a number of interventions during the reporting period to further improve both solvency and liquidity.

Solvency

The directors have evaluated the Group's solvency position in terms of the Companies Act, 2008 in terms of which preference shares are classified as equity and have concluded that the Group's total assets fairly value exceeded its total liabilities fairly value by R21million and therefore remains in a solvent position. The Board's medium-term outlook of its solvency position remains positive with the expectation that the fair value of the investments, will improve in the foreseeable future and that some or all these investments are expected to ultimately realise value for all stakeholders. The solvency position is expected to improve following on from the successful conclusion of the various cost restructuring incentives, debt conversions, recapitalisation through a rights issue, and alleviation of the liquidity requirements of the underlying investments.

Liquidity

The directors have evaluated the Groups liquidity requirements to confirm whether the Group has adequate cash resources to continue as a going concern for the foreseeable future, taking into account the net current liability position, and consequently prepared a cash flow forecast covering a period of 12 months from the date of these financial statements, concluding that the Group would be able to continue its operations as a as a going concern.

In response to the net current liability position, to address future cash flow requirements, detailed liquidity improvement initiatives have been developed and are being pursued, with their implementation regularly monitored. These include the following:

- Continuation of the successful decrease in operational expenses with specific focus on reducing head office costs and monthly operating overheads which is expected to reduce operational cost in excess of 60%;
- Appointment of representatives of Afristrat to the Boards of underlying investments, ensuring the focus on reducing head office costs and monthly operating overheads is adequately implemented and overseen in order to alleviate liquidity concerns of these investments for the foreseeable future;
- Successful conclusion of the disposal of MyBucks Zambia (subject to regulatory approval) and MHMK which provides liquidity of R44 million in order to reduce debt and support working capital requirements;
- Successful implementation of various collection strategies relating to the recovery of long outstanding loans and advances owed to the Group relating to various business credit and supply chain funding arrangements;
- Monetising of the listed bond issued by GetBucks Botswana in the amount of approximately R71 million in order to support liquidity and working capital requirements, while exploring various capital raise initiatives aimed at funding future growth of the current and new investments;
- The renegotiations of the interest and capital repayment terms of the US$10million facility with an institutional funder, which the Group has already commenced.
- The intention to commence with of a R100million rights offer to support working capital requirements, settle expensive debt, to recapitalise private equity investments and to acquire value accretive and complementary new private equity vehicles. The intended rights issue is expected to be completed by 31 March 2021. A further announcement containing all the details of the proposed rights issue will be made in due course.

As such, the Board continues to adopt the going concern basis of accounting in preparing the consolidated financial statements.

19. CONTINGENCIES

The directors are not aware of any matter or circumstances of material significance that requires disclosure as a contingent liability except for the following:

Letters of demand relating to preference share conversion

The Group received various letters of demand ("**LOD**") from previous preference shareholders in the R5 billion preference share programme, pursuant to the conversion of preference shares to ordinary shares and the General Meeting of 27 May 2020. The Board is actively defending these matters as the merits for the LOD is in contradiction with the original terms of the preference share programme.

Litigation costs

The Group has experienced a significant increase in legal expenses regarding various litigation in respect of defending LODs and actions as well as pursuing of claims.

Labour court matter

The Group is currently defending a labour court matter which has been lodged by the previous CEO in relation to the mutual separation agreement signed with the Company. The Company is defending the matter and has applied for cancellation of the separation agreement.

20. DIVIDENDS

No ordinary dividends have been declared or proposed for the six-month period.

21. DIRECTORS CHANGES

The following changes to the Board of Directors occurred

C Lyons	Appointed	01 April 2020
C Lyons	Resigned	05 June 2020
C Beetge	Appointed	05 June 2020
P Matute	Resigned	05 June 2020
Y Maitin	Appointed	01 September 2020

22. COMPANY SECRETARY

L du Preez-Cilliers resigned as the Company Secretary for the Group and Acorim (Pty) Ltd was appointed with effect from 1 September 2020.

For and on behalf of the Board

G Manyere
Pretoria
23 December 2020

Directors: KA Rayner* (Chairman), RMH Pitt*, G Nyengedza*, C Beetge#, Y Maitin*, G Manyere (Chief Executive Officer) and TJ de Kock (Chief Financial Officer)
(* Independent Non-Executives)
(# Non-Executive)
Company Secretary: Acorim (Pty) Ltd
Registered Office: 43 Garsfontein Road, Waterkloof, Pretoria, 0145, PO Box 39660, Garsfontein East 0060
Transfer Secretaries: Computershare Investor Services Proprietary Limited, (Registration number 2004/003647/07), 2nd Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, (PO Box 61051, Marshalltown, 2107)
Auditors: Nexia SAB&T
Sponsor: Questco Corporate Advisory (Pty) Ltd