CONSOLIDATED ANNUAL FINANCIAL STATEMENTS 2016

FREEDOM
PROPERTY FUND

Index

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Holding and management of investment property
Directors	WS Grobbelaar S Maritz C la Grange WC Jansen van Rensburg HA Lambrechts PD Dexter
Prescribed officer	J George
Registered office	c/o KWV 57 Main Street Paarl 7646
Postal address	PO Box 188 Paarl 7620
Banker	Nedbank Limited
Auditor	Moore Stephens Cape Town Inc. Registered Auditors
Secretary	Statucor Proprietary Limited
Sponsor	Questco Corporate Advisory Proprietary Limited (1 May 2018)
Transfer secretary	4 Africa Exchange Registry Proprietary Limited
Level of assurance	These consolidated and separate annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The consolidated and separate annual financial statements were externally compiled by E van der Merwe CA (SA), under the supervision of J George CA (SA), Interim Chief Financial Officer.
Company registration number	2012/129186/06
ISIN	ZAE000185260
JSE share code	FDP

The reports and statements set out below comprise the consolidated annual financial statements presented to the shareholders:

Audit and Risk Committee Report

The Audit and Risk Committee is an independent statutory committee of the company, whose duties are delegated to it by the board. The report has been presented as required in terms of the South African Companies Act 71 of 2008, as amended ("Companies Act"). This report is provided by the Audit and Risk Committee appointed in respect of the 2016 financial year.

1. Audit and Risk Committee terms of reference

The Audit and Risk Committee has adopted formal terms of reference as incorporated in the board charter which has been approved by the board of directors. The terms of reference are reviewed annually. The committee has conducted its affairs in compliance with these terms of reference and has discharged its responsibilities contained therein.

2. Composition and meetings

The Audit and Risk Committee performs the duties laid upon it by Section 94(7) of the Companies Act by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors.

The Audit and Risk Committee is constituted as a statutory committee in compliance with the recommendations of King IV. The committee consists of two independent non-executive directors and one non-independent executive director, selected by the board on the recommendation of the Nomination Committee. The Chief Executive Officer, interim Chief Financial Officer, the Company Secretary and representatives of the external auditors attend meetings by invitation. The committee has unrestricted access to the external auditors.

Independent non-executive directors

- WS Grobbelaar (BSc Geology)
- Dr PD Dexter (PhD in Philosophy)

Non-independent executive director

- WC Jansen van Rensburg (BALaw and BProc)

The committee meets four times a year and at least once a year with the external auditors, without management being present. The dates of the meetings held during 2016 were:

- 21 May 2015
- 27 August 2015
- 26 November 2015
- 25 February 2016

The committee has fulfilled its responsibilities for the year under review, complying with its legal, regulatory and other responsibilities.

3. Duties and responsibilities

The Audit and Risk Committee has an independent role with accountability to both the board and shareholders. The committee does not assume the functions of management, which remain the responsibility of the executive directors, prescribed officers and other senior members of management. The duties and responsibilities of the members of the Committee are set out in the Audit and Risk Committee terms of reference which is approved by the board.

The overall objective of the committee is to assist the directors to discharge their duties relating to the safeguarding of the assets, the operation of adequate systems and controls, the assessment of going concern status, ensuring that the relevant compliance and risk management processes are in place, to review the work performed by the external auditors and to review interim financial information and annual financial statements, which shall be provided to shareholders and other stakeholders.

Freedom Property Fund Limited and its subsidiaries ("Freedom" or the "group") are committed to best practice risk management. It has implemented a risk policy that provides a framework within which management can operate to reinforce a strong risk management culture throughout the group. This framework contains risk management standards and guidelines that are based on the requirements of King IV, specifically the governance of risk. The committee is committed to acting with the highest standards of ethical behaviour and effective corporate governance, in the interests of shareholders and the wider community alike, when delivering on strategic growth initiatives. The Audit and Risk Committee assumes overall responsibility for monitoring the group's risk management performance and considers its tolerance level and risk register, which it recommends to the board for annual approval.

Audit and Risk Committee Report continued

The committee carried on its duties as set out in the committee's terms of reference. The committee also performed functions such as:

- the nomination of the external auditors;
- agreement to the engagement letter, terms, audit plan and budgeted audit fee, in consultation with executive management;
- review of the external auditors' report and comments;
- review of the adequacy and effectiveness of the internal control systems;
- review of the expertise and experience of the interim Chief Financial Officer; and
- submission of matters to the board concerning the group's accounting policies, financial controls, records and reporting.

4. External Auditors and Consolidated and Separate Annual Financial Statements

The external auditors are responsible for independently auditing and reporting on whether the consolidated and separate annual financial statements are fairly presented in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the requirements of the Companies Act, the JSE Listings Requirements, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee (APC) and the standards and guidance issued by the Financial Reporting Standards Council (FRSC).

The Audit and Risk Committee has satisfied itself that the external auditor was independent of the group, which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors (IRBA).

The committee is of the opinion that the group's risk management processes and the systems of internal control are effective. Findings by the external auditors arising from their annual statutory audit were presented at an Audit and Risk Committee meeting following the audit. The external auditor has expressed a qualified opinion on the consolidated and separate annual financial statements for the year ended 29 February 2016.

The committee is satisfied the financial statements are free from material misstatement and that they fairly present the financial position of the group and company as at 29 February 2016 and results of operations and cash flows for the year then ended. They are satisfied that the accounting policies adopted are appropriate and have been consistently applied and that estimates and judgements are prudent and reasonable. The committee recommended the financial statements to the board for approval.

The board has subsequently approved the financial statements, which will be presented at the annual general meeting.

The committee is confident there are no known events or conditions that may give rise to business risks that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern. The committee is of the view there are adequate resources to support it as a going concern for the foreseeable future.

The commitee is satisfied with the external auditor and recommends Moore Stephens Cape Town Inc. for reappointment as group auditors and Adele Smit as the registered auditor responsible for the audit. The committee confirms the suitability for the appointment of Moore Stephens Cape Town Inc. and Adele Smit in accordance with paragraph 3.84(g)(iii) of the JSE Listings Requirements.

5. Evaluation of the Chief Financial Officer

The Audit and Risk Committee satisfied itself as to the appropriateness of the expertise and experience of the group's interim Chief Financial Officer, J George. This is based on his qualifications, levels of experience, continuing professional development education and the board's assessment of his financial knowledge.

The committee also satisfied itself as to the expertise, resources and experience of the group's finance function and confirms that the group has established appropriate financial reporting procedures and that those procedures are operational.

PD Dexter
Audit and Risk Committee Chairman

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the state of affairs of the group and the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with IFRS, the requirements of the Companies Act, the JSE Listing Requirements, the SAICA Financial Reporting Guides as issued by the APC and the standards and guidance issued by the FRSC. The external auditors are engaged to express an independent opinion on the consolidated and separate annual financial statements.

The consolidated and separate annual financial statements are prepared in accordance with IFRS, the requirements of the Companies Act, the JSE Listing Requirements, the SAICA Financial Reporting Guides as issued by the APC and the standards and guidance issued by the FRSC, and are based upon appropriate accounting policies which have been consistently applied and supported by appropriate judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The audit committee performs an oversight role in matters related to financial and internal controls.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The external auditors are responsible for independently auditing and reporting on the group's consolidated financial statements.

The consolidated financial statements have been examined by the group's external auditors and their report is presented on pages 5 to 9.

The consolidated annual financial statements set out on pages 13 to 115, which have been prepared on the going concern basis, as detailed in note 43, were approved and signed by the board on 18 March 2019:

WS Grobbelaar
Chairman

S Maritz
Chief Executive Officer

Group Secretary's Certification

Statucor
COMPLIANCE • GOVERNANCE • SECRETARIAL

TO WHOM IT MAY CONCERN

18 March 2019
Ref : SN/FRE3021

FREEEDOM PROPERTY FUND LIMITED
Registration Number: 2012/129186/06

(the "Company")

We perform secretarial duties for the Company, and hereby confirm, based on the information and records in our possession at the date hereof, that the Annual Returns have been Lodged up until 2018.

You are welcome to contact Willena Smith on 012 4330 176 should you have any questions or require additional information.

Yours sincerely

Shantel Dartnall
Associate Director

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Cape Town, 8000

Directors: HN Bhaga Muljee • AS Moosa • AJ Rich • L van der Westhuizen
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Independent Auditor's Report

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Independent Auditors' Report

To the shareholders of Freedom Property Fund Limited

Report on the Audit of the consolidated and separate Financial Statements

Qualified Opinion on Consolidated Financial Statements and Unqualified Opinion on the Separate Financial Statements

We have audited the consolidated and separate Financial Statements of Freedom Property Fund Limited and its subsidiaries ("the Group") set out on pages 13 to 115, which comprise the consolidated and separate Statement of Financial Position as at 29 February 2016, the consolidated and separate Statement of Comprehensive Income, the consolidated and separate Statement of Changes in Equity and the consolidated and separate Statement of Cash Flows for the year then ended, and notes to the consolidated and separate Financial Statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of Freedom Property Fund as at 29 February 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

In our opinion, the separate Financial Statements present fairly, in all material respects, the separate financial position of Freedom Property Fund as at 29 February 2016, and its separate financial performance and its separate cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Qualified Opinion on consolidated Financial Statements and Unqualified Opinion on the Separate Financial Statements

The Company acquired Ligitprops 184 (Pty) Ltd on 1 March 2014. The consolidated financial statements are materially misstated as we were unable to obtain sufficient appropriate evidence on the values of certain of the subsidiary's material assets and liabilities at the acquisition date. Consequently, we are unable to determine whether any adjustments to these amounts were necessary. This matter also effects the 29 February 2016 consolidated Statement of Financial position. There is no effect on the separate financial statements.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements section of our report.

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We are independent of the Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated financial statements and our opinion on the separate financial statements.

Key audit matters

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How our audit addressed the key audit matter**
Valuation of investment properties (consolidated)	
The Group holds commercial and residential investment properties, along with vacant land, to the value of R 191 978 million at year end, including the straight-lining lease accrual. The movement in these properties' fair value for the year amounts to R10 347 million. Investment property is measured at their fair values based on valuations obtained from external valuators and the directors. The location, zoning, size, exposure, capitalisation rates and occupancy rates are some of the crucial variables which were considered and applied in the valuation of investment properties. For commercial properties the directors and external valuators have used 3 methods namely, the Net Income Capitalisation Method, the Discounted Cashflow Method and the Comparable Sales method in determining the fair value. For residential investment properties the directors and external valuators have used the Net Income Capitalisation Method in the valuation of the properties. For vacant land the directors and external valuators have used the Comparable Sales method in the valuation of the properties. We consider the valuation of investment properties a matter of most significance to the	We have considered whether the valuation methods applied by the directors and external valuators in the valuation of the investment properties, were in line with the criteria prescribed by IFRS. Further consideration was given as to whether the method used is appropriate to those particular properties subject to the valuation, by benchmarking it against valuation methods applied to similar listed property portfolios. In assessing the expertise of the external valuators, we have verified their registration with the South African Council for the Properties Valuers Profession. The considerations surrounding the independence and objectivity of the external valuators were based on the review of the terms of engagement and receipt of a representation from the external valuators' management as to the fee arrangements between the valuers and the group. We found no evidence to suggest that the objectivity of the valuers in their performance of the valuations was compromised. A meeting was held between ourselves and the independent valuators discussing the valuations and the key assumptions used therein. We inspected the valuation reports for all properties valued externally and tested data inputs in the directors' valuations. We assessed the accuracy, reliability and completeness of data inputs which was used in the valuation underpinning the relevant investment property.

current year's audit due to the significance of the estimates and judgements involved and the inherent sensitivity of data whereby a percentage difference in individual yields could result in a material misstatement.	We reviewed the appropriateness of supporting documentation and performed a sensitivity analysis on the significant assumptions made to evaluate the extent of the impact on the value calculated, should the assumptions change by a small percentage. We further assessed the appropriateness of the disclosures in the financial statements concerning the key assumptions to which the valuations are sensitive to.
Accounting of certain prior period corrections (consolidated and separate)	
At listing date, agreements were entered into in terms of which the Group acquired certain properties from a number of vendors with settlement being affected by the issue of shares in the Company. During the year under review management had to correct previous fair value measurements in terms of IFRS 2 and IFRS 3. The matter is considered to be of significance due to the level of judgement involved in the determination of the fair value of the consideration paid in settlement of the purchase price and the fair value of the equity settled share-based payments. This matter warrants specific audit attention.	Management makes use of an independent specialist to assess the recognition and measurement criteria in accounting for these transactions. Extensive restatements had to be done on the fair value of the properties acquired at date of acquisition as noted in note 5. Refer to Key Audit Matter: "Valuation of Investment Properties" with regards to the consideration applied by us in assessing the reasonability of the fair value of the underlying assets at acquisition date. Management has obtained a valuation from an independent external valuer being a management expert to determine the value of equity shares of the company. Our audit procedures included, but were not limited the following: Agreeing the valuation of the equity shares to valuation reports prepared by independent external valuers appointed by the directors; • Assessing the competence, objectivity, capability and integrity of the appointed expert, including verification of the independent external valuer's qualifications; Recalculating valuation workings; • Debating and robustly challenging the assumptions and valuations prepared by the valuator; • Assessing the key assumptions used in the valuation report, • Comparing the valuations to our independently formulated expectations and obtaining explanations for unusual and unexpected movements, and corroborating the explanations where necessary; • Performing sensitivity analyses on the assumptions applied in the valuation model; • Assessing the adequacy of disclosures with regard to the issue of shares in settlement of assets or services acquired.

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Other information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies of South Africa, which we obtained prior to the date of this report. Other information does not include the consolidated and separate Financial Statements and our auditor's report thereon.

Our opinion on the consolidated and separate Financial Statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit on the consolidated and separate Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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.

Responsibilities of the director for the consolidated and separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, 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 consolidated and separate Financial Statements, the directors are responsible for assessing the Group and 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 Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 International Standards on Auditing 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 consolidated and separate Financial Statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the consolidated and separate Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified reportable irregularities in terms of the Auditing Profession Act. These matters have been reported to the Independent Regulatory Board for Auditors. The matter pertaining to the reportable irregularities have been described in notes 5, 9 and 49 to the financial statements.

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Moore Stephens Cape Town Inc. has been the auditor of Freedom Property Fund Limited for 1 year.

Moore Stephens

Moore Stephens Cape Town Inc.
Registered Auditor
Per: Adele Smit

19 March 2019
Cape Town

Directors' Report

The current board of directors welcome the release of the consolidated annual financial statements of Freedom Property Fund Limited and its subsidiaries for the year ended 29 February 2016.

It has been a challenging time as the group embarked on a process of addressing fundamental issues ranging from financial statement restatements due to various errors being identified, as well as allegations of fraud, theft and corruption. During this time, we have made significant decisions relating to gaining confidence from shareholders and the market. This can be seen in the decisions to reperform the property valuations as well as the change in auditors.

We continue to work through some of these processes as they will require further time and effort over the coming months to bring to a conclusion.

PREVIOUS BOARD'S RESPONSE TO ALLEGATIONS OF FRAUD, THEFT AND CORRUPTION

After the appointment of the new board and management during the 2016 calendar year, we made attempts to meet with various members of the previous board and management to gain an understanding of what transpired in the group that led to the fall of the share price and allegations of fraud, theft and corruption.

Some members of the previous board were initially prepared to meet; however, they subsequently, through their legal representatives, instructed the new board and management to cease and desist from contacting them.

At the date of signing this report, the majority of the previous board members have shown no willingness to assist in resolving allegations that related to the period when they had fiduciary responsibilities towards the group.

1. Incorporation

The company was incorporated in South Africa on 19 July 2012 and obtained its certificate to commence business on the same day. The company was listed on the Main Board of the JSE Limited (JSE) on 12 June 2014.

2. Nature of business

The group has interests in the investment property sector, with its principal business being holding and management of investment properties and the sale of development properties. The activities of the group are undertaken through the company and its subsidiaries. The group operates in South Africa.

There have been no material changes to the nature of the group's business from the prior period.

3. Review of financial results and activities

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated annual financial statements.

Throughout these consolidated annual financial statements, where the results are referred to as "restated", this indicates that the previously reported 2015 results have been restated to correctly reflect the group and company's results. Refer to note 5 for the details of the prior period errors.

The group was formed in June 2014, on listing, with the first annual reporting period for the group being 28 February 2015.

4. Going concern

Despite the uncertainties raised regarding the going concern of the group, as referred to in note 43, the directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated annual financial statements have been prepared on a going concern basis.

5. Events after the reporting period

All material events after the reporting period have been listed in note 44. The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

6. Investment properties

The accounting treatment of investment properties and its valuations have changed materially. Please refer to the investment properties' accounting policy 1.4, note 3 investment properties' properties and note 5 Prior period errors where the details of changes in the treatment of investment properties are explained in detail.

Most investment properties have been transferred to "held for sale" to align the accounting treatment with the strategic direction of the group – to exit investment properties that would not be beneficial to the group in the short to medium term. Refer to note 18 for the details of these properties.

7. Plant and equipment

There was no material change in the nature of the plant and equipment of the group or in the policy regarding their use.

8. Investment in subsidiaries

Details of investment in subsidiary companies are presented in note 12.

9. Stated capital

Refer to note 19 for details of the movement in authorised and issued stated capital.

10. Dividends

No dividends were declared or paid to the shareholders during the year (2015: Rnil).

11. Auditor

Moore Stephens Cape Town Inc. was appointed as the group's external auditors on 24 November 2017, after the services of RSM South Africa was terminated.

12. Secretary

The group secretary is Statucor Proprietary Limited.

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Private Bag X60500	22 Wellington Road
Houghton	Parktown
2041	2193

13. Liquidity and solvency

The board has performed the required liquidity and solvency tests required by the Companies Act.

14. Directors and prescribed officers

The directors and prescribed officers of the company during the year and to the date of this report are as follows:

Name	Designation	Changes
Current directors and prescribed officer		
W Grobbelaar	Chairman (Independent Non-executive)	Appointed 27 November 2015
S Maritz	Chief Executive Officer	Appointed 15 December 2015
C la Grange	Non-executive	Appointed 14 March 2018
WC Jansen van Rensburg	Executive	Appointed 07 October 2016
HA Lambrechts	Non-executive	Appointed 15 December 2015
CJ Sidego Independent	Non-executive	Appointed 01 September 2016, Resigned 09 October 2018
PD Dexter	Independent Non-executive	Appointed 27 November 2015
J George	Prescribed officer	Appointed 11 July 2016
Former directors and prescribed officer		
PE Burton	Chairman (Independent Non-executive)	Appointed 24 October 2013, Resigned 28 August 2015
NT Govender	Chief Executive Officer	Appointed 24 October 2013, Resigned 10 December 2015
JF Pretorius	Chief Financial Officer	Appointed 17 October 2014, Resigned 31 August 2016
D Nel	Executive	Appointed 15 December 2015, Resigned 13 June 2016
SB Rule	Non-executive	Appointed 24 October 2013, Resigned 18 January 2016
NM Phosa	Independent Non-executive	Appointed 11 May 2015, Resigned 12 May 2015
N Retief	Independent Non-executive	Appointed 15 December 2015, Resigned 08 August 2016
BM Molefi	Independent Non-executive	Appointed 18 February 2014, Resigned 20 January 2016
RD Eaton	Independent Non-executive	Appointed 24 October 2013, Resigned 28 August 2015
WH Rule	Independent Non-executive	Appointed 24 October 2013, Resigned 18 January 2016
WB Stocks	Independent Non-executive	Appointed 24 October 2013, Resigned 18 January 2016
G Stavridis	Prescribed officer	Appointed 01 November 2013

15. SPONSOR

Questco Corporate Advisory Proprietary Limited was appointed as the company's corporate sponsor on 01 May 2018, after the services of Bravura Capital Proprietary Limited were terminated.

16. DIRECTORS' AND PRESCRIBED OFFICERS' INTERESTS IN SHARES

As at 29 February 2016, the current and former directors and prescribed officers of the company held direct and indirect beneficial interests in 7% (Restated 2015: 3%) of its issued ordinary shares, as set out below. HA Lambrechts indirectly holds 6% of the ordinary shares of the company and NT Govender directly holds 1% of the ordinary shares of the company (Restated 2015: SB Rule held 2% and NT Govender 1% of the shares).

Interests in shares (number of shares)

	2016 Direct R'000	Restated 2015 Direct R'000	2016 Indirect R'000	Restated 2015 Indirect R'000	2016 Total R'000	Restated 2015 Total R'000
Current directors and prescribed officer						
S Maritz	**1 700**	-	**-**	-	**1 700**	-
HA Lambrechts	**-**	-	**66 589**	-	**66 589**	-
	1 700	-	**66 589**	-	**68 289**	-
Former directors and prescribed officer						
PE Burton	**-**	25	**-**	-	**25**	25
NT Govender	**12 758**	12 758	**-**	-	**12 758**	12 758
JF Pretorius	**1 599**	102	**-**	2 049	**1 611**	2 151
D Nel 35	**35**	-	**-**	-	**35**	-
SB Rule	**-**	-	**-**	20 100	**-**	20 100
G Stavridis*						
	14 392	12 885	**-**	22 149	**14 429**	35 034

** G Stavridis (former prescribed officer) does not hold shares directly, but management cannot confirm whether he holds any shares indirectly.*

The register of interests of directors, prescribed officers and others, in shares of the company is available to the shareholders on request.

No director or prescribed officer has any direct non-beneficial interest in the ordinary shares of the company, the indirect holdings can however not be confirmed.

Statement of Financial Position

as at 29 February 2016

	Notes	Group 2016 R'000	Group Restated 2015 R'000	Company 2016 R'000	Company Restated 2015 R'000	Company Restated 2014 R'000
Assets						
Non-Current Assets						
Investment properties at fair value	3	**187 307**	302 952	**-**	-	-
Operating lease asset	3	**4 671**	5 450	**-**	-	-
Investment properties per valuation	3	**191 978**	308 402	**-**	-	-
Plant and equipment	10	**1 572**	1 528	**520**	670	-
Intangible assets	11	**59**	94	**59**	94	-
Loans to subsidiaries	14	**-**	-	**21 648**	22 288	-
		193 609	310 024	**22 227**	23 052	-
Current Assets						
Inventories	15	**12 235**	19 855	**-**	-	-
Loans to subsidiaries	14	**-**	-	**195 982**	154 468	-
Trade and other receivables	16	**27 816**	23 808	**319**	844	551
Operating lease asset	3	**921**	278	**-**	-	-
Current tax receivable		**4 338**	3 250	**439**	-	-
Cash and cash equivalents	17	**2 875**	1 824	**1**	93	15
		48 185	49 015	**196 741**	155 405	566
Non-current assets classified as held for sale	18	**99 089**	-	**-**	-	-
Total Assets		**340 883**	359 039	**218 968**	178 457	566
Equity and Liabilities						
Equity						
Stated capital	19	**443 237**	421 943	**443 237**	421 943	15
Treasury shares	19	**(6 086)**	(48)	**-**	-	-
Share-based payment reserve	20	**3 464**	-	**-**	-	-
Accumulated loss		**(324 738)**	(314 398)	**(297 992)**	(317 436)	(4 659)
		115 877	107 497	**145 245**	104 507	(4 644)
Liabilities						
Non-Current Liabilities						
Loans from shareholders	21	**45 178**	-	**3 899**	-	-
Other financial liabilities	22	**82 283**	82 291	**-**	-	-
Deferred tax	23	**30 479**	31 018	**-**	-	-
Guaranteed share obligation	24	**-**	85 290	**-**	-	-
		157 940	198 599	**3 899**	-	-
Current Liabilities						
Loans from subsidiaries	14	**-**	-	**22 684**	25 386	-
Other financial liabilities	22	**6 900**	3 143	**-**	-	-
Current tax payable		**12 798**	9 908	**-**	-	-
Trade and other payables	25	**37 478**	26 249	**37 317**	35 021	5 210
Guaranteed share obligation	24	**-**	4 265	**-**	4 265	-
Bank overdraft	17	**9 890**	9 378	**9 823**	9 278	-
		67 066	52 943	**69 824**	73 950	5 210
Total Liabilities		**225 006**	251 542	**73 723**	73 950	5 210
Total Equity and Liabilities		**340 883**	359 039	**218 968**	178 457	566

The 2015 group and company results have been restated as a result of the prior period errors as disclosed in note 5. The corrected results are included in the "Restated 2015" column in the Statement of Financial Position and its supporting notes.

Statement of Comprehensive Income

	Notes	Group 2016 R'000	Group Restated 2015 R'000	Company 2016 R'000	Company Restated 2015 R'000
Revenue	26	**38 474**	21 445	**18 194**	11 489
Cost of sales	27	**(9 938)**	(504)	**-**	-
Gross profit		**28 536**	20 941	**18 194**	11 489
Other operating profits	28	**5 843**	19 283	**26**	13 449
Other operating losses	29	**(3 838)**	(2 102)	**(4 472)**	(3 706)
Impairment of investments in subsidiaries	12	**-**	-	**-**	(96 247)
Referral fees	5	**-**	(22 690)	**-**	-
Impairment of loans to subsidiaries	14	**-**	-	**(85 389)**	-
Penalty on forfeit	9	**(5 628)**	-	**-**	-
Commission paid	30	**(2 462)**	(116 140)	**-**	(79)
Other operating expenses		**(57 268)**	(40 313)	**(29 968)**	(17 880)
Operating (loss) profit	31	**(34 817)**	(141 021)	**(101 609)**	(92 974)
Investment income	32	**2 856**	804	**123 211**	11 762
Finance costs	33	**(12 858)**	(4 509)	**(2 523)**	(231 006)
Gain on bargain purchase	4	**-**	35 909	**-**	-
Fair value gains (losses) on investment properties	3	**10 347**	(26 101)	**-**	-
Impairment of goodwill	13	**-**	(148 714)	**-**	-
Recovery of unauthorised shares	5	**-**	-	**-**	12 098
Write-off of unauthorised shares	5	**-**	-	**-**	(12 098)
Gain (loss) on guaranteed share obligation	24	**20 543**	(11 729)	**365**	(559)
(Loss) profit before taxation		**(13 929)**	(295 361)	**19 444**	(312 777)
Taxation	34	**(2 725)**	(639)	**-**	-
Total comprehensive (loss) income for the year		**(16 654)**	(296 000)	**19 444**	(312 777)
Loss per share					
Basic and diluted (cents)	35	**(1.56)**	(40.53)		

The 2015 group and company results have been restated as a result of the prior period errors as disclosed in note 5. The corrected results are included in the "Restated 2015" column in the Statement of Comprehensive Income and its supporting notes.

Statement of Changes in Equity

	Stated capital R'000	Treasury shares R'000	Total stated capital R'000	Share-based payment reserve R'000	Accumulated loss R'000	Total equity R'000
Group						
Opening balance as previously reported	15	-	15	12 895	(17 554)	(4 644)
Prior period errors	-	-	-	(12 895)	12 895	-
Balance at 01 March 2014 as restated	15	-	15	-	(4 659)	(4 644)
Loss for the year as restated	-	-	-	-	(296 000)	(296 000)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(296 000)	(296 000)
Cancellation of shares issued	(13)	-	(13)	-	-	(13)
Issue of shares	421 941	(12 098)	409 843	-	-	409 843
Purchase of own / treasury shares	-	(3 105)	(3 105)	-	-	(3 105)
Disposal of treasury shares	-	7 809	7 809	-	(7 809)	-
Fair value loss on disposal of treasury shares	-	5 930	5 930	-	(5 930)	-
Issue of treasury shares	-	1 120	1 120	-	-	1 120
Fair value loss on issue of treasury shares	-	296	296	-	-	296
Total contributions by owners of company recognised directly in equity as restated	421 928	(48)	421 880	-	(13 739)	408 141
Opening balance as previously reported	882 090	(58 759)	823 331	-	516 405	1 339 736
Prior period errors	(460 147)	58 711	(401 436)	-	(830 803)	(1 232 239)
Balance at 01 March 2015 as restated	421 943	(48)	421 895	-	(314 398)	107 497
Loss for the year	**-**	**-**	**-**	**-**	**(16 654)**	**(16 654)**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(16 654)**	**(16 654)**
Issue of shares	**21 294**	**-**	**21 294**	**-**	**-**	**21 294**
Issue of treasury shares	**-**	**70**	**70**	**-**	**-**	**70**
Fair value loss on issue of treasury shares	**-**	**183**	**183**	**-**	**-**	**183**
Guaranteed share obligation	**-**	**-**	**-**	**3 464**	**-**	**3 464**
Recovery of unauthorised shares	**-**	**(6 314)**	**(6 314)**	**-**	**6 314**	**-**
Fair value loss on recovery of unauthorised shares	**-**	**23**	**23**	**-**	**-**	**23**
Total contributions by owners of company recognised directly in equity	**21 294**	**(6 038)**	**15 256**	**3 464**	**6314**	**25 034**
Balance at 29 February 2016	**443 237**	**(6 086)**	**437 151**	**3 464**	**(324 738)**	**115 877**
Notes	19	19	19	20		

Statement of Changes in Equity continued

	Stated capital R'000	Share-based payment reserve R'000	Accumulated loss R'000	Total equity R'000
Company				
Opening balance as previously reported	15	12 895	(17 554)	(4 644)
Prior period errors	-	(12 895)	12 895	-
Balance at 01 March 2014 as restated	15	-	(4 659)	(4 644)
Loss for the year as restated	-	-	(312 777)	(312 777)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(312 777)	(312 777)
Cancellation of shares issued	(13)	-	-	(13)
Issue of shares	421 941	-	-	421 941
Total contributions by owners of company recognised directly in equity as restated	421 928	-	-	421 928
Opening balance as previously reported	870 077	-	907	870 984
Prior period errors	(448 134)	-	(318 343)	(766 477)
Balance at 01 March 2015 as restated	421 943	-	(317 436)	104 507
Profit for the year	**-**	**-**	**19 444**	**19 444**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive loss for the year	**-**	**-**	**19 444**	**19 444**
Issue of shares	**21 294**	**-**	**-**	**21 294**
Total contributions by and distributions to owners of company recognised directly in equity	**21 294**	**-**	**-**	**21 294**
Balance at 29 February 2016	**443 237**	**-**	**(297 992)**	**145 245**
Notes	19	20		

Statement of Cash Flows

	Notes	Group 2016 R'000	Group Restated 2015 R'000	Company 2016 R'000	Company Restated 2015 R'000
Cash flows from operating activities					
Cash used in operations	36	**(4 843)**	(7 643)	**(4 003)**	(10 174)
Interest income		**2 856**	804	**-**	-
Finance costs		**(11 579)**	(4 509)	**(1 172)**	(763)
Tax paid	37	**(1 463)**	52	**(439)**	-
Net cash used in operating activities		**(15 029)**	(11 296)	**(5 614)**	(10 937)
Cash flows from investing activities					
Purchase of plant and equipment	10	**(754)**	(780)	**(80)**	(758)
Proceeds on disposal of plant and equipment	10	**22**	-	**22**	-
Purchase of investment properties	3	**(28 381)**	(56 647)	**-**	-
Proceeds on disposal of investment properties	3	**50 854**	-	**-**	-
Purchase of intangible assets	11	**(7)**	(109)	**(7)**	(109)
Business combinations	4	**-**	(24 108)	**-**	-
Investment in subsidiaries		**-**	-	**-**	(828)
Loans advanced to group companies		**-**	-	**(40 767)**	(20 508)
Proceeds from loan from group company		**-**	-	**45 809**	23 953
Net cash generated from (used in) investing activities		**21 734**	(81 644)	**4 977**	1 750
Cash flows from financing activities					
Cancellation of shares issued	19	**-**	-	**-**	(13)
Net movement on treasury shares	19	**85**	(48)	**-**	-
Proceeds from other financial liabilities		**3 749**	85 434	**-**	-
Repayment of shareholders loan		**(10 000)**	-	**-**	-
Net cash (used in) generated from financing activities		**(6 166)**	85 386	**-**	(13)
Total cash movement for the year		**539**	(7 554)	**(637)**	(9 200)
Cash at the beginning of the year		**(7 554)**	-	**(9 185)**	15
Total cash at end of the year	17	**(7 015)**	(7 554)	**(9 822)**	(9 185)

Accounting Policies

CORPORATE INFORMATION

Freedom Property Fund Limited and its subsidiaries are incorporated and domiciled in South Africa. Freedom is listed on the Main Board of the JSE Limited.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below.

1.1 Basis of preparation

The consolidated and separate financial statements have been prepared on the going concern basis in accordance with, and in compliance with, IFRS as issued by the IASB, the requirements of the Companies Act, the JSE Listings Requirements, the SAICA Financial Reporting Guides as issued by the APC, the Financial Pronouncements as well as the standards and guidance issued by the FRSC.

The consolidated annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value or amoritsed cost, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in South African Rands, which is the group and company's functional currency.

These accounting policies are consistent with the previous period. There is no change in previously reported results as a result of a change in accounting policy. Refer to note 5 for details of material prior period errors.

1.2 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating-decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee (Exco) that makes strategic decisions.

The basis of segmental reporting has been set out in note 42.

1.3 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group. Freedom has investments in 19 subsidiaries, all of which are wholly owned (refer to note 12).

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The group has power over an entity when it has existing rights that give it the current ability to direct the relevant activities of the entity. The group is exposed, or has rights, to variable returns from its involvement with the entity when the investor's returns from its involvement have the potential to vary because of the entity's performance.

The consolidated annual financial statements include the assets, liabilities and results of the company and its subsidiaries from the date control is established until the date that control ceases.

Where a subsidiary has a reporting period that is different from that of the group, the results of the subsidiary are adjusted to reflect a reporting period consistent with the group's reporting period. Where necessary, adjustments are made to the financial statements of subsidiaries to align any difference in accounting policies with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are not eliminated to the extent that they provide objective evidence of impairment.

Transactions with non-controlling interests that do not result in the loss of control are accounted for as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid or received and the relevant share of the carrying value of net assets of the subsidiary that has been acquired is recorded in equity.

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date that control is lost, with the change in the carrying amount being recognised in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Investments in subsidiaries in the separate financial statements

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. The carrying amounts of these investments are reviewed annually and impaired when necessary by applying the policy described in policy 1.7.

At an intermediate parent level, consolidated financial statements are not prepared and investments in subsidiaries are therefore accounted for in terms of this policy.

Business combinations

Where applicable, Freedom has accounted for the purchases of properties as business combinations (refer to note 2 on significant judgements made around the classification of the acquisition of investment property as an asset purchase or a business combination).

The group accounts for business combinations using the acquisition method of accounting.

The consideration transferred for the acquisition of a subsidiary is the sum of the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the group incurs relating to a business combination are expensed as incurred.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be a financial instrument is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for deferred taxation assets or liabilities, which are recognised and measured in accordance with IAS 12 – Income Taxes

Goodwill

Goodwill arose on the acquisition of properties that were accounted for as business combinations. This has been immediately impaired (refer to note 2 on significant judgements made around the impairment of goodwill and to note 13 on goodwill).

Goodwill arises on the acquisition of subsidiaries. Goodwill is measured at cost less accumulated impairment losses.

Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred plus the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any), this excess is recognised immediately in profit or loss as a gain on bargain purchase.

Goodwill is not amortised, but is tested for impairment at least once a year. Any impairment loss is recognised immediately in profit or loss and is not subsequently reversed.

For impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Each CGU that contains goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of the value in use and the fair value less costs of disposal. Any impairment loss is recognised immediately in profit or loss and is not subsequently reversed.

Impairment losses that are recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to a CGU and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis.

However, the carrying amount of these other assets may not be reduced below the highest of their fair value less costs to sell, their value in use and Rnil.

On disposal of a subsidiary the goodwill attributable to the subsidiary is included in the determination of the profit or loss on disposal.

1.4 Investment properties

Investment property consists of land and buildings held to earn rental income for the long term and subsequent capital appreciation.

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably. The group's major assets are investment properties.

Investment property is initially recognised at cost. Directly attributable transaction costs are included in the initial measurement.

Items of investment property are capitalised when it is probable that the future economic benefits associated with the asset will flow to the group and the cost of the asset can be measured reliably. This recognition principle is applied to all investment property costs at the time they are incurred. These costs include costs incurred initially to acquire or construct an item of investment property and costs incurred subsequently to add to, replace part of, or service it. All other repairs and maintenance expenses are recognised in profit or loss when they are incurred.

Fair value

Subsequent to initial measurement investment properties are measured at fair value. All properties are valued at least annually. The policy of the group is that at least 75%, by value, of the group's properties are valued externally by independent valuators with appropriate and relevant experience, with the remainder being valued by the directors.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

Gains or losses on the disposal of investment properties are recognised in profit or loss, and are calculated as the difference between the selling price and the fair value of the property.

1.5 Plant and equipment

Plant and equipment are tangible assets which the group holds for its own use and which are expected to be used for more than one year. The group has a small amount of plant and equipment.

An item of plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Plant and equipment is carried at historical cost less accumulated depreciation and any accumulated impairment losses.

Items of plant and equipment are capitalised when it is probable that the future economic benefits associated with the asset will flow to the group and the cost of the asset can be measured reliably. This recognition principle is applied to all plant and equipment costs at the time they are incurred. These costs include costs incurred initially to acquire an item of plant and equipment and costs incurred subsequently to add to, replace part of, or service it. All other repairs and maintenance expenses are recognised in profit or loss when they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, on the straight line basis.

Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term.

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Plant and machinery	Straight line	5 years
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	6 years
IT equipment	Straight line	4 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss.

Impairment tests are performed on plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.6 Intangible assets

The group holds a small amount of computer software, which is classified as intangible assets, for its own use, with the expectation of using it for more than one year.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the group; and
- the cost of the asset can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Average useful life
Computer software	3 years

The residual value, useful life and amortisation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The amortisation charge for each year is recognised in profit or loss.

Impairment tests are performed on intangible assets when there is an indicator that they may be impaired. When the carrying amount of an item intangible assets of is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of intangible assets is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of intangible assets, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Accounting Policies continued

1.7 Impairment of non-financial assets

The group assesses at each end of the reporting period whether there is any indication that a non-financial asset, other than deferred tax, may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also tests goodwill for impairment annually.

An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher amount of an asset's fair value less cost of disposal and value in use. Fair value less cost of disposal is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets that cannot be tested individually are grouped at the lowest levels for which there are separately identifiable cash inflows from continuing use (cash-generating units). Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed.

In respect of other non-financial assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed through profit or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.8 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Immediately before classification as held for sale, all assets and liabilities are remeasured in accordance with the group's accounting policies.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less incremental directly attributable costs to sell (excluding taxation and finance charges), except for assets such as investment property that are carried at fair value and are exempt from this requirement.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as such.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss.

Gains or losses recognised on initial classification as held for sale and subsequent remeasurement are recognised in profit or loss. The maximum gains that can be recognised are the cumulative impairment losses previously recognised in profit or loss.

A disposal group continues to be consolidated while classified as held for sale.

1.9 Financial instruments

Classification

Financial instruments, as reflected on the statement of financial position, include all financial assets, financial liabilities, and equity instruments. They exclude investment properties, operating lease asset, plant and equipment, investments in subsidiaries, VAT, prepayments, inventories, deferred income, amounts received in advance, deferred taxation, taxation receivable / payable, provisions, and goodwill.

Financial instruments are accounted for under IAS 32 – Financial Instruments: Presentation and IAS 39 – Financial Instruments:

Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures.

The group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the group intends to sell immediately or in the short term, which are categorised as held for sale, and those that the entity upon initial recognition designates as at fair value through profit or loss; or
- Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

They arise when the group provides money, goods or services directly to a debtor with no intention of trading the advance.

Initial recognition and measurement

Financial instruments are recognised in the statement of financial position when the group becomes a party to the contractual provisions of a financial instrument. All purchases of financial assets that require delivery within the timeframe established by regulation or market convention (‘regular way’ purchases) are recognised at the trade date, which is the date on which the group commits to purchase the financial asset. The liability to pay for ‘regular way’ purchases of financial assets is recognised on the trade date, which is when the group becomes a party to the contractual provisions of the financial instrument.

Financial instruments that are categorised and designated at initial recognition as being at fair value through profit or loss are recognised at fair value. Transaction costs, which are directly attributable to the acquisition or on issue of these financial instruments, are recognised immediately in profit and loss.

Financial instruments that are not carried at fair value through profit or loss are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

Subsequent measurement

Subsequent to initial measurement, financial instruments are either measured at fair value or amortised cost, depending on their classification. The group has no financial instruments that are subsequently measured at fair value.

Loans and receivables are subsequently measured at amortised cost, using the effective interest rate method, less accumulated impairment losses.

Accounting Policies continued

1.9 Financial instruments (continued)

All the group's trade debtors are included in the loans and receivables category. These advances arise when the group provides money, goods or services directly to a debtor with no intention to trade the receivable.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and reward of ownership.

Impairment of financial assets

The group assesses at each reporting date whether there is objective evidence that an asset or group of assets is impaired.

Impairment provisions raised during the year are charged to profit or loss.

The group reviews the carrying amounts of its loans and receivables to determine whether there is any indication that those loans and receivables have become impaired, using objective evidence at an individual asset level. A loan or receivable is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment because of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event(s) has an adverse impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Losses expected because of future events, no matter how likely, are not recognised.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the group about the following loss events:

- Significant financial difficulty of the debtor.
- A breach of contract, such as a default or delinquency in the payment of interest or principal.
- The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider.
- Increasing probability that the borrower is over-indebted.
- Indication that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
    - adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments); or
    - national or local economic conditions that correlate with defaults on the assets in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers or adverse changes in industry conditions that affect the borrowers in the group).

The recoverable amount is the sum of the estimated future cash flows, discounted to their present value using a discount rate that reflects the original effective interest rate relating to the loan. The estimate of the cash flows is assessed on a loan by loan basis.

If the recoverable amount of the loan is estimated to be less than the carrying amount, the carrying amount of the loan is reduced to its recoverable amount by raising an impairment provision (using a separate allowance account), which is recognised as an expense in profit or loss. Loans are written off, either partially or in full, when there is no realistic prospect of full or partial recovery. A write-off is affected against the allowance account.

Where an impairment loss subsequently reverses, the carrying amount of the loan is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the loan in prior years. A reversal of an impairment loss is immediately recognised in profit or loss.

Loans that would otherwise be past due or impaired and whose terms have been renegotiated and exhibit the characteristics of a performing loan are reset to performing loan status. Loans whose terms have been renegotiated are subject to ongoing review to determine whether they are considered to be impaired or past due.

Cash collected on loans which have previously been written off is recognised in profit or loss as bad debts recovered, as and when the cash is received.

Collateral

No collateral is held in respect of recognised financial assets.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Stated capital and any financial instrument issued by the group is classified as equity when:

- The instrument does not provide for the exchange of financial instruments under conditions that are potentially unfavourable to the group;
- Settlement in the group's own equity instruments is for a fixed number of equity instruments at a fixed price; and
- The instrument represents a residual interest in the assets of the group after deducting all its liabilities.

Equity instruments are recorded at the proceeds received, net of direct issue costs.

1.10 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities

Deferred taxation is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective taxation bases. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, and is measured at the taxation rates (enacted or substantively enacted at the reporting date) that are expected to be applied to the temporary differences when they reverse.

Deferred taxation is recognised in profit or loss for the period, except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is accounted for as an acquisition.

The effect on deferred taxation of any changes in taxation rates is recognised in profit or loss for the period, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

a) the initial recognition of goodwill; or

b) the initial recognition of an asset or liability in a transaction which:

   (i) is not a business combination; and

   (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

1.10 Tax (continued)

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

(i) is not a business combination; and

(ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax is recognised for all taxable temporary differences associated with investments in subsidiaries except to the extent that both of the following conditions are satisfied:

a) the parent is able to control the timing of the reversal of the temporary difference; and

b) it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is recognised for all deductible temporary differences arising from investments in subsidiaries to the extent that, and only to the extent that, it is probable that:

a) the temporary difference will reverse in the foreseeable future; and

b) taxable profit will be available against which the temporary difference can be utilised.

Deferred taxation assets are recognised to the extent that it is probable that future taxable income will be available against which the unutilised taxation losses and deductible temporary differences can be used. Deferred taxation assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related taxation benefits will be realised.

Deferred taxation assets and liabilities are offset if there is a legally enforceable right to offset current taxation liabilities against current taxation assets, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different taxation entities, but they intend to settle current tax liabilities and assets on a net basis or their taxation assets and liabilities will be realised simultaneously.

Deferred taxation assets and liabilities are not discounted.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

The group only enters into operating leases. These relate primarily to the lease of properties by Kadoma Investments Proprietary Limited, Passion Way Props Proprietary Limited and Ivory Sun Trading 115 Proprietary Limited (where the group is a lessor). In addition, the company leases office space (where the group is a lessee).

Operating leases - lessor

Operating lease income (net of any incentives given to lessees) is recognised as an income on a straight-line basis over the lease term. The difference between the amounts recognised as an income and the contractual receipts are recognised as an operating lease asset. This asset is not discounted.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

1.12 Inventories

Inventories consist of land held for sale on properties not earmarked for development.

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. It excludes borrowing costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.13 Stated capital and equity

Most significant transactions have been settled in shares. These include the payment for the acquisition of properties and inventories as well as the settlement of various transaction costs (such as promoters' fees and commission paid).

Various transactions have occurred using Freedom's shares (refer to note 5 on prior period errors). Many of these have resulted in losses to the group because its shares were returned when the share price was lower than the price when the shares were used outside of the group.

Stated capital and share premium and transaction costs

Shares issued by the company are recorded at the value of the proceeds received less the external costs directly attributable to the issue of the shares. All transactions relating to the issue of shares in the company, together with their associated costs, are accounted for in equity.

Treasury shares

Where the company or any other member of the group purchases the company's equity stated capital, such shares are classified as treasury shares and the par value of these treasury shares is deducted from the stated capital, whereas the remainder of the cost price is deducted from the share premium until the treasury shares are cancelled.

Where such shares are subsequently sold or reissued, any consideration received is included in equity.

Treasury shares are deducted from the issued and weighted average number of shares on consolidation. All dividends received on treasury shares are eliminated on consolidation. The group does not recognise any gains or losses through profit or loss when its own shares are repurchased or sold.

1.14 Share-based payments

The group has entered into the following types of equity-settled share-based payment transactions:

- Purchase of investment properties and inventories (accounted for as a business combination instead of a share-based payment);
- Payment of promoters' fees (to employees and third parties);
- Payment of commission (to employees and third parties); and
- Employees' remuneration.

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equitysettled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

1.14 Share-based payments (continued)

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions the goods or services received and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received provided that the fair value can be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, or if the services received are employee services, their value and the corresponding increase in equity, are measured, indirectly, by reference to the fair value of the equity instruments granted.

Vesting conditions which are not market related (i.e. service conditions and non-market related performance conditions) are not taken into consideration when determining the fair value of the equity instruments granted. Instead, vesting conditions which are not market related shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Market conditions, such as a target share price, are taken into account when estimating the fair value of the equity instruments granted. The number of equity instruments are not adjusted to reflect equity instruments which are not expected to vest or do not vest because the market condition is not achieved.

If the Share-based payments granted do not vest until the counterparty completes a specified period of service, the group accounts for those services as they are rendered by the counterparty during the vesting period, (or on a straight line basis over the vesting period).

If the Share-based payments vest immediately the services received are recognised in full.

1.15 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.16 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, taking into account the risks and uncertainties associated with the present obligation.

Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Where the effect of discounting is material, the provision is discounted. The discount rate reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Gains from the expected disposal of assets are not taken into account in measuring provisions.

Provisions are reviewed at each reporting date and adjusted to reflect the current reasonable estimate. If it is no longer probable that an outflow of resources will be required to settle the obligation, the provision is reversed.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by a party outside the group, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the group settles the obligation. The reimbursement is recorded as a separate asset at an amount not exceeding the related provision. The expense for the provision is presented net of the reimbursement in profit or loss.

1.16 Provisions and contingencies (continued)

Provisions are not recognised for future operating losses.

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 41.

1.17 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts, value added tax and sales taxes.

Revenue earned by the group:

(a) Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(b) Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the group;
- The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

(c) Rental income

Property portfolio revenue comprises operating lease income from the letting of investment properties (Kadoma Investments Proprietary Limited, Ivory Sun Trading 115 Proprietary Limited and Passion Way Props Proprietary Limited). Operating lease income is recognised on a straight-line basis over the term of the lease.

(d) Finance income

Finance income relates to interest earned on cash and cash equivalents and is recognised, in profit or loss, using the effective interest rate method.

Accounting Policies continued

1.18 Revenue (continued)

Revenue earned by the company:

(a) Finance income

Finance income earned by the company relates to deemed interest earned because of the unwinding of the discount on interest-free or low interest loans to group companies.

This finance income is accrued on a yield to maturity basis by reference to the principal outstanding and the interest rate applicable. Finance income is recognised in profit or loss using the effective interest method taking into account the expected timing and amount of cash flows.

The effective interest rate method is a method of calculating the amortised cost of a financial asset (or group of financial assets) and of allocating the finance income over the relevant period. When calculating the effective interest rate, the group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate and includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest-bearing financial instrument and its amount at maturity calculated on an effective-interest-rate basis.

Once a financial asset or a group of similar financial assets has been written down because of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Where the group advances interest-free loans, the interest income is accrued on a yield to maturity basis using an imputed interest rate, considering the risk rating of the customers to whom these loans are granted.

In instances where a loan is in arrears for greater than 12 months, an assessment is made regarding the recoverability of the loan or group of loans and, if necessary, based on available evidence, the accrual of interest from that date is partially or fully suspended and not recognised in profit or loss until recovery is highly likely or actually recovered.

(b) Non-interest income

Non-interest income consists primarily of administration fees and management fees.

1.19 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2. Significant judgements and sources of estimation uncertainty

The preparation of consolidated annual financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas that involve more judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below.

When preparing the financial statements, management makes several judgements, estimates and assumptions about the application of the accounting policies as well as the recognition and measurement of assets, liabilities, income and expenses.

Critical judgements in applying accounting policies

The following are the significant judgements that management has made in applying the accounting policies of the group that have the most significant effect on the financial statements:

2.1 Acquisition of investment properties – asset purchase or business combination

Judgement is required in determining whether the purchase of investment properties is a business combination or an acquisition of a single asset. Previously the purchase of a company was accounted for as a business combination while the purchase of a single asset was accounted for as an acquisition of a property. The requirements of IFRS 3 were incorrectly applied in this regard. A business combination arises only if the acquired set of assets and activities meets the definition of a business i.e. whether shares in a company are acquired or the property is acquired directly, the same considerations are relevant.

The guidance in IFRS 3 – Business Combinations, has been applied (including Appendix A and supporting guidance) to each transaction to determine whether it met the definition of a business combination. That guidance explains that a business consists of 'inputs' and 'processes' applied to those inputs that together have the ability to create 'outputs'. The result of this guidance is that some acquisitions of properties should have been accounted for as business combinations and others as the acquisition of a single asset.

IFRS 3 states that if goodwill arises there is a rebuttable presumption that a transaction is a business combination. Refer to note 4 which describes whether each transaction was accounted for as a business combination or the acquisition of an asset.

Refer to note 4 for further information on the business combinations, note 3 for further information on the acquisition of investment properties and note 5 for information on the prior period errors.

2.2 Impairment of goodwill

A consequence of the assessments referred to above is that goodwill was recognised on most business combinations. This differs significantly from the previous gains on bargain purchase that were recognised in error.

This goodwill is not recoverable as the properties were already recognised at fair value. In light of this, the goodwill was not allocated to the cash-generating units (as there were none). Instead it was immediately impaired.

Refer to note 13 for the goodwill and to the statement of comprehensive income for the amount that has been recognised in profit or loss immediately. Refer to note 5 for the prior period errors.

2.3 Transaction costs

A consequence of accounting for certain acquisitions as business combinations is that transaction costs that were previously capitalised to investment properties, inventories and on acquisition of a business are not permitted to be capitalised in terms of IFRS 3. Previously transaction costs were capitalised to all properties irrespective of whether the transaction was accounted for as a business combination or the acquisition of a property. This is incorrect for two reasons:

- Firstly, the costs related to all business combinations should not have been capitalised; and
- Secondly, the assessment of whether an acquisition of a business did not comply with IFRS 3.

Accordingly, all transaction costs (promoters' fees and commission paid) have been expensed immediately if they arose as part of a business combination.

Refer to note 20 for detailed information on all promoters' fees paid, note 30 for detailed information on all commission paid and to the statement of comprehensive income for the amounts that have been recognised in profit or loss immediately (separate line items for promoters' fees and commission paid). Refer to note 5 for the prior period errors.

Accounting Policies continued

2.4 Error – no retrospective restatement

The share-based payment relating to promoters' shares has not been retrospectively corrected because it is impracticable in that it requires the significant use of hindsight, because the information needed to restate is not available. Therefore, it has been recognised as part of listing expenses incurred that should be accounted for directly in equity at the listing date. Refer to note 5 for the prior period errors.

The following are the significant estimates and assumptions that management has made:

Fair values of investment properties

Refer to note 3 for investment properties, note 47 for the fair value disclosures and to the statement of comprehensive income for the fair value movement. Refer to note 5 for the prior period errors.

Impairment of goodwill

Refer to item 2.2 above under significant judgements.

Loans to subsidiaries (separate annual financial statements of the company)

The assumptions, interest rates and periods used to discount loans to subsidiaries have been disclosed in note 14.

Guaranteed share obligations – acquisition of Kadoma Investments Proprietary Limited and Bilko Investments Proprietary Limited

The fair value of the guaranteed share obligations has been estimated on initial recognition of the acquisition of Kadoma Investments Proprietary Limited and Bilko Investments Proprietary Limited, and at each reporting date. It is recognised as a separate line item in the statement of financial position and the statement of changes in equity. Refer to note 24 for disclosure of the terms of the consideration payable and the estimates used, and to note 5 for further information on the prior period errors.

Notes to the Consolidated Annual Financial Statements

3. Investment properties

3.1 Investment properties at fair value

	Group					
	2016 R'000			Restated 2015 R'000		
	Valuation including non-current assets held for sale	Classified as held for sale	Fair value of investment property	Valuation including non-current assets held for sale	Classified as held for sale	Fair value of investment property
Land and buildings	**286 396**	**(99 089)**	**187 307**	302 95-2	-	302 952

Reconciliation of investment properties - Group - 2016 (R'000)

	Opening balance	Additions	Additions - capitalised subsequent expenditure	Disposals	Classified as held for sale	Fair value adjustments	Closing balance
Land and buildings	**302 952**	**8 689**	**19 692**	**(55 284)**	**(99 089)**	**10 347**	**187 307**

Reconciliation of investment properties - Group - Restated 2015 (R'000)

	Opening balance	Additions	Additions - capitalised subsequent expenditure	Additions through business combinations	Disposals	Fair value adjustments	Closing balance
Land and buildings	-	131 122	5 910	200 721	(8 700)	(26 101)	302 952

Refer to note 18 for details of the investment properties classified as held for sale.

3.2 Operating lease asset

	Opening balance	Additions	Additions - capitalised subsequent expenditure	Additions through business combinations	Disposals	Fair value adjustments	Closing balance
Non-current asset				4 671	5 450	-	-
Current asset				921	278	-	-
				5 592	5 728	-	-

The operating lease asset is as a result of the straight-lining of leasing income over the lease term in Kadoma Investments Proprietary Limited (2015: The asset related to Passion Way Props Proprietary Limited as well, but this lease ended during 2016).

Refer to note 26 for further details on the lease.

Non-cancellable operating lease income	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Less than one year	18 728	23 064	-	-
Between one and five years	43 163	85 328	-	-
More than five years	11 952	23 894	-	-
	73 843	132 286	-	-
Less straight-line portion	(68 251)	(126 558)	-	-
Operating lease asset	5 592	5 728	-	-

Notes to the Consolidated Annual Financial Statements (continued)

3.2 Operating lease asset (continued)

Impact of restated 2015 results

	As previously reported R'000	Restated R'000	Change R'000
Investment properties at fair value	1 556 382	302 952	1 253 430
Operating lease asset (non current)	1 086	5 450	(4 364)
Investment properties per valuation	1 557 468	308 402	1 249 066

Refer to note 5 for details on the R1.2 billion change in the carrying amount of investment properties in 2015, due to prior period errors and note 47 which describes the significant judgements and estimates that have been applied in determining the fair values of the properties.

Details of properties

For details of investment properties owned by the group, refer to note 50 for the Portfolio Review.

Details of valuations

All properties are valued at least annually. The policy of the group is that at least 75%, by value, of the group's properties are valued externally by independent valuators with appropriate and relevant experience, with the remainder being valued by the directors.

Valuations were performed at the listing date, at 28 February 2015 and at 29 February 2016.

Valuations previously provided by JS Bosman (M.I.V.) (SA)

JS Bosman had been providing the group with valuations since 2013. As disclosed on SENS on 17 August 2017, the board contracted the services of a new independent property valuer, T Behrens of Real Insight, who is registered as a Professional Associated Valuer, (SACPVP registration number: 3206/5), to undertake a revaluation of the group's property portfolio.

Appointment of Real Insight

Real Insight (who is registered in terms of section 20 (2) (a) of the Property Valuers Professional Act No. 47 of 2000) was appointed to perform independent valuations from the date Freedom acquired the various properties. This has indicated that the values of investment properties as described in the Pre-Listing Statement were materially overstated. This can be seen in the prior year error note 5(a). These values were further inflated subsequent to listing when the results for 28 February 2015 were reported.

The matter regarding the valuations performed by JS Bosman, has been reported to the South African Council for the Property Valuers Profession and to the JSE.

Real Insight was appointed as an external valuator to perform revaluations at the date of sale of the various properties to Freedom and at 28 February 2015.

The resultant adjustment of the difference between the cost and its fair value is collectively referred to hereinafter as Revaluation.

As announced on SENS on 21 December 2017, there was a significant and material decrease in the valuations obtained from JS Bosman compared to those provided by Real Insight. The board resolved to implement the Revaluation after the IFRS expert to the group, in consultation with senior management, expressed discomfort with the historical valuations undertaken by the group.

Refer to note 47 which describes the significant judgements and estimates that have been applied in the fair value measurement.

3.2 Operating lease asset (continued)

Due to the location, size and available information, the following methods were incorporated to determine the fair value of the investment properties:

- Net Income Capitalisation Method
- Residual Land Value (RLV) method
- Direct Comparable Sales Method
- Depreciated Cost Method

Operating expenses	Group 2016 R'000	Group Restated 2015 R'000	Company 2016 R'000	Company Restated 2015 R'000
Direct operating expenses from rental generating properties	19 868	11 297	-	-
Direct operating expenses from non-rental generating properties	6 493	3 280	-	-
	26 361	14 577	-	-

Pledged as security

Investment properties with a value of R191 600 000 (2015: R211 400 000) have been pledged as security for mortgage bonds from Nedbank Limited (refer to note 22).

Investment property with a fair value of R32 400 000 (2015: Rnil) have been pledged as security for the loan from Christo la Grange Familie Trust (refer to note 21). Refer to note 6 for information on the related party relationships.

Contractual commitments

The group, via subsidiary company, Zambesa Investments Proprietary Limited, had contractual commitments as at 29 February 2016, for the construction of 17 residential units as part of phase 1 and 26 residential units as part of phase 2 of a construction agreement, on Erf 5973, Burgersfort Extension 40 Township.

There were no contractual commitments to obtain investment properties as at 28 February 2015.

4. Business combinations

The table below outlines the acquisitions that the group made in the year ended 28 February 2015. All of these acquisitions occurred to facilitate the listing on the JSE.

All of the businesses acquired operate in South Africa and all properties acquired are located in South Africa. Refer to notes 12 and 50 for further details of the acquirees.

Restated 2015 (R'000)

Company/Property acquired	Date of acquisition	% of shares acquired	Purchase price	Acquisition costs expensed	Fair value of net assets acquired	(Gain on bargain purchase) Goodwill	Actual revenue included in 2015	Actual profit (loss) included in 2015
Bilko Investments Proprietary Limited	14 June 2014	100%	3 591	-	10 209	(6 618)	-	-
Kadoma Investments Proprietary Limited	1 March 2014	100%	145 792	108 338	121 975	23 817	20 891	(128 760)
Ligitprops 184 Proprietary Limited	1 March 2014	100%	11 905	26 119	5 220	6 685	-	(425)
Stellenbosch Industrial	25 April 2014	Title deed	27 098	8 529	38 000	(10 902)	4 628	(26 307)
Wespark Palms	17 April 2014	Title deed	2 871	1 632	4 800	(1 929)	228	(2 163)
			191 257	144 618	180 204	11 053	25 747	(157 655)

The primary reason for acquiring these companies and properties was to increase the fund's exposure.

Notes to the Consolidated Annual Financial Statements (continued)

4. Business combinations (continued)

Goodwill of R30,5 million arose from the acquisitions of Kadoma Investments Proprietary Limited and Ligit Props 184 Proprietary Limited, because the price paid was equal to the previously over-valued properties. A gain on bargain purchase of R19.4m arose on the acquisitions of Bilko Investments Proprietary Limited, Stellenbosch Industrial and Wespark Palms. The goodwill has been impaired immediately (refer to note 13). Goodwill is not deductible for income tax purposes.

The purchase of Stellenbosch Industrial and Wespark Palms had entity-specific judgements that were used in determining that both the entities was a business and acquired as a business combination. Certain processes were in place or acquired that contributed to the entity-specific judgements.

The majority of the business combinations were settled by the issue of shares with a value of R0.26 each. However, in the case of Kadoma Investments Proprietary Limited, an additional top up payment was due (refer to note 24 for the contingent consideration/guaranteed shares).

On 25 July 2014 the company disposed of its entire shareholding in Bilko Investments Proprietary Limited for a consideration of 12 000 000 Freedom shares. Refer to note 39 for further details.

The fair value of the net assets acquired was R180.2 million and are outlined in the table below.

Fair value of assets acquired and liabilities assumed – Restated 2015 (R'000)

	Bilko Investments Proprietary Limited	Kadoma Investments Proprietary Limited	Ligitprops 184 Proprietary Limited	Stellenbosch Industrial	Wespark Palms	Total
Operating lease asset	-	2 379				2 379
Investment properties	8 700	149 221	-	38 000	4 800	200 721
Plant and equipment	-	1 043	-	-	-	1 043
Loans receivable	-	2 250	5 873	-	-	8 123
Deferred tax asset	1 488	-	-	-	-	1 488
Inventories	-	-	3 293	-	-	3 293
Trade and other receivables	19	710	-	-	-	729
Cash and cash equivalents	2	836	54	-	-	892
Other financial liabilities	-	(3 802)	-	-	-	(3 802)
Other loans payable	-	(1 185)	-	-	-	(1 185)
Deferred tax liability	-	(26 970)	-	-	-	(26 970)
Trade and other payables	-	(1 727)	(2 500)	-	-	(4 227)
Current tax payable	-	(780)	(1 500)	-	-	(2 280)
	10 209	121 975	5 220	38 000	4 800	180 204

Loans Receivable and Trade and other receivables
The fair value of the loans receivable is R8.1 million and trade receivables is R0.7 million. The gross contractual amount for loans due is R8.1 million and for trade receivables due is also R0.7 million, of which everything is expected to be collectible.

Acquisition date fair value of consideration paid – Restated 2015 (R'000)

	Equity settled - Issue of Freedom Shares	Cash settled	Dividends in specie	Contingent consideration	Shareholder claim	Total
Bilko Investments Proprietary Limited	(3 106)	-	-	(3 706)	3 221	(3 591)
Kadoma Investments Proprietary Limited	(67 423)	(3 000)	(1 250)	(74 119)	-	(145 792)
Ligitprops 184 Proprietary Limited	(11 905)	-	-	-	-	(11 905)
Stellenbosch Industrial	(5 098)	(22 000)	-	-	-	(27 098)
Wespark Palms	(2 871)	-	-	-	-	(2 871)
	(90 403)	(25 000)	(1 250)	(77 825)	3 221	(191 257)

4. Business combinations (continued)

Contingent consideration arrangements

As per the purchase agreements, a performance obligation was included in the purchase of certain entities where within one year of listing, the listing date anniversary, the aqquirers of the businesses would be obliged to issue additional shares, to an estimated value disclosed in the purchase agreements, if the share price was below R1 on the anniversary date.

Shareholder claim

The purchase agreement stipulated that all shareholder claims would be absorbed by the acquirer of the businesses on acquisition. This shareholder claim for the acquirer would lower the acquistition cost of the investment in subsidiary.

Cash flow on acquisition - Restated 2015 (R'000)	
Net cash acquired	892
Cash consideration paid	(25 000)
	(24 108)

5. Prior period errors

As mentioned throughout these consolidated annual financial statements, significant errors in the application of IFRS have arisen in previous reporting periods. Each prior year error is summarised below with an explanation of whether it relates to the incorrect application of IFRS and/or was reported to IRBA as a reportable irregularity ("RI").

Summary of the total impact of the prior period errors on the 2015 Statement of Financial Position (R'000)

	Group				Company		
	As previously reported	Restated	Impact of errors	Error Number	As previously reported	Restated	Impact of errors
Assets							
Non-Current Assets							
Investment properties at fair value	1 556 382	302 952	1 253 430	a	-	-	-
Operating lease asset	1 086	5 450	(4 364)	a	-	-	-
Investment properties per valuation	1 557 468	308 402	1 249 066		-	-	-
Plant and equipment	1 138	1 528	(390)	n, o	764	670	94
Intangible assets	-	94	(94)	o	-	94	(94)
Investments in subsidiaries	-	-	-	a, r	659 873	-	659 873
Loans to subsidiaries	-	-	-	a, j, r	225 142	-	225 142
Other investments	2 433	-	2 433	l	2 433	-	2 433
Deferred tax	851	-	851	p	-	-	-
	1 561 890	310 024	1 251 866		888 212	764	887 448
Current Assets							
Inventories	87 694	19 855	67 839	d, k	-	-	-
Loans to subsidiaries	-	-	-	a, j, r	22 369	176 756	(154 387)
Trade and other receivables	54 325	23 808	30 517	b, c, d, e, l	15	844	(829)
Operating lease asset	-	278	(278)	a	-	-	-
Current tax receivable	-	3 250	(3 250)		-	-	-
Cash and cash equivalents	1 337	1 824	(487)	m	2	93	(91)
	143 356	49 015	94 341		22 386	177 693	(155 307)
Total Assets	1 705 246	359 039	1 346 207		910 598	178 457	732 141

Notes to the Consolidated Annual Financial Statements (continued)

5. Prior period errors (continued)

	Group				Company		
	As previously reported	Restated	Impact of errors	Error Number	As previously reported	Restated	Impact of errors
Equity and Liabilities							
Equity							
Stated capital	823 331	421 943	401 388	r	870 077	421 943	448 134
Treasury shares	-	(48)	48	r	-	-	-
Retained earnings (accumulated loss)	516 405	(314 398)	830 803		907	(317 436)	318 343
	1 339 736	107 497	1 232 239		870 984	104 507	766 477
Liabilities							
Non-Current Liabilities							
Loans from subsidiaries	-	-	-		-	-	
Other financial liabilities	82 291	82 291	-		-	-	
Guaranteed share obligation	-	85 290	(85 290)	h	-	-	-
Deferred tax	245 620	31 018	214 602	p	8 670	-	8 670
	327 911	198 599	129 312		8 670	-	8 670
Current Liabilities							
Loans from subsidiaries	-	-	-	a, j, r	18 435	25 386	(6 951)
Other financial liabilities	3 143	3 143	-		-	-	
Current tax payable	5 385	9 908	(4 523)		1 929	-	1 929
Trade and other payables	19 883	26 249	(6 366)	d, s	1 392	35 021	(33 629)
Guaranteed share obligation	-	4 265	(4 265)	h	-	4 265	(4 265)
Bank overdraft	9 188	9 378	(190)	m	9 188	9 278	(90)
	37 599	52 943	(15 344)		30 944	73 950	(43 006)
Total Liabilities	365 510	251 542	113 968		39 614	73 950	(34 336)
Total Equity and Liabilities	1 705 246	359 039	1 346 207		910 598	178 457	732 141

5. Prior period errors (continued)

Summary of the total impact of the prior period errors on the 2015 Statement of Comprehensive Income (R'000)

	Group				Company		
	As previously reported	Restated	Impact of errors	Error Number	As previously reported	Restated	Impact of errors
Revenue	42 779	21 445	21 334	b, c, d, u	19 350	11 489	7 861
Cost of sales	(9 414)	(504)	(8 910)	b, d	-	-	-
Gross profit	33 365	20 941	12 424		19 350	11 489	7 861
Other income	17 898	19 283	(1 385)	u	-	13 449	(13 449)
Other operating losses	-	(2 102)	2 102	v	-	(3 706)	3 706
Impairment of investments in subsidiaries	-	-	-	j, r	-	(96 247)	96 247
Referral fees	-	(22 690)	22 690	w	-	-	-
Penalty on forfeit	-	-	-	t	-	-	-
Commission paid	-	(116 140)	116 140	x	-	(79)	79
Other operating expenses	(26 868)	(40 313)	13 445		(15 603)	(17 880)	2 277
Operating (loss) profit	24 395	(141 021)	165 416		3 747	(92 974)	96 721
Investment income	32	804	(772)	m, j	13 182	11 762	1 420
Finance costs	(4 436)	(4 509)	73	m, j	(764)	(231 006)	230 242
Gain on bargain purchase	314 195	35 909	278 286	z	-	-	-
Fair value gains (losses) on investment properties	235 805	(26 101)	261 906	a	-	-	-
Impairment of goodwill	-	(148 714)	148 714	y	-	-	-
Recovery of unauthorised shares	-	-	-	f	-	12 098	(12 098)
Write-off of unauthorised shares	-	-	-	f	-	(12 098)	12 098
Loss on unauthorised disposal	-	(11 729)	11 729	h	-	(559)	559
Profit (loss) before taxation	569 991	(295 361)	865 352		16 165	(312 777)	328 942
Taxation	(48 927)	(639)	(48 288)	p	(10 599)	-	(10 599)
Profit (loss) for the period	521 064	(296 000)	871 064		5 566	(312 777)	318 343
Profit (loss) per share							
Basic and diluted (cents)	58.61	(40.53)	99.14				

Error (a): Valuation of investment properties

IFRS application errors - IFRS 13 and IFRS 3

The fair values of the investment properties were previously incorrectly determined and therefore, did not comply with IFRS 13 - Fair Value Measurements. Previous management correctly referred to the concept of highest and best use that exists in IFRS 13, however the valuations were based on management's intention (i.e. they were entity-specific) instead of being based on what market participants would consider (i.e. not entity-specific). This resulted in non-compliance with IFRS 13. As reported on the SENS dated 21 December 2017, the previous values of the properties were significantly overstated in the 2015 annual financial statements.

In addition, various costs were incorrectly capitalised to investment properties that were accounted for as business combinations in terms of IFRS 3 - Business Combinations.

Notes to the Consolidated Annual Financial Statements (continued)

5. Prior period errors (continued)

Error (a): Valuation of investment properties

IFRS application errors - IFRS 13 and IFRS 3

The fair values of the investment properties were previously incorrectly determined and therefore, did not comply with IFRS 13 - Fair Value Measurements. Previous management correctly referred to the concept of highest and best use that exists in IFRS 13, however the valuations were based on management's intention (i.e. they were entity-specific) instead of being based on what market participants would consider (i.e. not entity-specific). This resulted in non-compliance with IFRS 13. As reported on the SENS dated 21 December 2017, the previous values of the properties were significantly overstated in the 2015 annual financial statements.

In addition, various costs were incorrectly capitalised to investment properties that were accounted for as business combinations in terms of IFRS 3 - Business Combinations.

This has affected the amounts that have been previously reported in the following reports:

- the pre-listing statement issued on 05 June 2014;
- at listing on 12 June 2014;
- at 31 August 2014 (the interim reporting date – results issued on 24 November 2014);
- at 28 February 2015 (the year-end date – results issued on 25 May 2015); and
- at 31 August 2015 (the interim reporting date – results issued on 30 November 2015).

The value of the operating lease assets relative to the investment properties were previously not calculated correctly. This adjustment primarily relates to the leases in Kadoma Investments Proprietary Limited.

The value of the loans to subsidiaries has been significantly reduced. This is due to the correction of initial measurement of investment properties and investment in subsidiaries respectively. For loans relating to the acquisition of investment properties, this was due to the fact that the transactions were incorrectly measured at the contract price in stead of the fair value of the property as required by IFRS 2. The initial measurement of the investment properties, stated capital and loans advanced was reduced to the fair value of the property acquired.

For loans relating to the acquisition of investment in subsidiaries, this was due to the fact that the transactions were incorrectly measured at the R1 trading price in stead of the fair value of the consideration transferred as per the definition of "consideration" in IFRS. The initial measurement of the cost of investment in subsidiaries, stated capital and loans advanced was reduced to 25,88 cents, being the fair value of the share at date of acquisition.

The value of the discounting of the loans was subsequently adjusted to take into account the effect of the transactions mentioned above. The initial discounting of the loans was taken to the statement of comprehensive income as well as the unwinding of the discount.

Error (b): Revenue recognition – sale of property units from Tower Sky Proprietary Limited to Weskus Beleggings

IFRS application error - IAS 18 and RI

Extract from SENS – RI reported by previous auditors:

"The sole director of Tower Sky Properties Proprietary Limited ("Tower Sky") [a wholly owned subsidiary of Freedom], Tyrone Govender [the Chief Executive of Freedom at the time of listing], entered into two contracts to sell units of property to Weskus Aftree Oord Beleggings Proprietary Limited ("Weskus") to the value of R14 190 000 excluding Value-added Taxation prior to 28 February 2015 ("Weskus sale agreements")."

"Weskus has subsequently entered into voluntary liquidation and is claiming the R7 000 000 received by Tower Sky in March 2015. The liquidators have indicated that R7 000 000 was paid as a deposit in respect of the Weskus sale agreements but that they do not intend to proceed with the purchase. The new management has resolved to reverse the revenue in the year ended 28 February 2015 as there are significant doubts about the validity of the Weskus sale agreements and raise a liability in the records for the R7 000 000 received."

The revenue from the sales of these properties was recognised in the year ended 28 February 2015 that was contrary to the accounting policy of Freedom. The policy is that property transactions are only recognised at the date of transfer as this is when the significant risks and rewards of ownership transfer occur. This had not occurred by the end of February 2015 and therefore the sale should not have been recognised. In fact, transfer has never occurred.

This has affected the amounts that have been previously reported in the following reports:

- at 28 February 2015 (the year-end date – results issued on 25 May 2015); and
- at 31 August 2015 (the interim reporting date – results issued on 30 November 2015).

5. Prior period errors (continued)

Error (c): Revenue

Group revenue was previously stated as follows:

	Group R'000
Sale of land	23 720
Rental income	17 973
Straight-line lease adjustment	1 086
	42 779

The sale of land transactions have all been reversed and relate to the following transactions:

• Montanita (See note 5(d.1))	-	R 7 260 295
• Pasta Point (see note 5(d.2))	-	R 2 270 000
• Weskus Beleggings (see note 5(b))	-	R14 190 000

Furthermore, Rental income and the straight-lining of leases in Kadoma and Passion Way have been adjusted.

Revenue is now stated as disclosed in note 26.

Error (d): Revenue recognition - sale of property units by Ligitprops 184 Proprietary Limited

(d.1) To Montanita Investments Proprietary Limited

IFRS application error - IAS 18 and RI

Extract from SENS – RI reported by previous auditors:

"The sole director of Ligitprops 184 Proprietary Limited ("Ligitprops") [a wholly owned subsidiary of Freedom], Tyrone Govender, entered into a sale agreement on 21 August 2014 for the sale of property units to Montanita Investments Proprietary Limited to the value of R7 260 295 excluding value added taxation ("Montanita sale agreement"). The contract was signed by Tyrone Govender."

Deposits to the value of R2 754 983 were received by Freedom from Freedom Rock Proprietary Limited, a company controlled by Graham Stavridis but unrelated to Freedom, in terms of the Montanita sale agreement during the year ended 28 February 2015. No further receipts were noted from the Montanita sale agreement and no transfer of ownership has occurred in terms of the sale agreement.

There has been no communication from the buyers of the property with regards to the sale of the property units. One of the stands identified to be sold in the Montanita sale agreement, being ERF 8599 Langebaan, was in fact sold again to a different party during the 2016 year-end and the property has been transferred and the sale recorded in 2016 [shareholders are referred to the announcement by the Company dated 24 May 2016].

The revenue from the sales of these properties was recognised in the year ended 28 February 2015 that was contrary to the accounting policy of Freedom. The policy is that property transactions are only recognised at the date of transfer as this is when the significant risks and rewards of ownership transfer occur. This had not occurred by end of February 2015 and therefore the sale should not have been recognised. In fact, transfer has never occurred.

This has affected the amounts that have been previously reported in the following reports:

- at 31 August 2014 (the interim reporting date - results issued on 24 November 2014); and
- at 28 February 2015 (the year-end date - results issued on 25 May 2015).

Notes to the Consolidated Annual Financial Statements (continued)

5. Prior period errors (continued)

(d.2) To Pasta Point

IFRS application error - IAS 18 and RI

Extract from SENS - RI reported by previous auditors:

"The director of Ligitprops entered into a sale agreement on 28 August 2014 for the sale of property units to Pasta Point Proprietary Limited to the value of R2 270 000 excluding Value-added Taxation ("Pasta Point sale agreement".) The representative for Ligitprops in terms of the agreement was Tyrone Govender.

Deposits to the value of R493 406 were received by Freedom from Freedom Rock Proprietary Limited, a company controlled by Graham Stavridis but unrelated to Freedom in terms of the Pasta Point sale agreement during the year ended 28 February 2015. No further receipts were noted from the Pasta Point sale agreement and no transfer of ownership has occurred in terms of the Pasta Point sale agreement. The deposits relating to the sale of the property were paid directly into FPF's bank account, not the transferring attorneys' account, which appears to be irregular for a sale of property transaction.

There has been no communication from the buyers of the property with regards to the sale of the property units.

Management resolved to terminate the Pasta Point sale agreement and reverse the revenue received in the year ended 28 February 2015 as there are significant doubts about the validity of the Pasta Point sale agreement and raise a liability for the deposit received."

The revenue from the sales of these properties was recognised in the year ended 28 February 2015 which was contrary to the accounting policy of Freedom. The policy is that property transactions are only recognised at the date of transfer as this is when the significant risks and rewards of ownership transfer occur. This had not occurred by end of February 2015 and therefore the sale should not have been recognised. In fact, transfer has never occurred.

This has affected the amounts that have been previously reported in the following reports:

- at 31 August 2014 (the interim reporting date - results issued on 24 November 2014); and
- at 28 February 2015 (the year-end date - results issued on 25 May 2015).

Error (e): Revenue recognition - sale of tailings from Kadoma Investments Proprietary Limited to Montepeo

IFRS application error - IAS 18 and alleged irregular transaction

Tailings is a by-product of mining. Apparently, there were some tailings on some land that Freedom owned although these were not recognised in the statement of financial position by Freedom. There were approximately 40 tonnes of tailings, although they were virtually worthless.

It appears that (Tyrone Govender(TG)) sold tailings for R6 000 000 plus VAT to Montepeo (Deojon Perumal (DP)). DP is a friend of TG and Montepeo is not a registered company and has never been registered. This is the first and only time that anyone has heard of the sale of tailings by Freedom. This transaction happened at year end and inflated the income of the group in 2015.

In late February 2015, a deposit of R1 500 000 was received for the sale transaction. This money flowed from Zambesa's Investec trading account (a new bank account opened in Zambesa's name). In effect, it was transferred from Zambesa to the Kadoma bank account and called "tailings deposit". This made it appear to be a legitimate deposit when, in fact, it was only an intercompany transfer.

This has affected the amounts that have been previously reported in the report as at 28 February 2015 (the year-end date - results issued on 25 May 2015).

Error (f): Missing treasury shares - purchase of Tubatse Estate Proprietary Limited and Zambesa Investments Proprietary Limited

Alleged irregular transaction

Freedom had a treasury account held through its subsidiary Zambesa. With the sale of Bilko, 12 000 000 shares should have been in the treasury account on 25 July 2014.

Similar to the above, when Zambesa sold its holding in Tubatse Estate, it was to receive 46 746 000 Freedom shares. In both transactions above, it would appear that the shares were issued to entities who were not party to the transactions.

A total of 58 746 000 Freedom shares, that should have been reflected as treasury shares was not in the treasury account when these transactions were effected. In October 2014 these shares were transferred to Zambesa from entities under the control of C Cawood.

There would have been material movement in the share price from the effective date of these transactions to October 2014. Freedom was unable to effect any transactions on these shares as they were not under the control of the group.

5. Prior period errors (continued)

Error (g): Bilko Investments Proprietary Limited ("Bilko")

Alleged fraud

100% of the shares in Bilko were sold to Freedom on 14 June 2014 for 12 million Freedom shares.

On 25 July 2014, management sold Bilko to Halcyware (owned by related parties being, Gerhard Erasmus and Graham Stavridis).

The selling price of Bilko was to be settled in 12 million Freedom shares. However, the shares were not returned to Freedom immediately. Instead, in October 2014, 12 million shares were returned to Freedom by The Sailboat Trust.

This transaction would appear to contradict the PLS that indicated that no property would be sold for the first 12 months of listing and that the company has not disposed of any property since its incorporation in 2012.

Error (h): Bilko and Kadoma acquisition - guaranteed shares

IFRS application error - IFRS 3

The vendors that sold Bilko and Kadoma to Freedom had an additional purchase price top up that was agreed with them at the time of the acquisition. This was incorrectly accounted for in terms of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. Instead, IFRS 3 should have been applied. Refer to note 24 for further information on the guaranteed share obligation.

Error (i): Share-based payment - promoters' shares

IFRS application error - IFRS 2

On listing of Freedom, the PDF Trust retained 144 953 649 shares which had been issued to it for promoters' services. The share-based payment expense was incorrectly calculated and the timing of the recognition of the expense appears to have been incorrect. The requirements in IFRS 2 were therefore incorrectly applied. Refer to note 20 for further information on the share-based payments and promoters' fees.

Error (j): Discounting of debit loans

IFRS application error - IAS 39

The debit loans are unsecured, bear interest at rates agreed from time-to-time and with no fixed terms of repayment. They should have been recognised at their value on initial recognition (i.e. discounted at a market-related interest rate). The discount rate that should have been used is the market-related interest rate that each specific debtor could borrow at given its credit risk for an unsecured loan. Instead, the rate used was the rate that the group could borrow at.

In light of this the initial accounting for the loans is incorrect, as is the subsequent unwinding of the loans.

Refer to note 14 for further information on the debit loans.

Error (k): Inventories

IFRS application error - IFRS 2 and IAS 2

Inventory, consisting of erven held to be sold was brought into the group through Tower Sky Proprietary Limited and Ligitprops 184 Proprietary Limited.

When the inventory was purchased by Tower Sky Proprietary Limited, it was incorrectly measured at the contract price in stead of the fair value of the property as required by IFRS 2.

The initial measurement of the inventory, stated capital and loan advanced was reduced to the fair value of the property acquired.

Inventory was subsequently incorrectly measured at its fair value as determined by the valuations performed by Bosman (refer to note 3 for further details) in stead of the lower of cost and net realisable value as required by IAS 2.

Subsequent measurement has been corrected to comply with the measurement criteria of IAS 2.

The other corrections required are discussed in error notes b and d.

Notes to the Consolidated Annual Financial Statements (continued)

5. Prior period errors (continued)

Error (l): Other investments of R2 433 000

IFRS error as expense should have been recognised in profit or loss

In the February 2015 year end, various costs were capitalised. These related to Graham Stavridis' business development costs that were incurred for possible property deals (therefore, like a work in progress account for investment property).

However, no supporting information can be found and therefore it appears these costs were capitalised in error. This error has now been restated and these costs have been expensed. R1 641 602 relating to the Vredenhof deal has been reversed in the restated 2015 results.

Error (m): Cash and cash equivalents

IFRS application error - IAS 1

Cash and cash equivalents have been amended due to the reclassification of the bank overdraft to current liabilities and the disclosure of additional bank balances in the group.

Error (n): Computer software

Computer software - R93 595

In 2015 computer software was incorrectly classified as plant and equipment The 2015 results have been restated to correctly classify computer software as intangible assets (refer to note 11 for details on intangible assets).

Error (o): Plant and equipment

The new management determined that the Furniture & Fittings, Plant and Machinery and Motor Vehicles at Kadoma was not correctly accounted for and that the asset register was not updated.

Error (p): Deferred tax asset

A deferred tax asset of R851 150 was previously raised. This was primarily due to Plant and equipment, Assessed Losses, Income Received in Advance and Provisions. All these amounts have been re-evaluated in the Deferred Tax calculations.

Subsequently, a deferred tax asset can no longer be applied.

Error (q): Trade and other receivables

Group Trade and other receivables was previously stated as follows:

	Group R'000
Trade receivables	25 479
Staff loans	15
Deposits	149
Value-added taxation	22 997
Sundry debtors	5 340
Guarantees	345
	54 325

Trade and other receivables are overstated due to the sales at year end referred to in error notes 5 (b), (c) and (d). These sales were irregular in nature and subsequently removed from trade and other receivables. The impact of these transactions is as follows:

	Group Selling price R'000	Group VAT R'000	Group Deposit R'000	Group Receivable R'000
Weskus Beleggings	14 190	1 987	-	16 177
Montanita	7 260	1 016	(2 755)	5 521
Pasta Point	2 270	318	(493)	2 095
	23 720	3 321	(3 248)	23 793

5. Prior period errors (continued)

Group Sundry debtors related to Montipeo (see error note 5 (e)) a follows:

	Group R'000
Selling price	6 000
VAT	840
Alleged deposit paid	(1 500)
	5 340

Error (r): Stated Capital

When Freedom listed on the JSE, the shares were initially traded at R1 per share. All shares were issued at this price, It was subsequently established that an active market for the shares did not exist and therefore did not reflect the fair value of the share. This required the revaluation of the share price, based on the value of the shares of the various subsidiaries prior to listing. A share price, based on the Net Asset Values of the individual subsidiaries, was determined to be 25.88 cents. This was a material difference to the R1 traded at listing date.

The value of the shares was also affected by IFRS 3 and IFRS 2 for the acquisition of the properties, as well as certain costs that were incurred prior to listing.

A blended share price was therefore determined to calculate the average share price.

Treasury shares of R48 266 was not accounted for correctly due to the change in the value of the shares.

Error (s): Trade and other payable

Group Trade and other payables were previously stated at R19,9 million. This has been restated to R26,2 million. The differences are as follows:

	Group Previously reported R'000	Group Restated R'000	Group Variance R'000
Trade payables	16 486	23 536	7 050
Other loans payable	-	24	24
Amounts received in advance	226	-	(226)
Value-added taxation	2 211	529	(1 682)
Sundry payables	25	5	(20)
Leave pay accrual	156	156	-
Accrued expenses	679	235	(444)
Deposits received from tenants	100	1 762	1 662
	19 883	26 247	6 364

Trade and other payables were understated due to previous management not taking all current liabilities into account. The material transactions relating to this would be as follows:

- Deposit for Montanita (refer to note 5 (d))
- Deposit for Pasta Point (refer to note 5 (d))
- Restating of tenant deposits
- Other cost not accounted for previously at year end

Error (t): Commission paid

Commissions relating to certain transaction were previously capitalised to investment properties. This was re-evaluated due some of the properties not being considered a business combination and correctly expensed.

Notes to the Consolidated Annual Financial Statements (continued)

5. Prior period errors (continued)

Error (u): Other operating income

Group:

Other income previously stated (R17,9 million) was reversed due to irregular transactions identified and reclassification of recoveries to Revenue. This related primarily to:

- Montipeo transaction of R6 million for tailings that never occurred. This was allegedly paid with a intercompany transfer purporting to be a deposit for the transaction. The deposit was R1,5 million.
- Profit on sale of Bilko shares - R3,6 million
- Profit of sale of Investment property at Steelpoort, Kadoma of R340. This stand was not sold.

Other operating income, restated for the group for 2015, is as follows:

	Group R'000
Profit on issue of shares	12 551
Recoveries	4 673
Sundry income	2 059
	19 283

Company:

Other income primarily consists of income arrived at due to the value of a basket of shares, at listing date, being accounted for at 25.88 cents in accordance with the Net Asset Value determined at the time. These shares relate to VAT inputs and were refunded to the company at R1 per share.

Error (v): Other operating losses

Other operating losses relate to profits and losses with the acquisition or disposal of assets. These transactions were not accounted for previously. Refer to note 29 for details of the restated 2015 amounts.

Error (w): Referral fees

Referral fees relates to fees that were paid relating to the initial acquisition of properties in the group. Similar to commission, these costs were previously capitalised incorrectly against investment property and now correctly expensed.

Error (x): Other operating expenses

Other operating expenses were understated due to certain costs being capitalised that should have been expensed when incurred. Further trade and other payables identified also gave rise to additional expenses being incurred.

Error (y): Impairment of Goodwill

Previously, an amount for Goodwill was incorrectly set off against gain on bargain purchase. Subsequent to the change in the fair value of the properties, additional Goodwill was identified. This amount is subsequently impaired (refer to note 13).

Error (z): Gain on Bargain Purchase

The previously reported gain on bargain purchase was based on overstated investment property values. With the property values restated to fair value at date of acquisition, the gain on bargain purchase has been significantly reduced by R278 million.

2014 error in the company's separate annual financial statements

In the company's separate annual financial statements for the year ended 28 February 2013, R12 895 000 was recognised as a share-based payment expense. This related to the promoters' shares issued to the PDF Trust on 19 July 2012. The expense was calculated by determining the fair value of services that the promoters would provide and was recognised in profit or loss immediately (on the assumption that the services had been provided at that date i.e. there were no future services). Refer to note 20, for further details. This was the only impact on the accumulated loss of the company in 2014.

5. Prior period errors (continued)

Detailed analysis of the prior period errors on the 2015 Statement of Financial Position - Group (R'000):

	Error (a)	Error (b)	Error (c)	Error (d)	Error (e)	Error (k)	Error (l)	Error (m)	Error (n)	Error (o)	Error (p)	Tax adjusted	Total impact of errors
Assets													
Non-Current Assets													
Investment properties at fair value	1 253 430	-	-	-	-	-	-	-	-	-	-	-	1 253 430
Operating lease asset	(4 364)	-	-	-	-	-	-	-	-	-	-	-	(4 364)
Investment properties per valuation	1 249 066	-	-	-	-	-	-	-	-	-	-	-	1 249 066
Plant and equipment	-	-	-	-	-	-	-	-	94	(484)	-	-	(390)
Intangible assets	-	-	-	-	-	-	-	-	(94)	-	-	-	(94)
Other investments	-	-	-	-	-	-	2 433	-	-	-	-	-	2 433
Deferred tax	-	-	-	-	-	-	-	-	-	-	851	-	851
	1 249 066	-	-	-	-	-	2 433	-	-	(484)	851	-	1 251 866
Current Assets													
Inventories	-	-	-	(8 910)	-	76 749	-	-	-	-	-	-	67 839
Trade and other receivables	-	16 177	2 176	7 616	5 340	-	(792)	-	-	-	-	-	30 517
Operating lease asset	(278)	-	-	-	-	-	-	-	-	-	-	-	(278)
Current tax receivable	-	-	-	-	-	-	-	-	-	-	-	(3 250)	(3 250)
Cash and cash equivalents	-	-	-	-	-	-	-	(487)	-	-	-	-	(487)
	(278)	16 177	2 176	(1 294)	5 340	76 749	(792)	(487)	-	-	-	(3 250)	94 341
Total Assets	1 248 788	16 177	2 176	(1 294)	5 340	76 749	1 641	(487)	-	(484)	851	(3 250)	1 346 207

Notes to the Consolidated Annual Financial Statements (continued)

5. Prior period errors (continued)

	Error (d.1)	Error (d.2)	Error (f)	Error (h)	Error (m)	Error (p)	Error (f)(r)	Error (s)	Tax adjusted	Error (Net profit)	Total impact of errors
Equity and Liabilities											
Equity											
Stated capital	-	-	-	-	-	-	401 388	-	-	-	401 388
Treasury shares	-	-	-	-	-	-	48	-	-	-	48
Retained earnings (accumulated loss)	-	-	13 739	-	-	-	-	-	-	817 064	830 803
	-	-	13 739	-	-	-	401 436	-	-	817 064	1 232 239
Liabilities											
Non-Current Liabilities											
Guaranteed share obligation	-	-	-	(85 290)	-	-	-	-	-	-	(85 290)
Deferred tax	-	-	-	-	-	214 602	-	-	-	-	214 602
	-	-	-	(85 290)	-	214 602	-	-	-	-	129 312
Current Liabilities											
Current tax payable	-	-	-	-	-	-	-	-	(4 523)	-	(4 523)
Trade and other payables	(2 755)	(493)	-	-	-	-	-	(3 118)	-	-	(6 366)
Guaranteed share obligation	-	-	-	(4 265)	-	-	-	-	-	-	(4 265)
Bank overdraft	-	-	-	-	(190)	-	-	-	-	-	(190)
	(2 755)	(493)	-	(4 265)	(190)	-	-	(3 118)	(4 523)	-	(15 344)
Total Liabilities	(2 755)	(493)	-	(89 555)	(190)	214 602	-	(3 118)	(4 523)	-	113 968
Total Equity and Liabilities	(2 755)	(493)	13 739	(89 555)	(190)	214 602	401 436	(3 118)	(4 523)	817 064	1 346 207

5. Prior period errors (continued)

Detailed analysis of the prior period errors on the 2015 Statement of Comprehensive Income - Group (R'000):

	Error (a)	Error (b)	Error (c)	Error (d)	Error (h)	Error (m)	Error (p, Tax)	Error (u)	Error (v)	Error (t & w)	Error (x)	Error (y & z)	Total impact of errors
Revenue	-	14 190	(2 396)	9 530	-	-	-	10	-	-	-	-	21 334
Cost of sales	-	-	-	(8 910)	-	-	-	-	-	-	-	-	(8 910)
Gross profit	-	14 190	(2 396)	620	-	-	-	10	-	-	-	-	12 424
Other income	-	-	-	-	-	-	-	(1 385)	-	-	-	-	(1 385)
Other operating losses	-	-	-	-	-	-	-	-	2 102	-	-	-	2 102
Referral fees	-	-	-	-	-	-	-	-	-	22 690	-	-	22 690
Commission paid	-	-	-	-	-	-	-	-	-	116 140	-	-	116 140
Other operating expenses	-	-	-	-	-	-	-	-	-	-	13 445	-	13 445
Operating (loss) profit	-	14 190	(2 396)	620	-	-	-	(1 375)	2 102	138 830	13 445	-	165 416
Investment income	-	-	-	-	-	(772)	-	-	-	-	-	-	(772)
Finance costs	-	-	-	-	-	73	-	-	-	-	-	-	73
Gain on bargain purchase	-	-	-	-	-	-	-	-	-	-	-	278 286	278 286
Fair value gains (losses) on investment properties	261 906	-	-	-	-	-	-	-	-	-	-	-	261 906
Impairment of goodwill	-	-	-	-	-	-	-	-	-	-	-	148 714	148 714
Gain (loss) on guaranteed share obligation	-	-	-	-	11 729	-	-	-	-	-	-	-	11 729
Profit (loss) before taxation	261 906	14 190	(2 396)	620	11 729	(699)	-	(1 375)	2 102	138 830	13 445	427 000	865 352
Taxation	-	-	-	-	-	-	(48 288)	-	-	-	-	-	(48 288)
Profit (loss) for the period	261 906	14 190	(2 396)	620	11 729	(699)	(48 288)	(1 375)	2 102	138 830	13 445	427 000	817 064

Notes to the Consolidated Annual Financial Statements (continued)

5. Prior period errors (continued)

The impact of the 2015 restatements on profit (loss) and earnings (loss) per share is as follows:

Group	Gross amount R'000	Tax effect R'000	Earnings (loss) per share in cents
Profit for the year as previously reported	521 064	-	58.61
Error (a)	(261 906)	-	(35.86)
Error (b)	(14 190)	-	(1.94)
Error (c)	2 396	-	0.33
Error (d)	(620)	-	(0.08)
Error (h)	(11 729)	-	(1.61)
Error (m)	699	-	0.10
Error (p, Tax)	48 288	-	6.81
Error (t)	(116 140)	-	(15.90)
Error (u)	1 375	-	0.19
Error (v)	(2 102)	-	(0.29)
Error (w)	(22 690)	-	(3.11)
Error (x)	(13 445)	-	(1.84)
Error (y)	(148 714)	-	(20.36)
Error (z)	(278 286)	-	(38.10)
Weighted average adjustment-corrected from listing date			
Loss for the year as restated	(296 000)	-	(40.53)

The impact of the 2015 restatements on headline earnings (loss) and headline earnings (loss) per share is as follows:

Group	Gross amount R'000	Tax effect R'000	Earnings (loss) per share in cents
Headline earnings as previously reported	13 273	-	1.49
Adjustments:	-	-	-
Error (b)	(14 190)	-	(1.60)
Error (c)	2 396	-	0.27
Error (d)	(620)	-	(0.07)
Error (h)	(11 729)	-	(1.32)
Error (m)	699	-	0.08
Error (p, Tax)	-	-	-
Error (t)	(116 140)	-	(13.06)
Error (u)	1 375	-	(0.03)
Error (w)	(22 690)	-	(2.55)
Error (x)	(13 445)	-	(1.51)
Other	(2 280)	-	(0.31)
Weighted average adjustment-corrected from listing date			
Headline loss as restated	(163 351)	-	(22.37)

5. Prior period errors (continued)

Detailed analysis of the prior period errors on the 2015 Statement of Financial Position - Company (R'000):

	Errors (a & r)	Errors (a j & r)	Error (l)	Error (m)	Error (n)	VAT adjusted	Total impact of errors
Assets							
Non-Current Assets							
Investment properties at fair value	-	-	-	-	-	-	-
Operating lease asset	-	-	-	-	-	-	-
Investment properties per valuation	-	-	-	-	-	-	-
Plant and equipment	-	-	-	-	94	-	94
Intangible assets	-	-	-	-	(94)	-	(94)
Investments in subsidiaries	659 873	-	-	-	-	-	659 873
Loans to subsidiaries	-	225 142	-	-	-	-	225 142
Other investments	-	-	2 433	-	-	-	2 433
Deferred tax	-	-	-	-	-	-	-
	659 873	225 142	2 433	-	-	-	887 448
Current Assets							
Inventories	-	-	-	-	-	-	-
Loans to subsidiaries	-	(154 387)	-	-	-	-	(154 387)
Trade and other receivables	-	-	(792)	-	-	(37)	(829)
Operating lease asset	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	(91)	-	-	(91)
	-	(154 387)	(792)	(91)	-	(37)	(155 307)
Total Assets	659 873	70 755	1 641	(91)	-	(37)	732 141

Notes to the Consolidated Annual Financial Statements (continued)

5. Prior period errors (continued)

	Error (f)	Error (h)	Errors (a j & r)	Error (m)	Error (r)	Tax adjusted	VAT adjusted	Errors (Net profit)	Other trans actions	Total impact of errors
Equity and Liabilities										
Equity										
Stated capital	-	-	-	-	448 134	-	-	-	-	448 134
Treasury shares	-	-	-	-	-	-	-	-	-	-
Share-based payment reserve	-	-	-	-	-	-	-	-	-	-
Retained earnings (accumulated loss)	-	-	-	-	-	-	-	318 343	-	318 343
	-	-	-	-	448 134	-	-	318 343	-	766 477
Liabilities										
Non-Current Liabilities										
Loans from subsidiaries	-	-	-	-	-	-	-	-	-	-
Loans from shareholders	-	-	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-	-	-
Guaranteed share obligation	-	-	-	-	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	8 670	-	-	-	8 670
	-	-	-	-	-	8 670	-	-	-	8 670
Current Liabilities										
Loans from subsidiaries	-	-	(6 951)	-	-	-	-	-	-	(6 951)
Other financial liabilities	-	-	-	-	-	-	-	-	-	-
Current tax payable	-	-	-	-	-	1 929	-	-	-	1 929
Trade and other payables	(34 648)	-	-	-	-	-	1 064	-	(45)	(33 629)
Guaranteed share obligation	-	(4 265)	-	-	-	-	-	-	-	(4 265)
Bank overdraft	-	-	-	(90)	-	-	-	-	-	(90)
	(34 648)	(4 265)	(6 951)	(90)	-	1 929	1 064	-	(45)	(43 006)
Total Liabilities	(34 648)	(4 265)	(6 951)	(90)	-	10 599	1 064	-	(45)	(34 336)
Total Equity and Liabilities	(34 648)	(4 265)	(6 951)	(90)	448 134	10 599	1 064	318 343	(45)	732 141

5. Prior period errors (continued)

Detailed analysis of the prior period errors on the 2015 Statement of Comprehensive Income - Company (R'000):

	Adjust management fees	Errors (a & j)	Error (f)	Error (g)	Error (h)	Errors (j & r)	Error (u)	Error (x)	Tax adjusted	Total impact of errors
Revenue	7 861	-	-	-	-	-	-	-	-	7 861
Cost of sales	-	-	-	-	-	-	-	-	-	-
Gross profit	7 861	-	-	-	-	-	-	-	-	7 861
Other operating income	-	-	-	-	-	-	(13 449)	-	-	(13 449)
Other operating losses	-	-	-	3 706	-	-	-	-	-	3 706
Impairment of investments in subsidiaries	-	-	-	-	-	96 247	-	-	-	96 247
Commission paid	-	-	-	-	-	-	-	79	-	79
Other operating expenses	-	-	-	-	-	-	-	2 277	-	2 277
Operating loss	7 861	-	-	3 706	-	96 247	(13 449)	2 356	-	96 721
Investment income	-	1 420	-	-	-	-	-	-	-	1 420
Finance costs	-	230 242	-	-	-	-	-	-	-	230 242
Gain on bargain purchase	-	-	-	-	-	-	-	-	-	-
Fair value gains (losses) on investment properties	-	-	-	-	-	-	-	-	-	-
Impairment of goodwill	-	-	-	-	-	-	-	-	-	-
Recovery of unauthorised shares	-	-	(12 098)	-	-	-	-	-	-	(12 098)
Write-off of unauthorised shares	-	-	12 098	-	-	-	-	-	-	12 098
Loss on guaranteed share obligation	-	-	-	-	559	-	-	-	-	559
Profit (loss) before taxation	7 861	231 662	-	3 706	559	96 247	(13 449)	2 356	-	328 942
Taxation	-	-	-	-	-	-	-	-	(10 599)	(10 599)
Profit (loss) for the period	7 861	231 662	-	3 706	559	96 247	(13 449)	2 356	(10 599)	318 343

Notes to the Consolidated Annual Financial Statements (continued)

6. Related parties

Relationships

	As at the date of issue of these consolidated annual financial statements	During the 2016 financial year	During the 2015 financial year (Restated)
Significant shareholders (> 10% shareholding)	Christo la Grange Familie Trust (C la Grange)	Christo la Grange Familie Trust (C la Grange)	Christo la Grange Familie Trust (C la Grange)
Subsidiaries	A list of subsidiary companies is included in note 12	A list of subsidiary companies is included in note 12	A list of subsidiary companies is included in note 12
Directors (members of key management)	W Grobbelaar - Chairman S Maritz - Chief Executive Officer C la Grange - Non-executive WC Jansen van Rensburg - Executive HA Lambrechts - Non-executive CJ Sidego - Independent Non-executive PD Dexter - Independent Non-executive	W Grobbelaar - Chairman S Maritz - Chief Executive Officer HA Lambrechts - Non-executive PD Dexter - Independent Non-executive PE Burton - Former Chairman NT Govender - Former Chief Executive Officer JF Pretorius - Former Chief Financial Officer D Nel - Executive SB Rule - Non-executive NM Phosa - Independent Non-executive N Retief - Independent Non-executive BM Molefi - Independent Non-executive RD Eaton - Independent Non-executive WH Rule - Independent Non-executive WB Stocks - Independent Non-executive	PE Burton - Chairman NT Govender - Chief Executive Officer JF Pretorius - Chief Financial Officer SB Rule - Non-executive BM Molefi - Independent Non-executive RD Eaton - Independent Non-executive WH Rule - Independent Non-executive WB Stocks - Independent Non-executive Former Chief Financial Officer of Freedom Property Fund Proprietary Limited - Before listing: JD Bruwer - Deceased (13 November 2014)
Prescribed Officers (members of key management)	J George - Interim Chief Financial Officer	G Stavridis	G Stavridis
Other members of key management	None	G Erasmus M Rodrigues	G Erasmus M Rodrigues

6. Related parties (continued)

<table>
<tr><th></th><th>As at the date of issue of these consolidated annual financial statements</th><th>During the 2016 financial year</th><th>During the 2015 financial year (Restated)</th></tr>
<tr><td>Freesteel Proprietary Limited (Formerly known as Loanhill Props Proprietary Limited)</td><td colspan="3">Property developer for the group and connected to G Stavridis, former prescribed officer and co-founder of Freedom. G Stavridis was a director of Freesteel Proprietary Limited. C Cawood is the sole director of Freesteel Proprietary Limited. JF Pretorius and G Erasmus are also former directors of Freesteel Proprietary Limited.</td></tr>
<tr><td>Freedom Rock Proprietary Limited</td><td colspan="3">Property developer for the group – linked to Freesteel Proprietary Limited. This company is connected to the former prescribed officer and co-founder of Freedom, G Stavridis. There were limited attempted sales between Freedom Rock Proprietary Limited and Freedom (refer to note 9 for details on these alleged irregular transactions). During 2015, Freedom Rock Proprietary Limited provided the Freedom group with finance of R6 179 050 of which the group repaid R2 400 017 (refer to note 25 for the amount still payable).</td></tr>
<tr><td>Weskus Aftree Oord Beleggings Proprietary Limited</td><td colspan="3">Serene Site Proprietary Limited paid a R7 000 000 deposit to Freedom on behalf of Weskus Aftree Oord Beleggings Proprietary Limited. JF Pretorius, former Chief Financial Officer, is a director of Serene Site Proprietary Limited.</td></tr>
<tr><td>All Wide Properties Proprietary Limited</td><td colspan="3">All Wide Properties Proprietary Limited (“Allwide”), a company that had C Cawood (“CC”) as the sole director, purchased Cross Atlantis from Dewald Pretorius for R3 500 000 in June 2014. Although CC was not an employee of the group, CC is a party that is related to G Stavridis and acted as a consultant to Freedom.</td></tr>
<tr><td>Booktrogoloon 223 Proprietary Limited</td><td colspan="3">The entity through which C la Grange, a significant shareholder, is paid for consulting services rendered at Kadoma Investments Proprietary Limited.</td></tr>
<tr><td>Hot Dip Galvanising Proprietary Limited</td><td colspan="3">The entity provided property management functions to Kadoma Investments Proprietary Limited. C la Grange is a director of Hot Dip Galvanising Proprietary Limited.</td></tr>
<tr><td>JS Bosman</td><td colspan="3">He was the main valuator who provided the group with valuation services since 2013. He’s services has subsequently been terminated as disclosed in note 3. He was partially paid in Freedom shares for his services and therefore held a beneficial interest in the group.</td></tr>
<tr><td>Base Capital Proprietary Limited</td><td colspan="3">The company was the group’s corporate advisors and was partially paid for their services by the issue of Freedom shares. The company therefore had a beneficial interest in Freedom.</td></tr>
<tr><td>Bright Crest Proprietary Limited</td><td colspan="3">The company provided the group with accounting services and JF Pretorius and G Stavridis are both directors of Bright Crest Proprietary Limited.</td></tr>
<tr><td>Van Rensburg Attorneys</td><td colspan="3">The legal firm through which WC Jansen van Rensburg, executive director, provides legal services to the group.</td></tr>
<tr><td>Tradevest 013 Proprietary Limited</td><td colspan="3">C la Grange and L Joubert, a key party as disclosed in note 8, are common directors of Kadoma Investments Proprietary Limited and Tradevest 013 Proprietary Limited.</td></tr>
<tr><td>Nyamelzela Trust</td><td colspan="3">The entity through which C Cawood provided consulting services to the group. He was paid in cash and in Freedom shares.</td></tr>
<tr><td>G Stavridis/ Freedom Property Fund Business Development Proprietary Limited</td><td colspan="3">Former prescribed officer, member of the executive management team and co-founder of Freedom. Provided consulting services to the group.</td></tr>
<tr><td>G Erasmus/ Freedom Property Fund Development Managers Proprietary Limited</td><td colspan="3">Former member of the executive management team of Freedom and also a former director of Freesteel Proprietary Limited. Freedom Property Fund Development Managers Proprietary Limited is the company through which G Erasmus was paid his monthly consulting fee for being part of the executive management team.</td></tr>
</table>

Notes to the Consolidated Annual Financial Statements (continued)

6. Related parties (continued)

Related party balances

Related party balances as at 29 February 2016 and 28 February 2015:

Refer to note 12 for details of Investments in subsidiaries, note 14 for Loans to (from) subsidiaries and note 21 for Loans from shareholders.

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Amounts included in Trade and other receivables				
Freesteel Proprietary Limited	**5 756**	-	**-**	-
All Wide Property Proprietary Limited	**4 718**	-	**4 718**	-
G Stavridis	**-**	792	**-**	792
NT Govender	**257**	257	**257**	257
Booktrogoloon 223 Proprietary Limited	**30**	-	**-**	-
Hot Dip Galvanising Proprietary Limited	**1 165**	-	**-**	-
	11 926	1 049	**4 975**	1 049
Provision for impairment of amounts receivable from related parties				
Freesteel Proprietary Limited	**(5 756)**	-	**-**	-
All Wide Property Proprietary Limited	**(4 718)**	-	**(4 718)**	-
NT Govender	**(257)**	(257)	**(257)**	(257)
	(10 731)	(257)	**(4 975)**	(257)
Guaranteed share obligation				
C la Grange/Christo la Grange Familie Trust	**-**	57 145	**-**	-
	-	57 145	**-**	-
Amounts included in Trade and other payables regarding related parties				
Freedom Rock Proprietary Limited	**22**	24	**22**	24
Weskus Beleggings	**7 000**	-	**-**	-
Freesteel Proprietary Limited	**-**	15 019	**-**	-
Van Rensburg Attorneys	**-**	63	**-**	-
Booktrogoloon 223 Proprietary Limited	**32**	-	**-**	-
Zambesa Investments Proprietary Limited -	**-**	-	**34 648**	-
	7 054	15 106	**34 670**	34 672

6. Related parties (continued)

Related party transactions

Related party transactions for the 2016 and 2015 financial years:

Refer to note 14 for a detailed bread-down of the deemed interest income received by the company from its subsdiaries.

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Interest paid to related parties				
C la Grange/Christo la Grange Familie Trust	**2 079**	-	**-**	-
Passion Way Props Proprietary Limited	**-**	-	**1 351**	1 433
	2 079	-	**1 351**	1 433
Unwinding of discount on guaranteed share obligation				
C la Grange/Christo la Grange Familie Trust	**1 134**	-	**-**	-
	1 134	-	**-**	-
Management fees received from related parties				
Ivory Sun Trading Proprietary Limited	**-**	-	**273**	-
Kadoma Investments Proprietary Limited	**-**	-	**9 205**	9 689
Ligit Props 184 Proprietary Limited	**-**	-	**1 438**	-
Passion Way Props Proprietary Limited	**-**	-	**1 729**	1 800
Tower Sky Properties Proprietary Limited	**-**	-	**5 549**	-
	-	-	**18 194**	11 489
Rental income and recoveries received from related parties				
Freesteel Proprietary Limited - Rental income	**3 350**	250	**-**	-
Freesteel Proprietary Limited - Rental recoveries	**2**	3	**-**	-
Hot Dip Galvanising Proprietary Limited - Rental income	**-**	649	**-**	-
Hot Dip Galvanising Proprietary Limited - Rental recoveries	**-**	1 179	**-**	-
	3 352	2 081	**-**	-

Notes to the Consolidated Annual Financial Statements (continued)

6. Related parties (continued)

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Consulting and professional fees paid to related parties				
HA Lambrechts/Huganel Trust	**50**	-	**50**	-
WC Jansen van Rensburg	**842**	478	**842**	478
Nyamelzela Trust	**390**	91	**390**	91
Booktrogoloon 223 Proprietary Limited	**30**	-	**-**	-
G Stavridis/Freedom Property Fund Business Development Proprietary Limited	**3 410**	1 762	**3 410**	1 762
G Erasmus/Freedom Property Fund Development Managers Proprietary Limited	**563**	-	**563**	-
JS Bosman	**-**	30	**-**	30
Base Capital Proprietary Limited	**-**	670	**-**	670
	5 285	3 031	**5 255**	3 031
Legal fees paid to related party				
Van Rensburg Attorneys	**348**	-	**-**	-
Accounting fees paid to related party				
G Stavridis/Freedom Property Fund Business Development Proprietary Limited	**-**	10	**-**	10
Bright Crest Proprietary Limited	**-**	286	**-**	286
Base Capital Proprietary Limited	**-**	208	**-**	208
	-	504	**-**	504
Listing expenses paid to related party				
Base Capital Proprietary Limited	**-**	439	**-**	439
Provisions raised for impairment of trade and other receivables				
Freesteel Proprietary Limited	**5 756**	-	**-**	-
All Wide Property Proprietary Limited	**4 718**	-	**4 718**	-
NT Govender	**-**	257	**-**	257
	10 474	257	**4 718**	257
Shares issued to related parties				
NT Govender	**-**	257	**-**	257
JS Bosman	**-**	250	**-**	250
Base Capital Proprietary Limited	**-**	500	**-**	500

6. Related parties (continued)

During 2015 the following shares were issued to related parties:

- 1 750 000 shares were issued to NT Govender to the value of R655 000. A receivable was raised for the value of the shares, but has subsequently been impairment in full (refer to note 16 for details on this). Refer to the directors report for NT Govender's shareholding in Freedom as at 29 February 2016 and 28 February 2015.
- 250 000 shares were issued to JS Bosman as partial consideration for the valuation services provided to the group. JS Bosman still held the 250 000 shares as at 28 February 2015.
- 500 000 shares were issued to Base Capital Proprietary Limited as partial consideration for the corporate advisory services provided to the group. Base Capital Proprietary Limited did not own any of these shares as at 28 February 2015.

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Development costs paid to related parties				
Freesteel Proprietary Limited	**10 841**	43 687	**-**	-
G Erasmus/Freedom Property Fund	**-**	2 094	**-**	-
Development Managers Proprietary Limited				
Hot Dip Galvanising Proprietary Limited	**-**	246	**-**	-
Van Rensburg Attorneys 120	**120**	-	**-**	-
	10 961	46 027	**-**	-
Operating expenses paid to related party				
Hot Dip Galvanising Proprietary Limited	**-**	31	**-**	-
	-	31	**-**	-
Promoters' fees paid to related parties				
JF Pretorius	**-**	14 200	**-**	-
NT Govender	**-**	14 500	**-**	-
SB Rule	**-**	20 600	**-**	-
JD Bruwer Estate (JD Bruwer)	**-**	7 757	**-**	-
G Stavridis	**-**	12 205	**-**	-
G Erasmus	**-**	14 994	**-**	-
	-	84 256	**-**	-
Commission paid to related parties				
WC Jansen van Rensburg	**52**	93	**-**	-
Commission paid was either expensed or capitalised depending on the treatment of the acquisition of the investment properties, as either a business combination or an acquisition of an asset. Refer to note 5 on prior period errors, where the allocation between business combinations and acquisitions of assets as disclosed.				
Compensation paid to other key management				
Salaries, bonuses and other benefits	**474**	467	**474**	467
Share-based compensation expense	**47**	74	**47**	74
	521	541	**521**	541

Refer to note 7 for compensation paid to directors and prescribed officers.

Other

Investment property with a fair value of R32,400,000 (2015: Rnil) have been pledged as security for the loan from the Christo la Grange Familie Trust (refer to note 21 for the details of the loan).

Notes to the Consolidated Annual Financial Statements (continued)

7. Directors' and prescribed officer's emoluments

Executive

2016

	Emoluments R'000	Bonus R'000	Directors' fees R'000	Share-based compensation expense	Total R'000
S Maritz	230	-	-	-	230
NT Govender	2 872	2 500	-	-	5 372
JF Pretorius	969	40	150	32	1 191
D Nel	101	-	-	-	101
	4 172	2 540	150	32	6 894

Restated 2015

	Emoluments R'000	Bonus R'000	Total R'000
NT Govender	1 624	145	1 769
JF Pretorius	830	88	918
	2 454	233	2 687

Non-executive (Directors' fees)

	2016 R'000	Restated 2015 R'000
W Grobbelaar	**50**	-
HA Lambrechts	**50**	-
PD Dexter	**101**	-
PE Burton	**152**	202
SB Rule	**202**	202
BM Molefi	**202**	118
RD Eaton	**152**	387
WH Rule	**202**	202
WB Stocks	**202**	202
	1 313	1 313

Prescribed officer (Emoluments)

	2016 R'000	Restated 2015 R'000
G Stavridis	**1 243**	1 170

G Stavridis was a former prescribed officer - refer to the related party note 6 for further details.

J George was appointed as Interim Chief Financial Officer in 2017 and is considered a prescribed officer.

8. Key parties – other than “related parties as defined”

Identification of key parties

Significant transactions have taken place with certain key parties who do not meet either the definition of related parties in IAS 24 – Related Party Transactions, or the definition of related parties in terms of the JSE Listings Requirements. Consequently, they are not included in note 6 which complies with IAS 24.

However, as many of the transactions with these parties are alleged irregular transactions as disclosed in note 9, or transactions with parties linked to certain directors, prescribed officers and key management, the board believes that it is important that detailed disclosures of such relationships and transactions is provided to users.

Relationships	As at the date of issue of these consolidated annual financial statements	During the 2016 financial year	During the 2015 financial year (Restated)
Significant shareholders (> 10% shareholding)	Dr. I Botha Lafras Joubert Familie Trust (L Joubert) Dataforce Trading Proprietary Limited WT de Swardt	Dr. I Botha Lafras Joubert Familie Trust (L Joubert) Dataforce Trading Proprietary Limited WT de Swardt	Dr. I Botha Lafras Joubert Familie Trust (L Joubert)
Member of key management	None	C Cawood	C Cawood
Cool Runnings Proprietary Limited	This was a company under the control of NT Govender, former Chief Executive Officer. He transferred shares from Zambesa Investments Proprietary Limited to Cool Runnings Proprietary Limited without authorisation, resulting in a loss of R20.2 million to the Freedom group. Cool Runnings Proprietary Limited is not a subsidiary of Freedom.		
Epic Beach Proprietary Limited	A deposit of R250 000 was received from Epic Beach Proprietary Limited for the alleged irregular transaction between Montipeo and Freedom. It related to the sale of tailings executed by NT Govender and JF Pretorius, former Chief Financial Officer.		
SADC Infrastructure Consulting Proprietary Limited	The company through which Dr. I Botha, a significant shareholder, constructed the dwellings at Tubatse Homes, in Zambesa Investments Proprietary Limited.		
Huganel Trust	The entity through which HA Lambrechts, non-executive director, is paid for consulting services rendered to the group.		
The Basket Trust	According to the pre-listing statement, The Basket Trust was to receive shares relating to referral fees/commissions. It is alleged that these shares were under the control of G Stavridis. H J Basson (“Handre Basson”) is one of the beneficiaries of the Basket Trust and as appears from page 213 of the pre-listing statement, Handre Basson is described as one of Freedom’s “development partners”.		
The Lemon Trust	According to the pre-listing statement, The Basket Trust was to receive shares relating to referral fees/commissions. It is alleged that these shares were under the control of G Stavridis. G Erasmus is one of the beneficiaries of the Lemon Trust.		
Cross Atlantis Properties Proprietary Limited	The company that Freedom bought from All Wide Properties Proprietary Limited, a related party, for R4 718 000, but the ownership of the investment was never transferred to Freedom. Refer to note 9 for further details on this alleged irregular transaction.		
Sunset Bonsmara Proprietary Limited	G Stavridis was the originator of this purchase by Freedom and handled all negotiations on behalf of Freedom. The purchase price agreed was R5 927 850 exclusive of VAT and would be paid in R1 000 000 cash and R4 927 850 in Freedom shares. In November 2015, G Stavridis informed the Freedom Board that the purchase of Sunset Bonsmara Proprietary Limited had not materialised and was cancelled. Due to the non-performance by Freedom, G Stavridis had negotiated a “damages” settlement with W du Toit, a representative of the estate agency. The damages resulted in Freedom forfeiting all the Freedom shares issued as per the original agreement as well as forfeiting the actual R700 000 paid in cash. The shares were issued to various entities where C Cawood was the sole director. The sale of share agreement had a no non-performance clause nor was there any mention of penalties in the event of cancellation of the purchase. G Stavridis had orchestrated the settlement of a highly irregular and unreasonable amount of damages due to the “cancellation” of an agreement by Freedom for the purchase of property and it appears that the payment of the damages had accrued for the sole and undue benefit of G Stavridis and further parties, to the detriment of Freedom and its shareholders.		

Notes to the Consolidated Annual Financial Statements (continued)

8. Key parties - other than "related parties as defined" (continued)

Key party balances

Key party balances as at 29 February 2016 and 28 February 2015:

	Group 2016 R'000	Group Restated 2015 R'000	Company 2016 R'000	Company Restated 2015 R'000
Guaranteed share obligation				
Dr. I Botha	-	4 265	-	4 265
L Joubert/Lafras Joubert Familie Trust	-	28 146	-	-
	-	32 411	-	4 265
Amounts included in trade and other payables regarding key parties				
SADC Infrastructure Consulting Proprietary Limited	**8 689**	-	**-**	-
Cool Runnings Proprietary Limited	**950**	-	**950**	-
Epic Beach Proprietary Limited	**457**	-	**207**	-
	10 097	-	**1 157**	-
Share-based payment reserve				
L Joubert/Lafras Joubert Familie Trust	**3 464**	-	**-**	-
Key party transactions				
Key party transactions for the 2016 and 2015 financial years:				
Interest paid to key parties				
Dr. I Botha	**221**	-	**221**	-
WT de Swardt	**508**	-	**-**	-
	729	-	**221**	-
Unwinding of discount on guaranteed share obligation				
L Joubert/Lafras Joubert Familie Trust	**559**	-	**-**	-
Commission paid to key parties				
The Basket Trust	-	35 013	-	-
The Lemon Trust	-	165 854	-	-
	-	200 867	-	-

The Basket Trust

H J Basson, W J Basson and K. Basson are beneficially owners of the Trust. According to H J Basson, he was not aware that the Trust's shares were under the control of G Stavridis and he did not receive the shares as indicated in the pre-listing statement.

According to the Pre-listing statement, The Basket Trust was to receive the following shares relating to referral fees/ commissions:

Company	Property	Share allotment	The Basket Trust Shares
Tower Sky Properties Proprietary Limited	Miami Village (Residential Rental Properties)	1 500 000	22 500
Tower Sky Properties Proprietary Limited	Miami Village (Residential Sale Properties)	21 000 000	3 315 000
Passion Way Props Proprietary Limited	Stellenbosch Industrial	19 700 000	8 025 500
Zolo Props Proprietary Limited	Gevonden	10 000 000	1 650 000
Ligitprops 184 Proprietary Limited	Langebaan Beach Resort	46 000 000	22 000 000
		98 200 000	35 013 000

8. Key parties – other than "related parties as defined" (continued)

The 35 013 000 shares mentioned above, that should have transferred to the Basket Trust, were not transferred to the Basket Trust. It is unclear what G Stavridis did with these shares at listing date.

The Lemon Trust

L Gravett, S H Gravett, L Claassens, E Bronkhorst, H Hollander, G Erasmus and L Pelser were beneficially owners of the Trust. According to the Pre-listing statement, The Lemon Trust was to receive the following shares relating to referral fees/commission:

Company	Property	Share allotment	The Lemon Trust Shares
Kadoma Investments Proprietary Limited	Steelpoort Industrial	260 520 000	104 100 000
	Tweefontein	73 246 000	61 754 000
		333 766 000	165 854 000

The 165 854 000 shares mentioned above, that should have transferred to Lemon Trust, were not transferred to the Lemon Trust. It is unclear what G Stavridis did with these shares at listing date.

9. Alleged irregular transactions

Certain transactions did not give rise to an error but have resulted in a loss to the group and its shareholders.

Each transaction is summarised.

9.1 Missing share certificate – Cross Atlantis Properties Proprietary Limited ("Cross Atlantis")

All Wide Properties Proprietary Limited ("Allwide"), a company that had C Cawood ("CC") as the sole director, purchased Cross Atlantis from Dewald Pretorius for R3 500 000 in June 2014. Although CC was not an employee of the group, CC is a party that is related to G Stavridis and acted as a consultant to Freedom.

This transaction is a pre-listing deal and was settled by Dewald Pretorius receiving 3 500 000 shares on the listing of Freedom. The 3 500 000 shares received by Dewald Pretorius would appear to be out of commission shares received by previous contractors of Freedom. Although the Freedom shares were transferred to Dewald Pretorius as payment, the transfer of the shares in Cross Atlantis to Allwide never occurred because Dewald Pretorius never released the share certificates of Cross Atlantis.

Although Allwide did not hold the share certificates in Cross Atlantis, on 08 September 2015 Allwide sold Cross Atlantis to Freedom for 35 000 000 shares. Freedom issued the 35 000 000 shares to Manu Bay (a company with CC as the director) to settle the purchase price. Freedom has therefore issued 35 000 000 shares but never received the investment in Cross Atlantis.

A receivable for R4,7 million was recognised (Allwide debtor) in September 2015. Subsequently, a provision for doubtful debts has been recognised against this. Refer to note 16 for the details.

In summary, 35 000 000 Freedom shares were issued to purchase an asset which has never been transferred to Freedom.

9.2 Expenses capitalised (2015 and 2016 year-end)

During the 2015 financial year, various costs were capitalised". These related to business development costs (Northam, Outeniqua, Modderfontein) incurred by G Stavridis. It appears that these costs were incurred for possible property deals (similar to a work in progress account for investment property).

During the 2016 financial year, it became clear that these property deals would not occur and therefore costs were expensed in profit or loss.

Notes to the Consolidated Annual Financial Statements (continued)

9. Alleged irregular transactions (continued)

9.3 Overpayment – to Freesteel Property Developers – (only 2016 year-end)

This reportable irregularity was reported by the external auditors, RSM South Africa - refer to the SENS announcement on 27 January 2017.

The R5 244 422 that was overcharged for the actual development and the R6 499 008 that was charged for a non-existent building should have been expensed in profit or loss immediately. This has resulted in a prior period error - refer to note 5.

9.4 Cancellation of the Sunset Bonsmara Proprietary Limited ("Sunset Bonsmara") transaction (only 2016 year-end)

The Masonic Church had land in the Free State (near Bloemfontein). W du Toit created a lease over the land through a company called Sunset Bonsmara. Freedom bought a 10% stake in Sunset Bonsmara. The 10% interest in Sunset Bonsmara was supposed to be paid for in R1 000 000 cash and by the issue of 33 500 000 shares. This was in August 2015. However, the only cash that flowed was R700 000 (i.e. the full R1 000 000 was not paid). The 33 500 000 shares were issued to various entities controlled by C Cawood (refer to the key party note 8 for further details).

The contract was cancelled by G Stavridis in October 2015. The transfer of the 10% interest (i.e. the share certificates) in Sunset Bonsmara never occurred.

This has resulted in a prior period error - refer to note 5.

Furthermore, the Freedom share register indicates that the 33 500 00 shares mentioned above were transferred as follows:

To: Nahoon Reef Investments Brokerage	33 500 000
From Nahoon Reef Investments Brokerage to:	
Marvel Gate Brokerage	5 300 000
Deltros Park Brokerage	7 700 000
Steamer Lane Brokerage	7 700 000

C Cawood, who is a known associate of G Stavridis and identified above as a related party, is also the sole director of the four entities mentioned above. None of these transactions have been made known to the market.

It would appear that G Stavridis and C Cawood have orchestrated a transaction whereby the damages claim against Freedom, equates to almost the entire value of the deal. G Stavridis, it would appear is the one who decides that Freedom is in breach, and the shares, when the breach occurs, it is transferred to entities under the control of one of his known associates.

9.5 Day 1 share register

Based on our discussion with various parties, it would appear that G Stavridis was the main person representing Freedom prior to listing on the main board of the JSE. According to Computershare Investor Services Proprietary Limited, he was the main person who indicated to them to whom shares should be allocated to on day 1 of listing, 14 June 2014.

We have not come across a mandate whereby G Stavridis, who is not part of the board, is allowed to represent the group with such material transaction at day 1 of listing, bearing in mind he had, it would appear, material interests in share transactions through a host of entities.

Therefore, it would appear that G Stavridis had carte blanche to do what he wanted to with the share register on day 1.

9. Alleged irregular transactions (continued)

9.6 Diverted corporate opportunities

It would appear that certain properties that should have been transferred to Freedom, for the benefit of Freedom, were unlawfully transferred to separate legal entities, under the control of G Stavridis and G Erasmus, in breach of their fiduciary obligations to Freedom, to the detriment of Freedom and its shareholders

Summary of diverted corporate opportunities

Below is a list of some of these properties and the values that G Erasmus and G Stavridis own or owned, on a direct or indirect basis:

	Estimated value of properties R'000
20 Krige Street property	36 000
Green Oaks farm	8 500
Lemoenkloof property	5 600
Nassau property	25 000
Witgatboom property	8 000
Elm Drive	7 000
	90 100

10. Plant and equipment

	2016 R'000			Restated 2015 R'000		
Group	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Plant and machinery	**2 517**	**(1 739)**	**778**	1 982	(1 351)	631
Furniture and fixtures	**572**	**(152)**	**420**	445	(70)	375
Motor vehicles	**446**	**(343)**	**103**	446	(274)	172
Office equipment	**47**	**(26)**	**21**	110	(25)	85
IT equipment	**423**	**(173)**	**250**	356	(91)	265
Total	**4 005**	**(2 433)**	**1 572**	3 339	(1 811)	1 528

	2016 R'000			Restated 2015 R'000		
Company	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Furniture and fixtures	**431**	**(106)**	**325**	379	(39)	340
Office equipment	**28**	**(7)**	**21**	91	(6)	85
IT equipment	**288**	**(114)**	**174**	288	(43)	245
Total	**747**	**(227)**	**520**	758	(88)	670

Notes to the Consolidated Annual Financial Statements (continued)

10. Plant and equipment (continued)

Reconciliation of plant and equipment - Group - 2016 (R'000)

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Plant and machinery	**631**	**534**	**-**	**(387)**	**778**
Furniture and fixtures	**375**	**127**	**-**	**(82)**	**420**
Motor vehicles	**172**	**-**	**-**	**(69)**	**103**
Office equipment	**85**	**-**	**(64)**	**-**	**21**
IT equipment	**265**	**93**	**-**	**(108)**	**250**
	1 528	**754**	**(64)**	**(646)**	**1 572**

Reconciliation of plant and equipment - Group - Restated 2015 (R'000)

	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Closing balance
Plant and machinery	-	-	777	(98)	(48)	631
Furniture and fixtures	-	401	20	-	(46)	375
Motor vehicles	-	-	226	(114)	60	172
Office equipment	-	91	-	-	(6)	85
IT equipment	-	288	20	-	(43)	265
	-	780	1 043	(212)	(83)	1 528

Reconciliation of plant and equipment - Company - 2016 (R'000)

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Furniture and fixtures	**340**	**53**	**-**	**(68)**	**325**
Office equipment	**85**	**-**	**(64)**	**-**	**21**
IT equipment	**245**	**27**	**-**	**(98)**	**174**
	670	**80**	**(64)**	**(166)**	**520**

Reconciliation of plant and equipment - Company - Restated 2015 (R'000)

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	-	379	(39)	340
Office equipment	-	91	(6)	85
IT equipment	-	288	(43)	245
	-	758	(88)	670

Notes:

1. *Office equipment was fully depreciated in 2016.*
2. *Certain assets that were previously incorrectly classified by the group as plant and machinery have been corrected in the 2015 results by transferring it to IT equipment.*

Prior period error

In 2015 computer software was incorrectly classified as plant and equipment in both the group and company results. The 2015 results have been restated to correctly classify computer software as intangible assets (refer to note 11 for details on intangible assets and note 5 for further details on the prior period error).

Plant and equipment encumbered as security

No plant and equipment were encumbered as security as at 29 February 2016 (2015: Rnil).

11. Intangible assets

Group and Company	2016 R'000 Cost	2016 R'000 Accumulated amortisation	2016 R'000 Carrying amount	Restated 2015 R'000 Cost	Restated 2015 R'000 Accumulated amortisation	Restated 2015 R'000 Carrying amount
Computer software	**116**	**(57)**	**59**	109	(15)	94

Reconciliation of intangible assets – Group and Company – 2016 (R'000)

	Opening balance	Additions	Amortisation	Closing balance
Computer software	**94**	**7**	**(42)**	**59**

Reconciliation of intangible assets – Group and Company – Restated 2015 (R'000)

	Opening balance	Additions	Amortisation	Closing balance
Computer software	-	**109**	**(15)**	**94**

In 2015 computer software was incorrectly classified as plant and equipment. The 2015 results have been restated to correctly classify computer software as intangible assets (refer to note 5 for further details on the prior period error).

Pledged as security

No intangible assets were encumbered as security as at 29 February 2016 (2015: Rnil).

12. Investments in subsidiaries

The following table lists the entities which are controlled by the company, and the carrying amounts of the investments in the company's separate financial statements.

Name of subsidiary	Nature of business*	Manner controlled	% holding 2016	% holding 2015	Investments at cost 2016 R'000	Accumulated impairment 2016 R'000	Carrying amount 2016 R'000	Investments at cost Restated 2015 R'000	Accumulated impairment Restated 2015 R'000	Carrying amount Restated 2015 R'000
Apple Way Props Proprietary Limited	I	Directly	100%	100%	-	-	-	-	-	-
Clear Creek Trading Proprietary Limited	U	Directly	100%	100%	-	-	-	-	-	-
Happy Boom Drive Properties Proprietary Limited	I	Directly	100%	100%	-	-	-	-	-	-
Hazel Hues Trading 8 Proprietary Limited	U	Directly	100%	100%	-	-	-	-	-	-
Ivory Sun Trading 115 Proprietary Limited	R	Directly	100%	100%	-	-	-	-	-	-
K2015058931 Proprietary Limited	D	Directly	100%	-	-	-	-	-	-	-
Kadoma Investments Proprietary Limited	R	Indirectly	100%	100%	-	-	-	-	-	-
Las Manos Investments 152 Proprietary Limited**	U	Indirectly	-	100%	-	-	-	-	-	-
Lazy Haze Stone Props Proprietary Limited	U	Directly	100%	100%	-	-	-	-	-	-
Ligitprops 184 Proprietary Limited	S	Indirectly	100%	100%	-	-	-	-	-	-
Off Peak Props Proprietary Limited	I	Directly	100%	100%	-	-	-	-	-	-
Panzaweb Proprietary Limited	U	Directly	100%	100%	-	-	-	-	-	-
Passion Way Props Proprietary Limited	R	Directly	100%	100%	-	-	-	-	-	-
Proziguard Proprietary Limited	U	Directly	100%	100%	-	-	-	-	-	-
Somnitrax Proprietary Limited	I	Directly	100%	100%	-	-	-	-	-	-
Tower Sky Properties Proprietary Limited	S,U	Directly	100%	100%	-	-	-	-	-	-
Tubatse Estate Proprietary Limited (62.5% indirect, 32.5% direct)	U	Indirectly	100%	100%	74 170	(74 170)	-	74 170	(74 170)	-
Zambesa Investments Proprietary Limited	U	Directly	100%	100%	22 077	(22 077)	-	22 077	(22 077)	-
Zolo Props Proprietary Limited	U	Directly	100%	100%	-	-	-	-	-	-
					96 247	(96 247)	-	96 247	(96 247)	-

Notes:

** Nature of business:*
I - Investment-holding company
R - Rental-earning company
S - Holds land for sale
U - Holds undeveloped investment properties
D - Dormant

All subsidiaries are incorporated in South Africa and have February year ends, except Ligit Props 184 Proprietary Limited with an August year end.

The carrying amount of investments in subsidiaries is shown net of impairment losses. During the current year, there were no impairments of investments in the company (Restated 2015: Total impairment of investments in subsidiaries of R96 246 775 was raised, refer to note 5 for details on this prior period error).

Prior to listing, a number of dormant/shelf companies were acquired by Freedom. These companies were not utilised during the years under review and have subsequently been excluded from the group and company financial statements. The values of these investments are Rnil.

13. Goodwill

	Group 2016 R'000			Restated 2015 R'000		
	Cost	Accumulated impairment	Carrying amount	Cost	Accumulated impairment	Carrying amount
Goodwill	**148 714**	**(148 714)**	**-**	148 714	(148 714)	-

Reconciliation of goodwill – Group – Restated 2015 (R'000)

	Opening balance	Additions through business combinations	Additions through other acquisitions	Impairment	Closing balance
Goodwill	-	30 503	**118 211**	(148 714)	-

The goodwill arose as a result of the purchase consideration for acquisitions being more than the fair value of the investment properties (i.e. as determined on listing date of 12 June 2014). As disclosed on SENS on 21 December 2017, the original valuations of the investment properties were overstated by R1,3 billion, which resulted in the recognition of goodwill. Refer to note 5 for further details on the prior period errors.

Additions through business combinations:

The goodwill classified as additions through business combinations relate to the acquisitions of Kadoma Investments Proprietary Limited and Ligit Props 184 Proprietary Limited. Refer to note 4 for further details on these business combinations.

Additions through other acquisitions:

The entities that were not considered to be IFRS 3 business combinations, were also consolidated according to IFRS 10 requirements. The purchase consideration value was treated as required for an asset acquisition, valued at the fair value of the shares issued as consideration. A difference existed on consolidation and was accounted and disclosed as either goodwill or gain on bargain purchase on acquisition.

The goodwill classified as additions through other acquisitions arose with the acquisition of Tubatste Estate Proprietary Limited. A gain on bargain purchase of R21,818,313 was recognised with the acquisition of Zambesa Investments Proprietary Limited.

Notes to the Consolidated Annual Financial Statements (continued)

14. Loans to (from) subsidiaries

Company - 2016 (R'000)

	Discount/ Repayment period	Opening balance	Advances made (received)	Repayments (received) made	Deemed interest received	Impairments	Write-off on sale of subsidiary	Closing balance
Apple Way Props Proprietary Limited	5 years	24 892	24	-	9 773	(18 963)	-	15 726
Clear Creek Trading 145 Proprietary Limited	15 years	11 072	276	(216)	24 854	(945)	-	35 041
Happy Boom Drive Proprietary Limited	10 years	798	24	-	879	-	-	1 701
Hazel Hues Trading 8 Proprietary Limited	15 years	3 272	810	-	7 111	(4 160)	-	7 033
Ivory Sun Trading 115 Proprietary Limited	15 years	1 301	398	(298)	3 093	-	-	4 494
K2015058931 Proprietary Limited	Not discounted	-	5 628	-	-	(5 628)	-	-
Kadoma Investments Proprietary Limited	Not discounted	(22 141)	(24 989)	36 424	-	-	-	(10 706)
Las Manos Investments 152 Proprietary Limited	Not discounted	2 895	1 535	-	-	-	(4 430)	-
Lazy Haze Stone Props Proprietary Limited	15 years	2 800	803	(815)	6 212	(1 740)	-	7 260
Ligitprops 184 Proprietary Limited	Not discounted	(3 245)	-	2 688	-	-	-	(557)
Off Peak Props Proprietary Limited	10 years	81 548	22 693	-	7 496	(36 513)	-	75 224
Panzaweb Proprietary Limited	15 years	1 262	62	-	2 795	(501)	-	3 618
Passion Way Props Proprietary Limited	10 years	6 398	3 679	(28 806)	7 308	-	-	(11 421)
Proziguard Proprietary Limited	10 years	4 157	136	-	4 662	(1 037)	-	7 918
Somnitrax Proprietary Limited	15 years	14 859	25	-	31 820	(12 815)	-	33 889
Tower Sky Properties Proprietary Limited	5 years	15 453	7 751	(17 415)	1 405	-	-	7 194
Tubatse Estate Proprietary Limited	Not discounted	73	913	-	-	(986)	-	-
Zambesa Investments Proprietary Limited	15 years	2 117	266	(70)	7 088	-	-	9 401
Zolo Props Proprietary Limited	15 years	3 859	65	(1 407)	8 715	(2 101)	-	9 131
		151 370	20 099	(9 915)	123 211	(85 389)	(4 430)	194 946
Note					32			

14. Loans to (from) subsidiaries (continued)

Company - Restated 2015 (R'000)

	Discount/ Repayment period	Opening balance	Advances made (received)	Repayments (received) made	Deemed interest received	Discounting of loans	Closing balance
Apple Way Props Proprietary Limited	5 years	-	35 158	(493)	2 045	(11 818)	24 892
Clear Creek Trading 145 Proprietary Limited	15 years	-	35 926	-	786	(25 640)	11 072
Happy Boom Drive Proprietary Limited	10 years	-	1 677	-	65	(944)	798
Hazel Hues Trading 8 Proprietary Limited	15 years	-	10 383	-	250	(7 361)	3 272
Ivory Sun Trading 115 Proprietary Limited	15 years	-	4 394	-	99	(3 192)	1 301
Kadoma Investments Proprietary Limited	Not discounted	-	(152 104)	129 963	-	-	(22 141)
Las Manos Investments 152 Proprietary Limited	Not discounted	-	2 895	-	-	-	2 895
Lazy Haze Stone Props Proprietary Limited	15 years	-	10 448	(1 436)	212	(6 424)	2 800
Ligitprops 184 Proprietary Limited	Not discounted	-	4 509	(7 754)	-	-	(3 245)
Off Peak Props Proprietary Limited	10 years	-	177 766	-	4 922	(101 140)	81 548
Panzaweb Proprietary Limited	15 years	-	4 057	-	90	(2 885)	1 262
Passion Way Props Proprietary Limited	10 years	-	15 087	(1 381)	402	(7 710)	6 398
Proziguard Proprietary Limited	10 years	-	8 819	-	288	(4 950)	4 157
Somnitrax Proprietary Limited	15 years	-	46 679	-	1 119	(32 939)	14 859
Tower Sky Properties Proprietary Limited	5 years	-	21 973	-	981	(7 501)	15 453
Tubatse Estate Proprietary Limited	Not discounted	-	73	-	-	-	73
Zambesa Investments Proprietary Limited	15 years	-	9 205	-	249	(7 337)	2 117
Zolo Props Proprietary Limited	15 years	-	12 574	-	254	(8 969)	3 859
		-	249 519	118 899	11 762	(228 810)	151 370
Notes					32		

Notes to the Consolidated Annual Financial Statements (continued)

14. Loans to (from) subsidiaries (continued)

The loans are unsecured and bear interest at rates agreed from time-to-time. All the loans consist of a current and non-current portion.

Loans receivable

Receivable portions that are repayable over more than 12 months have been discounted at 8.70% (Restated 2015: 8.70%) over the expected repayment periods and are classified as non-current assets.

The portion of the loans receivable within the next 12 months have not been discounted and are classified as current assets.

Certain loans have been impaired to ensure that they reflect the amount that is considered to be recoverable from the individual subsidiaries.

Loans payable

There are no fixed terms of repayment associated with the loans and all loans payable are therefore classified as current and are not discounted.

Refer to note 5 for details on the prior period restatements.

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Non-current assets	-	-	21 648	22 288
Current assets	-	-	195 982	154 468
Current liabilities	-	-	(22 684)	(25 386)
	-	-	194 946	151 370

Loans to group companies pledged as collateral

No loans to group companies were pledged as collateral as at 29 February 2016 (2015: Rnil).

15. Inventories

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Miami Village property	9 110	16 986	-	-
Langebaan Beach Resort property	3 125	2 869	-	-
	12 235	19 855	-	-

Reconciliation of inventories - Group - 2016 (R'000)

	Opening balance	Additions	Disposals	Closing balance
Miami Village property	16 986	-	(7 876)	9 110
Langebaan Beach Resort property	2 869	2 318	(2 062)	3 125
	19 855	2 318	(9 938)	12 235

Reconciliation of inventories - Group - Restated 2015 (R'000)

	Opening balance	Additions	Additions through business combinations	Write down	Closing balance
Miami Village property	-	16 986	-	-	16 986
Langebaan Beach Resort property	-	-	3 373	(504)	2 869
	-	16 986	3 373	(504)	19 855

15. Inventories (continued)

Details of inventories

Inventories comprise of land as detailed above. Inventories are measured at the lower of cost and net realisable value. As the costs remains lower than the net realisable value, the inventories are recorded at cost.

Miami Village property

At year end Tower Sky Properties Proprietary Limited owned 167 (2015: 207) erven situated at Miami Village, Lampiesbaai, St Helena Bay, Western Cape.

Langebaan Beach Resort property

At year end Ligitprops 184 Proprietary Limited owned land situated at Erf 3671, Langebaan, Western Cape. This property was previously incorrectly accounted for at fair value, refer to note 5 for details of the previous accounting treatment and impact.

Inventory pledged as security

No inventory was pledged as security as at 29 February 2016 (2015: Rnil).

16. Trade and other receivables

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Trade receivables	**6 701**	856	**2**	-
Less: Provision for doubtful debts	**(910)**	(273)	**-**	-
	5 791	583	**2**	-
Sundry receivables	**15 403**	1 172	**4 975**	1 064
Less: Provision for doubtful debts	**(10 731)**	(257)	**(4 975)**	(257)
	4 672	915	**-**	807
Deposits	**173**	274	**-**	-
Prepayments	**132**	-	**-**	-
VAT	**17 048**	22 036	**317**	37
	27 816	23 808	**319**	844
Trade and other receivables pledged as security				
The company's rights and claims on proceeds from value-added tax refunds have been ceded in favour of Nedbank Limited for such period as the overdraft is in place.				
Sundry receivables				
Details of gross sundry receivables				
Freesteel Proprietary Limited	**5 756**	-	**-**	-
All Wide Properties Proprietary Limited	**4 718**	-	**4 718**	-
G Stavridis	**-**	792	**-**	792
NT Govender	**257**	257	**257**	257
Sundry - Ligit Props 184	**4 664**	-	**-**	-
Other	**8**	123	**-**	15
	15 403	1 172	**4 975**	1 064
Fully performing trade and other receivables				
Trade receivables	**5 791**	583	**2**	-
Sundry receivables	**4 672**	915	**-**	807
Deposits	**173**	274	**-**	-
	10 636	1 772	**2**	807

Notes to the Consolidated Annual Financial Statements (continued)

16. Trade and other receivables (continued)

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Credit quality of fully performing trade and other receivables				
Small and medium-sized tenants	**10 636**	1 772	**2**	807

The credit quality of trade and other receivables that are neither past nor due nor impaired were assessed by reference to historical information about counterparty default rates.
These receivables were all categorised as small and medium-sized tenants, which consist primarily of non-listed tenants and privately held small to medium-sized businesses.

Trade and other receivables past due

Trade and other receivables which are less than 30 days past due are not considered to be impaired. Management assesses each customer exceeding these terms on an individual basis for impairment indications. At 29 February 2016 and 28 February 2015 all past due receivables have been impaired.

Trade and other receivables impaired

Group:

As at 29 February 2016 trade and other receivables of R11 640 728 (Restated 2015: R530 797) were impaired and provided for. The impaired receivables relate to:

Trade receivables – R909 756 (Restated 2015: R273 372):

Individually impaired receivables of:

- Kadoma Investments Proprietary Limited: R853 110 (Restated 2015: R251 061).
- Ivorty Sun Trading 115 Proprietary Limited: R56 645 (2015: R22 311).

Sundry receivables (all related parties – refer to note 6 for further details) – R10 730 972 (Restated 2015: R257 425):

- An overpayment on properties of R5 755 547 (2015: Rnil) to Freesteel Proprietary Limited. The costs relating to a warehouse that was allegedly constructed by Freesteel cannot be substantiated. Freesteel has been placed into liquidation.
- Freedom purchased shares in Cross Atlantis. Freedom issued 35 000 000 shares to effect the transaction. The sale was irregular as the alleged sellers of Cross Atlantis were not in a position to sell the investment. Freedom therefore issued 35 000 000 shares for R4 718 000 without getting the intended investment (2015: Rnil).
- The loan to the former Chief exeutive officer, NT Govender, amounting to R257 425 (R257 425).

Company:

As at 29 February 2016, sundry receivables of R4 975 425 (Restated 2015: R257 425) were impaired and provided for. The impaired receivables relate to:

Sundry receivables (all related parties - refer to note 6 for futher details) - R4 975 425 (Restated 2015: R257 425):

- All Wide Properties Proprietary Limited of R4 718 000 (2015: Rnil) as explained above.
- The loan to the former Chief executive officer, NT Govender, amounting to R257 425 (R257 425).

16. Trade and other receivables (continued)

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
The ageing of these impaired receivables is as follows:				
3 to 6 months	**910**	273	**-**	-
Over 6 months	**10 731**	257	**4 975**	257
	11 641	530	**4 975**	257
Reconciliation of provision for impairment of trade and other receivables				
Opening balance	**530**	-	**257**	-
Provision for impairment:				-
- Trade receivables	**637**	273	**-**	-
- Freesteel Proprietary Limited	**5 756**	-	**-**	-
- All Wide Properties Proprietary Limited	**4 718**	-	**4 718**	-
- NT Govender	**-**	257	**-**	257
	11 641	530	**4 975**	257

Refer to note 5 for details on prior period errors and the restatements relating to them.

17. Cash and cash equivalents

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Cash and cash equivalents consist of:				
Cash on hand	**2**	3	**1**	2
Bank balances	**2 822**	1 768	**-**	91
Short-term deposits	**51**	53	**-**	-
Bank overdraft	**(9 890)**	(9 378)	**(9 823)**	(9 278)
	(7 015)	(7 554)	**(9 822)**	(9 185)
Current assets	**2 875**	1 824	**1**	93
Current liabilities	**(9 890)**	(9 378)	**(9 823)**	(9 278)
	(7 015)	(7 554)	**(9 822)**	(9 185)

Refer to note 5 for details on the prior period errors and the restatements relating to them.

Cash and cash equivalents pledged as collateral

There is a limited deed of suretyship in favour of Nedbank Limited, whereby Kadoma Investments Proprietary Limited binds itself jointly and severally and as co-principal debtor with Freedom Property Fund Limited, to R10 000 000 of the borrower's indebtedness to Nedbank Limited.

Nedbank Limited has issued guarantees in favour of specific creditors of the group to the value of R100 000 (2015: R1 403 000).

Freedom Property Fund Limited's rights and claims on proceeds from value-added tax refunds have been ceded in favour of Nedbank Limited for such period as the overdraft is in place.

Notes to the Consolidated Annual Financial Statements (continued)

18. Non-current asset classified as held for sale

	Group 2016 R'000	Group Restated 2015 R'000	Company 2016 R'000	Company Restated 2015 R'000
The decision was made by the board in line with the company's then short to medium term strategy, with the focus to dispose of non-core assets and to develop its residential properties.				
The following properties were classified as non-current assets held for sale at 29 February 2016:				
— Portolan Place	**32 400**			
— Emfuleni Estate	**4 200**			
— Wespark Palms	**5 200**			
— Sweet Waters Industrial Park	**8 600**			
— La Hoff Mews	**2 800**			
— Propmed	**7 800**			
— Tubatse Industrial and Residential Estates	**18 900**			
— Tubatse Homes	**8 689**			
— Gevonden	**10 500**			
Non-current assets classified as held for sale				
Fair value of investment properties	**99 089**	-	**-**	-

Fair value measurement

The investment properties classified as held for sale during the current year were measured at fair value resulting in the recognition of a fair value gain of R678 502, included in the fair value gain on investment properties in the statement of comprehensive income. The fair values of the properties were determined using various valuation methods as described in note 3. The measurement levels per the fair value hierarchy are set out in note 47.

19. Stated capital

	Group 2016 R'000	Group Restated 2015 R'000	Company 2016 R'000	Company Restated 2015 R'000
Authorised				
10 000 000 000 Ordinary shares at no par value				
Issued				
Ordinary shares	**443 237**	421 943	**443 237**	421 943
Treasury shares	**(6 086)**	(48)	**-**	-
	437 151	421 895	**443 237**	421 943
Reconciliation of number of ordinary shares issued:				
Reported as at beginning of year	**1 027 029 031**	1 500 000 000	**1 027 029 031**	1 500 000 000
Shares repurchased	**-**	(1 355 046 351)	**-**	(1 355 046 351)
	1 027 029 031	144 953 649	**1 027 029 031**	144 953 649
Issue of shares				
General issue of shares	**-**	882 075 382	**-**	882 075 382
Sunset Bonsmara Proprietary Limited	**33 500 000**	-	**33 500 000**	-
Cross Atlantis Properties Proprietary Limited	**35 000 000**	-	**35 000 000**	-
L Joubert	**83 199 999**	-	**83 199 999**	-
	151 699 999	882 075 382	**151 699 999**	882 075 382
Reported as at end of year	**1 178 729 030**	1 027 029 031	**1 178 729 030**	1 027 029 031

19. Stated capital (continued)

Prior to the acquisition of properties and businesses in the 2015 financial year, the company had 1 500 000 000 ordinary shares in issue. In accordance with the business plan outlined in the pre-listing statement, the company issued 882 075 382 ordinary shares in 2015 as consideration for the purchase of properties and; subsidiaries and services acquired. During the current year the company issued a further 151 699 999 ordinary shares as follows:

Sunset Bonsmara Proprietary Limited

33 500 000 shares were issued on 28 August 2015 to various individuals/trusts controlled by C Cawood who is a party that is related to G Stavridis. C Cawood also acted as a consultant for Freedom. The transaction was subsequently cancelled by G Stavridis, with the result that shares were issued but nothing was received in return. Refer to note 9 on alleged irregular transactions.

Cross Atlantis Properties Proprietary Limited ("Cross Atlantis")

35 000 000 shares were issued on 12 February 2016 to Allwide Proprietary Limited ("Allwide"), a company with C Cawood as the sole director for the purchase of Cross Atlantis. It subsequently transpired that Allwide did not own the shares in Cross Atlantis with the result that shares were issued but nothing was received in return. Refer to note 9 on alleged irregular transactions.

L Joubert

On 11 August 2015, Freedom Property Fund Limited entered into an agreement with the Lafras Joubert Familie Trust whereby he could receive up to 108 900 000 new ordinary shares in the holding company in settlement of his guaranteed share obligation (refer to note 24 for details on the guaranteed share obligation). In terms of this agreement 83 199 999 shares were to be issued on approval of the agreement and the remaining 25 700 001 shares were to be issued on condition that the trust repurchased 8 566 667 guaranteed shares, as defined in the pre-listing statement of Freedom Property Fund Limited, issued on 5 June 2014, sold to a third party within six months of 15 October 2015, being April 2016. The Lafras Joubert Familie Trust has now repurchased the guaranteed shares from the third party and therefore the 25 700 001 shares are owed to the trust as at 29 February 2016. The value of these shares is classified as a share-based payment reserve of R3 464 360 as disclosed in note 20.

Refer to note 6 for further details on related party relationships and transactions.

Notes to the Consolidated Annual Financial Statements (continued)

19. Stated capital (continued)

Treasury shares are netted off against stated capital on consolidation.

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Net number of ordinary shares in issue				
Issued ordinary shares	**1 178 729 030**	1 027 029 031	**1 178 729 030**	1 027 029 031
Treasury shares	**(44 976 953)**	(186 500)	**-**	-
	1 133 752 077	1 026 842 531	**1 178 729 030**	1 027 029 031

The unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

	Group 2016	Group Restated 2015	Company 2016	Company Restated 2015
Reconciliation of number of treasury shares:				
Reported as at beginning of year	**186 500**	-	**-**	-
Sale of shares by Zambesa Investments Proprietary Limited to Tubatse Estate Proprietary Limited	**-**	46 746 000	**-**	-
Sale of share to Bilko Investments Proprietary Limited	**-**	12 000 000	**-**	-
Transfer of shares to NT Govender	**-**	(1 750 000)	**-**	-
Transfer of shares to JF Pretorius	**(60 000)**	-	**-**	-
Transfer of shares to C Shillaw	**(120 000)**	(120 000)	**-**	-
Shares allocated to staff	**(15 000)**	(45 000)	**-**	-
Transfer of shares from (to) Cool Runnings Proprietary Limited	**44 984 453**	(53 084 401)	**-**	-
Share trading activities	**1 000**	(3 560 099)	**-**	-
Reported as at end of year	**44 976 953**	186 500	**-**	-

Refer to note 6 for details on the related party relationships with the parties referred to in the treasury share reconciliation above.

Zambesa Investments Proprietary Limited holds the treasury shares and acts as nominee on behalf of other subsidiaries in the group.

	Group 2016	Group Restated 2015	Company 2016	Company Restated 2015
Treasury shares consist of:				
Freedom Property Fund Limited	**12 000 000**	186 500	**-**	-
Happy Boom Drive Properties Proprietary Limited	**7 050 000**	-	**-**	-
Zambesa Investments Proprietary Limited	**25 926 953**	-	**-**	-
	44 976 953	186 500	**-**	-

20. Share-based payment reserve

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Balance at the beginning of the year	-	12 895	-	12 895
Prior period error	-	(12 895)	-	(12 895)
Issue of shares to L Joubert	**3 464**	-	-	-
	3 464	-	-	-

Additional information

1.5 billion shares were issued to the PDF Trust on 19 July 2012. The PDF Trust then issued shares to various parties (called promoters), some of which were Freedom's key management, employees or their related parties. Shortly before Freedom listed, it repurchased 1.3 billion shares from the PDF Trust in terms of the promoter agreement. This left a balance of 144 953 649 shares in the PDF Trust which are the shares that make up the promoters' shares.

In the company's separate annual financial statements for the year ended 28 February 2013, R12 895 000 was recognised as a share-based payment expense. This related to the promoters' shares issued to the PDF Trust on 19 July 2012. The expense was calculated by determining the fair value of services that the promoters would provide and was recognised in profit or loss immediately (on the assumption that the services had been provided at that date i.e. there were no future services). However, there is an error relating to the previous accounting because:

- Some of the promoters were key management and employees and therefore the fair value of the equity instruments issued should have been determined (instead of the fair value of the services provided); and
- The services to be provided by the promoters appeared to relate mainly to the period from July 2012 to the listing in June 2014 (i.e. they had not all been provided at the date that the expense of R12 895 000 was recognised).

As stated in note 2 on significant judgements, the error in accounting for the share-based payment relating to promoters' shares has not been retrospectively corrected because it is impracticable in that it requires the significant use of hindsight. This is because the following information, needed to restate, is not available, either at 19 July 2012 or thereafter, until the listing date when the fair value could be reliably determined:

- The split of services that had been provided versus those that were still to be provided;
- The fair value of the shares issued to employees; and
- The fair value of the services rendered by promoters who were not employees.

Notes to the Consolidated Annual Financial Statements (continued)

21. Loans from shareholders

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Dr. I Botha	**(3 899)**	-	**(3 899)**	-
The loan bears interest at the prime interest rate and is repayable in three annual instalments, with the first payment due in August 2017.				
The loan is secured by:				
- A covering mortgage bond of R35 000 000 in favour of SADC Infrastructure Consulting Proprietary Limited, plus an additional R3 500 000 to cover interest claimable from Zambesa Investments Proprietary Limited and other expenses, over the property described as Erf 5973 Burgersfort, Extension 40 Township, Limpopo Province.				
Interest on all amounts secured in terms of aforementioned bonds will be charged at the prime interest rate.				
Christo la Grange Familie Trust	**(41 279)**	-	**-**	-
The loan bears interest at the repo rate. A minimum payment of R200 000 per month is required, but there are no further fixed terms of repayment.				
The loan is secured by:				
- A first covering mortgage bond of R20 000 000, plus an additional 25% to cover expenses, over the property described as the remaining extent of portion 18 (a portion of portion 8) of the farm no.799, East London.				
- A second covering mortgage bond of R37 000 000, plus an additional 21.14% to cover expenses, over the property described as the remaining extent of portion 18 (a portion of portion 8) of the farm no. 799, East London.				
Interest on all amounts secured in terms of aforementioned bonds will be charged at the prime interest rate.				
	(45 178)	-	**(3 899)**	-

Both these loans relate to the settlement of the guaranteed share obligations from the Kadoma Investments Proprietary Limited acquisition. Refer to note 24 for details on the guaranteed share obligations raised in 2015, note 2 for the details on the estimation of the fair value of the guaranteed share obligations and note 6 for details on the related party relationships.

22. Other financial liabilities

	Group 2016 R'000	Group Restated 2015 R'000	Company 2016 R'000	Company Restated 2015 R'000
Held at amortised cost				
Nedbank loan 0030148533 – Passion Way Props Proprietary Limited	-	21 223	-	-
The loan was secured by a first covering mortgage bond of R22 000 000 over certain investment property detailed in note 3. There was also a limited deed of suretyship in favour of Nedbank Limited whereby Freedom Property Fund Limited binds itself jointly and severally and as co-principal debtor with Kadoma Investments Proprietary Limited, limited to R22 000 000 of the borrower's indebtedness to Nedbank Limited. The loan bore interest at the prime interest rate minus 0.5% and was repaid in full during the year.				
Nedbank loan 0030150925 – Kadoma Investments Proprietary Limited	**19 865**	15 277	-	-
The loan is secured by a first covering mortgage bond of R250 000 000, plus an additional 25% to cover Nedbank Limited's costs, expenses and disbursements, over the investment property relating to the mortgage bond, as detailed in note 3. There is also a limited deed of suretyship in favour of Nedbank Limited whereby Freedom Property Fund Limited binds itself jointly and severally and as co-principal debtor with Kadoma Investments Proprietary Limited, limited to R13 850 000 of the borrower's indebtedness to Nedbank Limited. The loan bears interest at the prime interest rate minus 0.5% and is repayable in 5 years on 28 February 2019.				
A balloon payment of R8 400 000 is due on 18 December 2019.				
Nedbank loan 0030153538 – Kadoma Investments Proprietary Limited	**7 634**	-	-	-
The loan is secured by a first covering mortgage bond of R250 000 000, plus an additional 25% to cover Nedbank Limited's costs, expenses and disbursements, over the investment property relating to the mortgage bond, as detailed in note 3. There is also a limited deed of suretyship in favour of Nedbank Limited whereby Freedom Property Fund Limited binds itself jointly and severally and as co-principal debtor with Kadoma Investments Proprietary Limited, limited to R9 650 000 of the borrower's indebtedness to Nedbank Limited. The loan bears interest at the prime interest rate minus 0.25% and is repayable in five years on 28 February 2019.				
A balloon payment of R5 560 000 is due on 18 March 2020.				
Nedbank loan 0030154012 – Kadoma Investments Proprietary Limited	**1 496**	-	-	-
The loan is secured by a first covering mortgage bond of R250 000 000, plus an additional 25% to cover Nedbank Limited's costs, expenses and disbursements, over the investment property relating to the mortgage bond, as detailed in note 3. There is also a limited deed of suretyship in favour of Nedbank Limited whereby Freedom Property Fund Limited binds itself jointly and severally and as co-principal debtor with Kadoma Investments Proprietary Limited, limited to R2 100 000 of the borrower's indebtedness to Nedbank Limited. The loan bears interest at prime rate and is repayable in monthly installments, with final settlement in five years on 28 February 2019.				

22. Other financial liabilities (continued)

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Nedbank loan 0030153778 - Kadoma Investments Proprietary Limited	**13 689**	-	**-**	-
The loan is secured by a first covering mortgage bond of R250 000 000, plus an additional 25% to cover Nedbank Limited's costs, expenses and disbursements, over the investment property relating to the mortgage bond, as detailed in note 3. There is also a limited deed of suretyship in favour of Nedbank Limited whereby Freedom Property Fund Limited binds itself jointly and severally and as co-principal debtor with Kadoma Investments Proprietary Limited, limited to R15 750 000 of the borrower's indebtedness to Nedbank Limited. The loan bears interest at the prime interest rate minus 0.25% and is repayable in five years on 28 February 2019.				
A balloon payment of R9 080 000 is due on 18 May 2020.				
Nedbank loan 0030150908 - Kadoma Investments Proprietary Limited	**46 444**	48 879	**-**	-
The loan is secured by a first covering mortgage bond of R250 000 000, plus an additional 25% to cover Nedbank Limited's costs, expenses and disbursements, over the investment property relating to the mortgage bond, as detailed in note 3. There is also a limited deed of suretyship in favour of Nedbank Limited whereby Freedom Property Fund Limited binds itself jointly and severally and as co-principal debtor with Kadoma Investments Proprietary Limited, limited to R50 000 000 of the borrower's indebtedness to Nedbank Limited. The loan bears interest at the prime interest rate minus 0.5% and is repayable monthly, with final settlement in five years on 28 February 2019.				
A balloon payment of R30 365 000 is due on 18 October 2019.				
Magnolia Ridge Properties Proprietary Limited	**55**	55	**-**	-
The loan is unsecured, interest free and has no fixed terms of repayment.				
	89 183	85 434	**-**	-
Non-current liabilities				
At amortised cost	**82 283**	82 291	**-**	-
Current liabilities				
At amortised cost	**6 900**	3 143	**-**	-
	89 183	85 434	**-**	-

23. Deferred Tax

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Deferred tax liability				
Investment properties	**(32 295)**	(29 620)	**-**	
Operating lease asset	**(1 566)**	(1 604)	**-**	-
Plant and equipment	**(108)**	(147)	**-**	-
Total deferred tax liability	**(33 969)**	(31 371)	**-**	-
Deferred tax asset				
Provision for doubtful debts	**1 400**	57	**-**	-
Other provisions	**177**	150	**-**	-
Deferred tax balance from temporary differences other than unused tax losses	**1 577**	207	**-**	-
Tax losses available for set off against future taxable income	**1 913**	146	**-**	-
	3 490	353	**-**	-
Total deferred tax asset	**3 490**	353	**-**	-
The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position.				
Deferred tax liability	**(33 969)**	(31 371)	**-**	-
Deferred tax asset	**3 490**	353	**-**	-
Total net deferred tax liability	**(30 479)**	(31 018)	**-**	-
Reconciliation of deferred tax liability				
At beginning of year - As restated	**(31 018)**	-	**-**	-
Investment properties	**(2 882)**	(3 234)	**-**	-
Operating lease asset	**38**	(545)	**-**	-
Plant and equipment	**39**	(147)	**-**	-
Business combinations	**-**	(29 655)	**-**	-
Provision for doubtful debts 1,343	**57**	-	**-**	
Other provisions	**27**	2 753	**-**	-
Tax losses	**1 974**	(247)	**-**	-
	(30 479)	(31 018)	**-**	-

Recognition of deferred tax asset

Defferal tax assets are recognised for certain group companies where it is considered probable that future taxable profits will be available against which these companies can utilise the benefit thereof

Unused tax losses

The group has unused tax losses of R30 999 635 as at 29 February 2016 (restated 2015: R3 870 712). The company has unused tax losses of R9 579 119 as at 29 February 2016 (restated: R2 040 473).

Notes to the Consolidated Annual Financial Statements (continued)

24. Guaranteed share obligation

The vendors were guaranteed that the Freedom shares would be worth R1 in June 2015. If the Freedom share price was not R1, Freedom would pay an additional amount to the vendors (calculated as the difference between the share price and R1).

This was called the additional purchase price top-up and is referred to as "guaranteed shares" throughout the financial statements.

At the date of acquisition, Freedom did not expect any additional amount to be paid to the vendors and the contingent consideration that was recognised was Rnil. The contingent consideration was not subsequently fair valued and therefore, no liability for this contingent consideration was recognised in 2015. Management and the previous auditors agreed that the contingent consideration should have been subsequently fair valued because this is required by IFRS 3, and that the application of IAS 37 was incorrect. Therefore, this is a prior period error (refer to note 5).

As at 28 February 2015, Freedom had an obligation arising from repurchase agreements with specific vendors as fully set out on page 37 and 38 of the pre-listing statement issued on 5 June 2014. In terms of the agreements the company would be liable for an additional purchase price top-up, should the share price not exceed a set value as at 12 June 2015. In terms of the aforementioned purchase agreements and based on the share price as at 28 February 2015, the company was liable for an additional R89 554 500 purchase costs.

The guaranteed share obligation as at 28 February 2015 was allocated as follows:

	Non-current R'000	Current R'000	Total R'000
Dr. I Botha	-	4 265	4 265
C la Grange/Christo la Grange Familie Trust	57 145	-	57 145
L Joubert/Lafras Joubert Familie Trust	28 145	-	28 145
	85 290	4 265	89 555

Subsequent to the 2015 reporting date, an amendment to the purchase agreement was entered into. Per the agreement L Joubert agreed to receiving a fixed number of shares and C la Grange elected to convert his guaranteed shares to cash of R50 million. With the sale of Stellenbosch Industrial property (Passion Way Props Proprietary Limited), R10 million of the obligation to C la Grange was settled (refer to note 21 for the outstanding balance to C la Grange).

A separate agreement was reached with Dr. I Botha whereby his guaranteed shares were convrerted to a loan of R3.9 million repayable over 3 years.

25. Trade and other payables

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Trade payables	**20 047**	23 536	**930**	22
Other loans payable	**1 430**	24	**1 180**	24
Amounts received in advance	**59**	-	**-**	-
Deposit received: Weskus Aftree Oord Beleggings Proprietary Limited	**7 000**	-	**-**	-
Other deposits received	**2 058**	1 762	**-**	-
VAT	**3 244**	529	**-**	-
Accrued staff costs	**474**	235	**421**	171
Accrued leave pay	**145**	156	**124**	156
Provision for share liability	**-**	-	**34 648**	34 648
Sundry payables	**3 019**	5	**14**	-
	37 476	26 247	**37 317**	35 021
Other loans payable				
Freedom Rock Proprietary Limited	**22**	24	**22**	24
Cool Runnings Proprietary Limited	**950**	-	**950**	-
Epic Beach Proprietary Limited	**458**	-	**208**	-
	1 430	24	**1 180**	24

These loans are unsecured, interest free and have no fixed terms of repayment.

Note:

Provision for share liability (company) - R34 648 135

At acquisition of Tubatse Estate Proprietary Limited, Zambesa Investments Proprietary Limited was due R46 746 000 worth of shares, per the sale agreement. The shares were only transferred to Zambesa Investments Proprietary Limited in October 2014, when the shares have devalued considerably. The difference in rand value still owing by Freedom to Zambesa Investments Proprietary Limited, is R34 648 135 as at 29 February 2016. Refer to the prior period error note 5(f) for further details.

26. Revenue

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Rental income per lease agreement	**22 581**	18 004	**-**	-
Straight-lined lease income adjustment	**1 266**	3 349	**-**	-
Total rental income	**23 847**	21 353	**-**	-
Sale of properties	**14 627**	92	**-**	-
Management fees	**-**	-	**18 194**	11 489
	38 474	21 445	**18 194**	11 489

Operating leases as lessor

The group leases a number of industrial and residential properties under operating leases. Lease agreements are entered into with tenants on variable terms depending on the location and nature of the lettable area. The lease terms for industrial properties are typically longer than those of residential properties.

In regards to lease contracts coming to renewal stage:

- Only 1.24% of the leases will be up for renewal within one year.
- A further 4.62% will be up for renewal after 12 months but before 24 months.

All leases have renewal options in the contracts and there is no indication that most if not all will be exercised.

Notes to the Consolidated Annual Financial Statements (continued)

27. Cost of sales

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Cost of properties sold	**9 938**	504	**-**	-

28. Other income

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Profit on issue of shares	**-**	12 551	**-**	12 551
Recoveries	**5 034**	4 673	**-**	-
Sundry income	**809**	2 059	**26**	898
	5 843	19 283	**26**	13 449

29. Other operating losses

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
(Losses) profits on disposals and acquisitions				
Plant and equipment	**(42)**	(213)	**(42)**	-
Fair Value on acquisition of loan*	**-**	1 817	**-**	-
Loss on disposal of investments	**(3 796)**	(3 706)	**-**	(3 706)
Loan written off	**-**	-	**(4 430)**	-
	(3 838)	(2 102)	**(4 472)**	(3 706)

** On the acquisition of Las Manos Investments 152 Proprietary Limited by Happy Boom Drive Proprietary Limited, the purchase agreement stipulated that the acquirer purchase all shareholder claims. The shareholder claim in Happy Boom Drive Proprietary Limited would lower the acquisition cost of the investment in the subsidiary. The investment would be limited to Rnil and the difference of the shareholder claim that has been acquired is a surplus at acquisition.*

30. Commission paid

Previously R27.7 million was capitalised to properties, despite some being accounted for as business combinations and the fact that IFRS 3 does not permit such costs to be capitalised.

The prior period error has now been corrected (refer to note 5) as follows:

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Recognised as an expense in profit or loss	**2 462**	116 140	**-**	79
Capitalised to investment properties	**-**	27 746	**-**	-
	2 462	143 886	**-**	79

There is no cash flow impact, as all these commissions were paid in shares.

31. Operating loss

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Operating (loss) profit for the year is stated after charging the following, amongst others:				
Auditor's remuneration - external Audit fees	**1 564**	1 692	**649**	1 642
Auditor's remuneration - internal audit fees	**489**	-	**489**	-
Remuneration, other than to employees				
Administrative and managerial services	**71**	846	**-**	-
Consulting and professional services	**6 856**	5 277	**5 793**	5 209
Secretarial services	**402**	513	**355**	402
Legal services	**4 016**	1 619	**1 323**	349
Accounting services	**747**	611	**747**	587
	12 092	8 866	**8 218**	6 547

Refer to notes 6 and 8 for consulting and professional fees, legal fees and accounting fees paid to related and key parties.

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Employee costs				
As at 29 February 2016 the group had 17 permanent employees (2015: 18). The total cost of employment of all employees, including executive directors, was as follows:				
Salaries, wages, bonuses and other benefits	**11 652**	6 447	**10 335**	5 253
Share-based compensation expense	**77**	74	**79**	74
Total employee costs	**11 729**	6 521	**10 414**	5 327
Leases				
Operating lease charges				
Premises	**492**	-	**492**	-
Motor vehicles	**224**	412	**224**	412
	716	412	**716**	412
Refer to note 40 Commitments for additional details of operating leases.				
Depreciation				
Depreciation of plant and equipment	**646**	83	**166**	88
Amortisation of intangible assets	**42**	15	**42**	15
Total depreciation and amortisation	**688**	98	**208**	103
Impairment of trade and other receivables				
Provision for doubtful debts	**11 110**	530	**4 718**	257

The majority of the above impairments of trade and other receivables relate to related parties (refer note 6 for the related party details).

Notes to the Consolidated Annual Financial Statements (continued)

32. Investment income

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Interest income				
Bank	**2 848**	804	**-**	-
Deemed interest income	**-**	-	**123 211**	11 762
Other financial assets	**8**	-	**-**	-
Total interest income	**2 856**	804	**123 211-**	11 762

The deemed interest income relates to the unwinding of discount on the loans to subsidiaries, which have extended repayment terms. Management has therefore estimated the expected period over which the loans will be recovered. Refer to note 14 for the terms of these loans.

33. Finance costs

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Shareholder: WT de Swardt	**508**	-	**-**	-
Other financial liabilities	**9 054**	3 672	**-**	-
Trade and other payables	**43**	3	**-**	-
Bank overdraft	**904**	763	**902**	763
South African Revenue Service	**49**	71	**49**	-
Notional interest paid	**-**	-	**-**	228 810
Interest paid on guaranteed share obligation	**2 300**	-	**221**	-
Subsidiary	**-**	-	**1 351**	1 433
	12 858	4 509	**2 523**	231 006

The interest paid to WT de Swardt related to the shareholder's loan owed to him before. The loan was settled in full as part of the sale of Las Manos Investments 152 Proprietary Limited – refer note 39 for further details on the disposal of the subsidiary.

Refer to note 24 for details on the unwinding of the interest and the interest paid relating to the guaranteed share obligation.

34. Taxation

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Major components of the tax expense (income)				
Current				
Local income tax - current period	**3 265**	(67)	**-**	-
Deferred				
Originating and reversing temporary differences	**(540)**	706	**-**	-
	2 725	639	**-**	-
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting (loss) profit	**(13 929)**	(295 361)	**19 444**	(312 777)
Tax at the applicable tax rate of 28% (2015: 28%)	**(3900)**	(82 701)	**5 444**	(87 578)
Tax effect of adjustments on taxable income				
Deemed interest income	**-**	-	**(34 499)**	(3 293)
Other exempt income	**(87)**	(4 304)	**(20)**	(6 902)
Fair value (gains) losses on investment properties	**(2 040)**	2 502	**-**	-
(Gain) loss on guaranteed share obligation	**(5 650)**	-	**-**	-
Capital gains tax on investment properties	**4 212**	8 956	**-**	-
Gain on bargain purchase	**-**	(10 055)	**-**	-
Impairment of loans and receivables	**2 562**	-	**-**	-
Impairment of goodwill	**-**	41 640	**-**	-
Impairment of investments in subsidiaries	**-**	-	**-**	26 949
Commission paid	**-**	30 246	**-**	-
Referral fees	**-**	6 353	**-**	-
Other non-deductible expenses	**4 512**	9 631	**506**	6 083
Unused assessed losses	**4 892**	1 057	**2 098**	674
Discounting of loans to subsidiaries	**-**	-	**-**	64 067
Impairment of loans to subsidiaries	**-**	-	**26 471**	-
Deferred tax relating to prior periods	**(1 776)**	(2 686)	**-**	-
	2 725	639	**-**	-

Notes to the Consolidated Annual Financial Statements (continued)

35. Earnings per share

Basic loss per share is based on the loss below and a weighted average number of ordinary shares of 1 066 111 650 (Restated 2015: 730 331 755).

Diluted loss per share is equal to loss per share because there are no dilutive potential ordinary shares in issue.

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

	2016 Cents	Restated 2015 Cents
Loss per share		
Basic and diluted loss	**(1.56)**	(40.53)
Basic and diluted headline loss	**(2.00)**	(22.37)

	2016 Gross R'000	2016 Net R'000	Restated 2015 Gross R'000	Restated 2015 Net R'000
Reconciliation between loss for the year and headline loss				
Loss for the year attributable to equity holders of the parent		**(16 654)**		(296 000)
Adjusted for:				
Fair value loss on investment properties	**(10 347)**	**(7 450)**	26 101	18 793
Profit on disposal of subsidiary	-	-	(641)	(462)
Gain on bargain purchase	-	-	(35 909)	(35 909)
Impairment of goodwill	-	-	148 714	148 714
Loss on disposal of assets	**3 838**	**2 763**	2 102	1 513
Basic and diluted headline loss	**(6 509)**	**(21 341)**	140 367	(163 351)

36. Cash used in operations

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
(Loss) profit before taxation	**(13 929)**	(295 361)	**19 444**	(312 777)
Adjustments for:				
Depreciation	**688**	98	**208**	103
Losses (profits) on disposals of assets	**3 838**	2 102	**4 472**	3 706
Penalty on forfeit	**4 928**	-	**-**	-
Gain on bargain purchase	**-**	(35 909)	**-**	-
Interest income	**(2 856)**	(804)	**(123 211)**	(11 762)
Finance costs	**12 858**	4 509	**2 523**	231 006
Fair value (gain) loss on investment properties	**(10 347)**	26 101	**-**	-
Listing related expenses (refunds)	**-**	22 741	**-**	(506)
Impairment losses	**-**	148 714	**85 389**	96 247
Commission paid	**-**	116 047	**-**	-
Movement in operating lease asset	**136**	(5 728)	**-**	-
Fair value adjustment on shares	**183**	**(1 640)**	**-**	-
(Gain) loss on guaranteed share obligation	**(20 543)**	11 729	**(365)**	559

36. Cash used in operations (continued)

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Profit on issue of shares	-	-	-	(12 551)
Loss on unauthorised shares	-	-	-	12 098
Recovery of unauthorised shares	-	-	-	(12 098)
Changes in working capital:				
Inventories	**2 956**	(3 435)	**-**	-
Trade and other receivables	**6 015**	(18 057)	**5 243**	427
Trade and other payables	**11 230**	21 250	**2 294**	(4 626)
	(4 843)	(7 643)	**(4 003)**	(10 174)

37. Tax paid

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Balance at beginning of the year	**(6 658)**	-	**-**	-
Current tax for the year recognised in profit or loss	**(3 265)**	67	**-**	-
Adjustment in respect of businesses sold and acquired during the year	**-**	(6 673)	**-**	-
Balance at end of the year	**8 460**	6 658	**(439)**	-
	(1 463)	52	**(439)**	-

38. Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

Group

- partial settlement of business combinations through the issue of shares - notes 3 and 4
- partial settlement of the acquisition of investment properties through the issue of shares - notes 3 and 4
- partial proceeds of disposal of investment properties through the buy-back of shares - notes 3 and 39
- shares issued for the advancement of the share-based payment reserve - note 20
- shares issued for the advancement of the guaranteed share obligations - note 24
- partial advancement of the loans to shareholders through the issue of shares in 2016 - note 21
- shares reversed for the settlement of the guaranteed share obligations in 2016 - note 24

Company

- investment in All Wide Properties Proprietary Limited through issue of shares - note 16
- acquisition of subsidiaries through issue of shares - note 12
- partial advancement of loans to subsidiaries through the issue of shares - note 14

Notes to the Consolidated Annual Financial Statements (continued)

39. Disposals of subsidiaries

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Carrying value of net assets sold	**Las Manos Investments 152 Proprietary Limited**	**Bilko Investments Proprietary Limited**	**Las Manos Investments 152 Proprietary Limited**	**Bilko Investments Proprietary Limited**
Investment property	**8 776**	-	**-**	9 900
Trade and other receivables	**-**	-	**-**	3
Trade and other payables	**(4)**	-	**-**	(17)
Deferred tax	**-**	-	**-**	(1 488)
Cash	**-**	-	**-**	2
Loan - Seabert Trading Proprietary Limited	**3 211**	-	**-**	-
Loan - Dataforce Trading Proprietary Limited	**(4 749)**	-	**-**	-
Loan - WT de Swardt	**(8 309)**	-	**-**	-
Loan to group company	**3 484**	-	**-**	-
Total net assets sold	**2 409**	-	**-**	8 400
Profit on disposal	**641**	-	**-**	3 600
	3 050	-	**-**	12 000
Consideration received				
Cash	**(2 100)**	-	**-**	-
Equity - Freedom shares	**(950)**	-	**-**	(12 000)
	(3 050)	-	**-**	(12 000)

During the current year the company disposed of its entire shareholding in Las Manos Investments 152 Proprietary Limited, held via Happy Boom Drive Properties Proprietary Limited, for a consideration of 7 050 000 Freedom shares at R0.13 per share and R2 100 000 cash.

On 25 July 2014 the company disposed of its entire shareholding in Bilko Investments Proprietary Limited for a consideration of 12 000 000 Freedom shares.

40. Commitments

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Operating leases – as lessee (expense)				
Minimum lease payments due				
– within one year	**938**	1 107	**938**	1 107
– in second to fifth year inclusive	**1 505**	4 108	**1 505**	4 108
	2 443	5 215	**2 443**	5 215

Operating lease payments represent rentals payable by the group for certain of its office properties and motor vehicles. Leases are negotiated for an average term of two to three years and average escalation of 8.38% applies to rental properties.

41. Contingencies

The following contingency has been identified at year end and has been accounted for, as explained below.

Weskus Aftree Oord Beleggings Proprietary Limited ("Weskus Beleggings")

- A deposit to the value of R7 000 000 was received by Tower Sky Properties Proprietary Limited during March 2015 and is included in trade and other payables (refer to note 25 and note 5 for prior period errors). The deposit was received in terms of the Weskus Beleggings sale agreements. No further amounts have been received in terms of the Weskus Beleggings sale agreements, and no transfer of ownership occurred in terms of these agreements.
- Weskus Beleggings has subsequently entered into a voluntary liquidation and is claiming the R7 000 000 received by Tower Sky Properties Proprietary Limited. The liquidators have indicated that the R7 000 000 was paid as a deposit in respect of the Weskus Beleggings sale agreements, but that they do not intend to proceed with the purchase. The R7 000 000 would then be considered damages received due to non-performance on the contract by Weskus Beleggings.
- The contingency arises due to the possibility that Freedom may have to refund the R7 000 000 if it is not considered damages. This would lead to litigation being entered into.

42. Segmental information

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

The group's reportable segments are operating segments which are differentiated by the types of revenue income it earns. The reportable segments are managed separately to enable the group to adequately monitor the various risk profiles. For each segment, the Exco reviews internal management reports on a monthly basis.

The two reportable segments are:

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

Other operations include the group's administrative and finance functions. Neither of these meet the quantitative thresholds for determining reportable segments.

42. Segmental information (continued)

	Gross profit		Separately disclosable items								
	Revenue R'000	Cost of sales R'000	Gross profit R'000	Profit (loss) before tax 'R'000	Commission paid R'000	Penalty on forfeit R'000	Investment Income R'000	Finance costs R'000	Fair value gain on investment properties R'000	Gain on guaranteed share obligation R'000	Taxation R'000
2016											
Rental income	23 847	-	23 847	8 840	(1 522)	-	-	(9 055)	9 668	-	(2 171)
Property sales	14 627	(9 938)	4 689	2 209	(940)	-	2 782	(1)	-	-	982
All other segments	-	-	-	(24 978)	-	(5 628)	74	(3 802)	679	20 543	(1 536)
Total	38 474	(9 938)	28 536	(13 929)	(2 462)	(5 628)	2 856	(12 858)	10 347	20 543	(2 725)

	Gross profit		Separately disclosable items								
	Revenue R'000	Cost of sales R'000	Gross profit R'000	Loss before tax R'000	Commission paid and referral fees R'000	Investment Income R'000	Finance costs R'000	Fair value gain (loss) on investment properties R'000	Loss on guaranteed share obligation R'000	Gain on bargain purchase R'000	Taxation R'000
Restated 2015											
Rental income	21 353	-	21 353	(11 032)	(8 039)	-	(3 672)	(27 084)	-	**12 831**	4 223
Property sales	92	(504)	(412)	(7 876)	-	719	(71)	983	-	-	466
All other segments	-	-	-	(150 817)	(130 791)	85	(766)	-	(11 729)	-	(5 328)
Total	21 445	(504)	20 941	(169 725)	(138 830)	804	(4 509)	(26 101)	(11 729)	**12 831**	(639)
Reconciling items											
Gain on bargain purchase				23 078							
Impairment of goodwill				(148 714)							
Loss before tax				(295 361)							

For details on the impairment of goodwill refer to note 13.

42. Segmental information (continued)

Segment assets and liabilities

The amounts provided to the Exco with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment.

Capital expenditure reflects additions to non-current assets, other than financial instruments, deferred tax assets, post employment benefit assets and rights arising under insurance contracts.

The table below provides information on segment assets and liabilities as well as a reconciliation to total assets and liabilities as per the statement of financial position

	Investment properties per valuation R'000	Inventories R'000	Deferred tax liability R'000	Other financial liabilities R'000	Total assets R'000	Total liabilities R'000
2016						
Rental income	**186 007**	**-**	**22 405**	**89 128**	**199 194**	**117 973**
Property sales	**1 300**	**12 235**	**1 096**	**-**	**25 122**	**22 094**
All other segments	**-**	**-**	**6 978**	**55**	**116 567**	**84 939**
Total	**187 307**	**12 235**	**30 479**	**89 183**	**340 883**	**225 006**

	Investment properties at fair value R'000	Inventories R'000	Deferred tax liability R'000	Other financial liabilities R'000	Total assets R'000	Total liabilities R'000
Restated 2015						
Rental income	210 872	-	22 815	85 379	222 720	126 380
Property sales	1 300	19 855	2 220	-	27 499	10 850
All other segments	90 780	-	5 983	55	108 820	114 312
Total	302 952	19 855	31 018	85 434	359 039	251 542

Notes to the Consolidated Annual Financial Statements (continued)

43. Going concern

For the year ended 29 February 2016, the group incurred a loss after tax of R16.7 million (Restated 2015: R296.0 million). In the same period the group had operating cash outflows of R15 million, and restated cash outflows of R11.3 million in 2015.

Although there were rapid improvements in 2016 compared to the restated 2015 results, the results still highlight a material uncertainty regarding the going concern issue which is emphasised further by the group`s negative liquidity position and high gearing.

The group is currently technically solvent with a net asset position of R115.9 million (Restated 2015: R107.5 million). It is commercially not solvent, as the current liabilities of R67.1 million (Restated 2015: R52.9 million) exceed current assets of R48.2 million (Restated 2015: R49.0 million) by R18.9 million (Restated 2015: R3.9 million).

The group encountered significant cash flow pressures in the prior year, hence a restructure plan has been developed to sell off non-core assets to improve liquidity and solvency. The aim of the restructure process is to reduce the cash flow pressures of the group and improve liquidity and solvency of the individual subsidiaries. The group is optimistic that once the re-structure plan has been implemented in full, a viable and profitable business will emerge.

The group maintained its strict cash flow management policy, however due to cash flow pressures, delays were encountered in meeting working capital obligations. Cash flow management remains key in this challenging period. Cash resources are expected to improve as the restructure plan which includes the sale of non-core and underperforming assets, is expected to be in full swing in the coming financial year.

A cash flow forecast for the next 12 months prepared by management has indicated that the consolidated entity will have sufficient cash assets to be able to meet its debts as and when they are due. No adjustments have been made relating to recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Sale of properties subsequent to year end

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

Company/Property	Total R'000
Ligitprops 184 Proprietary Limited – Langebaan Beach Resort	30 000
Panzaweb Proprietary Limited – La Hoff	2 400
Zolo Props Proprietary Limited - Gevonden	12 100
Erf 1210 – Kadoma Investments Proprietary Limited	10 000
Erf 1212 – Kadoma Investments Proprietary Limited	3 452
Remainder of Portion 18 of Farm 799 – Clear Creek 145 Proprietary Limited	12 000
Proziguard Proprietary Limited – Propmed	1 730
Ivory Sun Trading 115 Proprietary Limited – Wespark Palms (sold some of the individual units)	1 000
Erf 1196 – Kadoma Investments Proprietary Limited	5 000
Erf 1188 – Kadoma Investments Proprietary Limited	5 000
Erf 1211 – Kadoma Investments Proprietary Limited	6 100
Zambesa Investments Proprietary Limited – Tubatse homes (Sold 2 houses)	2 000
Towersky Properties Proprietary Limited (sale of individual erven – all have been sold)	12 398
	103 180

The sales further highlight the groups commitment in improving solvency and liquidity. In addition to the restructuring plan, management continues to review all aspects of the business in order to ensure that resources are being utilised effectively.

This ensures that all cost areas are closely monitored in order to reduce expenditure and relieve cash reserves for the group's working capital.

43. Going concern (continued)

Recovery of VAT

When Freedom acquired certain properties, it was entitled to claim the VAT on the purchase. This was not done by previous management. The VAT returns were submitted and subsequently the group was paid the following amounts subsequent to year end.

Company	Property	R'000
Clear Creek 145 Proprietary Limited	Portolan Place	6 510
Hazel Hues Trading 8 Proprietary Limited	Emfuleni	3 675
Panzaweb Proprietary Limited	La Hoff	966
Proziguard Proprietary Limited	Propmed	1 190
		12 341

The refunds received above assisted the group in managing its cash flows significantly and ensuring that all short term obligations are met.

Repayment of debt
Subsequent to year end, the group was able to repay its overdraft of R10 million from the proceeds mentioned above. Some of the property sales were used to offset obligations with shareholders. Of the R3.9 million owed to SADC/ Dr. I Botha, R2.6 million has been repaid.

Nedbank Limited mortgage bonds
The group, through its subsidiary Kadoma Investments Proprietary Limited, have bonds registered over its property in favour of Nedbank Limited. The group has been able to meet its ongoing obligations relating to these bonds.

Some of these bonds have been negotiated by previous management and have a "balloon payment" component that becomes due and payable as follows:

Due date	Nedbank loan	Amount R'000
18 December 2019	0030150925	8 400
18 March 2020	0030153538	5 560
18 May 2020	0030153778	9 080
18 October 2019	0030150908	30 365
		53 405

The group is in the process of renegotiating these loans with Nedbank Limited. The bank has indicated a willingness to renegotiate the bonds due to the favourable track record of Kadoma Investments Proprietary Limited since the acquisition of the bonds. Refer to note 22 for the existing terms of these loans.

Cash and cash equivalents
At the date of this report, the company has a positive Cash and Cash Equivalents and is able to meet all obligations for the foreseeable future.

In light of the above, the going concern basis has been adopted in preparing these financial statements. The directors have no reason to believe that the group or any company within the group will not continue to be a going concern in the foreseeable future.

Notes to the Consolidated Annual Financial Statements (continued)

44. Events after the reporting period

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

Adjusting

- Revaluation of investment properties (refer to note 3)
- Reassessment of business combinations (refer to note 4)
- Revaluation of stated capital (refer to note 19)

Non-adjusting

Sale of subsidiaries

- Ligitprops 184 Proprietary Limited (Langebaan Beach Resort) for R7 500 000 cash and 150 000 000 Freedom shares with conditions precedent.
- Zolo Props Proprietary Limited (Gevonden) for R12 000 000. This transaction was done to pay for the costs relating to 10 houses developed through Tubatse Homes.

Sale of Investment properties

- La Hoff Mews, that was held by Panzaweb Proprietary Limited (La Hoff) for R2 400 000
- Erf 1210 for R10 000 000, that was part of Kadoma Investments Proprietary Limited in April 2017
- Erf 1212 for R3 452 000, that was part of Kadoma Investments Proprietary Limited in April 2017
- The remainder of portion 18 of farm 799 in the division of East London for R13 680 000. The property was sold throughout the subsidiary Clear Creek 145 Proprietary Limited. This sale was concluded in April 2017

Other

- A settlement agreement with C la Grange, a large shareholder, for R50 000 000 was ratified at a shareholders meeting in May 2016. The effective date of the transaction was 12 June 2015.
- During May 2016 a former member of the executive management team, entered into a settlement arrangement with the group for R5 000 000 cash and the return of 40 000 000 Freedom shares.
- Onerous contract – The company decided to relocate its head office from Johannesburg in Gauteng, to Paarl in the Western Cape. The premises in Johannesburg, situated at 24 Peter Place, Randburg, Johannesburg, was vacated at the end of February 2017. The lease on these premises expired on 31 August 2018 and it was therefore considered onerous as there were 18 months left on the lease before it expires. The value of the onerous contract, based on average rentals of R75 000 was R1 350 000.
- The group was suspended from trading on the main board of the JSE in July 2016 due to not releasing its annual results for the year ended 29 February 2016. This remains the position at the date of signing this report.
- The group is currently holding more than 10% of its own shares (treasury shares). This is a contravention of the Companies Act and the board and management are in the process of rectifying this contravention.

45. Categories of financial instruments

Analysis of statement of financial position

No financial instruments are classified as held to maturity or at fair value through profit or loss. The statement of financial position is analysed in the tables below:

	Notes	Loans and receivables R'000	Financial liabilities at amortised cost R'000	Leases R'000	Equity and non-financial assets and liabilities R'000	Total R'000
Categories of financial instruments - Group - 2016						
Assets						
Non-Current Assets						
Investment properties	3	-	-	-	187 307	187 307
Operating lease asset	3	-	-	-	4 671	4 671
Plant and equipment	10	-	-	-	1 572	1 572
Intangible assets	11	-	-	-	59	59
		-	-	-	193 609	193 609
Current Assets						
Inventories	15	-	-	-	12 235	12 235
Trade and other receivables	16	10 636	-	-	17 180	27 816
Operating lease asset	3	-	-	-	921	921
Current tax receivable		-	-	-	4 338	4 338
Cash and cash equivalents	17	2 875	-	-	-	2 875
		13 511	-	-	34 674	48 185
Non-current asset classified as held for sale	18	-	-	-	99 089	99 089
Total Assets		13 511	-	-	327 372	340 883
Equity and Liabilities						
Equity						
Equity Attributable to Equity Holders of Parent:						
Stated capital	19	-	-	-	443 237	443 237
Treasury shares	19	-	-	-	(6 086)	(6 086)
Share-based payment reserve	20	-	-	-	3 464	3 464
Accumulated loss		-	-	-	(324 738)	(324 738)
Total Equity		-	-	-	115 877	115 877

Notes to the Consolidated Annual Financial Statements (continued)

45. Categories of financial instruments (continued)

	Notes	Loans and receivables R'000	Financial liabilities at amortised cost R'000	Leases R'000	Equity and non-financial assets and liabilities R'000	Total R'000
Liabilities						
Non-Current Liabilities						
Loans from shareholders	**21**	-	**45 178**	-	-	**45 178**
Other financial liabilities	**22**	-	**82 283**	-	-	**82 283**
Deferred tax	**23**	-	-	-	**30 479**	**30 479**
		-	**127 461**	-	**30 479**	**157 940**
Current Liabilities						
Other financial liabilities	**22**	-	**6 900**	-	-	**6 900**
Trade and other payables	**25**	-	**33 556**	-	**3 922**	**37 478**
Current tax payable		-	-	-	**12 798**	**12 798**
Bank overdraft	**17**	-	**9 890**	-	-	**9 890**
		-	**50 346**	-	**16 720**	**67 066**
Total Liabilities		-	**177 807**	-	**47 199**	**225 006**
Total Equity and Liabilities		-	**177 807**	-	**163 076**	**340 883**
Categories of financial instruments - Group - Restated 2015						
Assets						
Non-Current Assets						
Investment properties	3	-	-	-	302 952	302 952
Operating lease asset	3	-	-	256	5 194	5 450
Plant and equipment	10	-	-	-	1 528	1 528
Intangible assets	11	-	-	-	94	94
		-	-	256	309 768	310 024
Current Assets						
Inventories	15	-	-	-	19 855	19 855
Trade and other receivables	16	1 772	-	-	22 036	23 808
Operating lease asset		-	-	20	258	278
Current tax receivable		-	-	-	3 250	3 250
Cash and cash equivalents	17	1 824	-	-	-	1 824
		3 596	-	20	45 399	49 015
Total Assets		3 596	-	276	355 167	359 039

45. Categories of financial instruments (continued)

	Notes	Loans and receivables R'000	Financial liabilities at amortised cost R'000	Leases R'000	Equity and non-financial assets and liabilities R'000	Total R'000
Equity and Liabilities						
Equity						
Equity attributable to equity holders of parent:						
Stated capital	19	-	-	-	421 943	421 943
Treasury shares	19	-	-	-	(48)	(48)
Accumulated loss		-	-	-	(314 398)	(314 398)
Total Equity		-	-	-	107 497	107 497
Liabilities						
Non-Current Liabilities						
Other financial liabilities	22	-	82 291	-	-	82 291
Deferred tax	23	-	-	-	31 018	31 018
Guaranteed share obligation	24	-	-	-	85 290	85 290
		-	82 291	-	116 308	198 599
Current Liabilities						
Other financial liabilities	22	-	3 143	-	-	3 143
Guaranteed share obligation	24	-	-	-	4 265	4 265
Trade and other payables	25	-	25 329	-	920	26 249
Current tax payable		-	-	-	9 908	9 908
Bank overdraft	17	-	9 378	-	-	9 378
		-	37 850	-	15 093	52 943
Total Liabilities		-	120 141	-	131 401	251 542
Total Equity and Liabilities		-	120 141	-	238 898	359 039

Notes to the Consolidated Annual Financial Statements (continued)

45. Categories of financial instruments (continued)

	Notes	Loans and receivables R'000	Financial liabilities at amortised cost R'000	Leases R'000	Equity and non-financial assets and liabilities R'000	Total R'000
Categories of financial instruments - Company - 2016						
Assets						
Non-Current Assets						
Plant and equipment	10	-	-	-	520	520
Intangible assets	11	-	-	-	59	59
Loans to subsidiaries	14	21 648	-	-	-	21 648
		21 648	-	-	579	22 227
Current Assets						
Loans to subsidiaries	14	195 982	-	-	-	195 982
Trade and other receivables	16	2	-	-	317	319
Current tax receivable		-	-	-	439	439
Cash and cash equivalents	17	1	-	-	-	1
		195 985	-	-	756	196 741
Total Assets		217 633	-	-	1 335	218 968
Equity and Liabilities						
Equity						
Equity attributable to equity holders of parent:						
Stated capital	19	-	-	-	443 237	443 237
Accumulated loss		-	-	-	(297 992)	(297 992)
Total Equity		-	-	-	145 245	145 245
Liabilities						
Non-Current Liabilities						
Loans from shareholders	21	-	3 899	-	-	3 899
Current Liabilities						
Loans from subsidiaries	14	-	22 684	-	-	22 684
Trade and other payables	25	-	2 124	-	35 193	37 317
Bank overdraft	17	-	9 823	-	-	9 823
		-	34 631	-	35 193	69 824
Total Liabilities		-	38 530	-	35 193	73 723
Total Equity and Liabilities		-	38 530	-	180 438	218 968

45. Categories of financial instruments (continued)

	Notes	Loans and receivables R'000	Financial liabilities at amortised cost R'000	Leases R'000	Equity and non-financial assets and liabilities R'000	Total R'000
Categories of financial instruments - Company - Restated 2015						
Assets						
Non-Current Assets						
Plant and equipment	10	-	-	-	670	670
Intangible assets	11	-	-	-	94	94
Current Assets						
Loans to subsidiaries	14	176 756	-	-	-	176 756
Trade and other receivables	16	807	-	-	37	844
Cash and cash equivalents	17	93	-	-	-	93
		-	-	-	37	177 693
Total Assets		177 656	-	-	801	178 457
Equity and Liabilities						
Equity						
Equity attributable to equity holders of parent:						
Stated capital	19	-	-	-	421 943	421 943
Accumulated loss		-	-	-	(317 436)	(317 436)
Total Equity		-	-	-	104 507	104 507
Liabilities						
Current Liabilities						
Loans from subsidiaries	14	-	25 386	-	-	25 386
Trade and other payables	25	-	46	-	34 975	35 021
Guaranteed share obligation	24	-	-	-	4 265	4 265
Bank overdraft	17	-	9 278	-	-	9 278
		-	34 710	-	39 240	73 950
Total Liabilities		-	34 710	-	39 240	73 950
Total Equity and Liabilities		-	34 710	-	143 747	178 457

Notes to the Consolidated Annual Financial Statements (continued)

46. Risk management

Overview

The group's activities exposes it to a variety of financial risks, including the effects of interest rates. The group's overall risk management plan seeks to minimise potential adverse effects on the financial performance of the group.

The group has exposure to the following risks through its use of financial instruments:

- Liquidity risk
- Interest rate risk
- Credit risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk and the group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors have overall responsibility for the establishment and oversight of the group's risk management framework and set group policies and guidelines.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group endeavours to develop a control environment in which all employees understand their roles and obligations.

The finance department monitors and controls these risks on a day-to-day basis. The audit and risk committee meets on a regular basis to review the group's management and implementation of risk strategies. Management undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the group audit and risk committee.

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings disclosed in note 14, 21 and 22, cash and cash equivalents disclosed in note 17, and equity as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the group manages as capital or the strategy for capital maintenance from the previous year.

Foreign exchange risk

The group does not have any foreign currency assets or liabilities and is thus not exposed to foreign exchange risk.

Price risk

The group is not exposed to market price risk, as it owns no investments in equity instruments.

Financial risk management

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

46. Risk management (continued)

	Total Contractual cash flows R'000	Less than 1 year R'000	Between 1 and 5 years R'000	Over 5 Years R'000
Group				
At 29 February 2016				
Loans from shareholders	**63 495**	**2 809**	**31 040**	**29 646**
Other financial liabilities	**115 747**	**15 468**	**100 281**	**-**
Trade and other payables	**33 556**	**33 553**	**-**	**-**
Bank overdraft	**9 890**	**9 890**	**-**	**-**

	Total Contractual cash flows R'000	Less than 1 year R'000	Between 1 and 5 years R'000	Over 5 Years R'000
At 28 February 2015				
Other financial liabilities	85 434	3 143	70 358	**11 933**
Trade and other payables	25 329	25 329	-	-
Bank overdraft	9 378	9 378	-	-

	Total Contractual cash flows R'000	Less than 1 year R'000	Between 1 and 5 years R'000
Company			
At 29 February 2016			
Loans from subsidiaries	**22 684**	**22 684**	**-**
Loans from shareholders	**4 849**	**409**	**4 440**
Trade and other payables	**2 124**	**2 124**	**-**
Bank overdraft	**9 823**	**9 823**	**-**

	Total Contractual cash flows R'000	Less than 1 year R'000
At 28 February 2015		
Loans from subsidiaries	25 386	25 386
Trade and other payables	46	46
Bank overdraft	9 278	9 278

Notes to the Consolidated Annual Financial Statements (continued)

46. Risk management (continued)

Interest rate risk

At 29 February 2016, if interest rates on the net Rand-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit or loss for the year would have been R1 017 910 (Restated 2015: R669 527) lower/higher for the group and R1 299 261 (Restated 2015: R1 030 914) lower/higher for the company, mainly as a result of higher/lower interest rate.

The group is exposed to interest rate risk mainly due to the bank loans, loans from shareholders and cash and cash equivalents.

The calculated effect on the profit or loss for the year of a 1% change in interest rates is as follows:

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Net loans receivable from subsidiaries	**-**	-	**1 398**	1 097
Loans from shareholders	**(325)**	-	**(28)**	-
Other financial liabilities	**(642)**	(615)	**-**	-
Cash and cash equivalents	**(51)**	(55)	**(71)**	(66)
	(1 018)	(670)	**1 299**	1 031

The above was calculated with reference to the carrying amount of financial instruments at year-end and a possible change in the interest rate factor.

Credit risk

The group's exposure to credit risk arises from cash and cash equivalents and accounts receivable.

The group's policy regarding cash and cash equivalents is designed to limit exposure with any one financial institution and a high credit standing is necessary for the financial institutions with which transactions are executed.

Accounts receivables consist of a large spread of tenants. The company monitors the financial position of its tenants on an ongoing basis. Provision is made for both specific and general bad debts and at year-end the board of directors did not consider there to be any material credit risk exposure. The carrying amount of financial assets represents the maximum credit exposure.

Financial assets exposed to credit risk at year end were as follows:

	Group 2016 R'000	Group Restated 2015 R'000	Company 2016 R'000	Company Restated 2015 R'000
Loans to subsidiaries	**-**	-	**252 904**	176 756
Cash and cash equivalents	**2 873**	1 821	**-**	91
Trade and other receivables	**5 972**	1 772	**2**	807
Other investments	**4 664**	-	**-**	-

46. Risk management (continued)

Analysis of statement of comprehensive income

No financial instruments are classified as held to maturity or at fair value through profit or loss. All statement of comprehensive income items relating to financial assets are classified as loans and receivables (at amortised cost).

		Group		Company	
	Notes	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Analysis					
Financial assets					
Deemed interest income	32	**-**	-	**(123 211)**	(11 762)
Interest income	32	**(2 856)**	(804)	**-**	-
Impairment of loans to subsidiaries	14	**-**	-	**85 389**	-
Financial liabilities					
Finance costs - Financial instruments		**10 558**	4 509	**2 302**	231 006
Finance costs - Non-financial instruments	24	**2 300**	-	**221**	-
Total finance costs	33	**12 858**	4 509	**2 523**	231 006

47. Fair value information

Fair value hierarchy

The level within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

All assets measured at fair value are classified according to a three-tiered fair value hierarchy that reflects the significance of the inputs used in determining the measurement as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Investment properties have been categorised as Level 3 (refer to note 3 for the reconciliation of the movements in the fair value adjustments of investment properties for the year). There were no transfers between Level 1, 2 or 3 during the year.

The following tables presents the group 's assets that are measured at fair value at year end:

Notes to the Consolidated Annual Financial Statements (continued)

47. Fair value information (continued)

Levels of fair value measurements

	Group		Company	
	2016 R'000	Restated 2015 R'000	2016 R'000	Restated 2015 R'000
Level 2				
Recurring fair value measurements				
Assets				
Investment property				
Investment properties at fair value	1 300	56 780	-	-
Total	1 300	56 780	-	-
Non recurring fair value measurements				
Non-current asset classified as held for sale				
Investment properties	46 489	-	-	-
Total	46 489	-	-	-
Land and buildings which are currently classified as non-current assets held for sale have been recognised at fair value. Refer to note 18 for further details on the measurement of these fair values.				
Level 3				
Recurring fair value measurements				
Assets				
Investment properties				
Investment properties at fair value	186 007	246 172	-	-
Operating lease asset	4 671	5 450	-	-
Investment properties per valuation	190 678	251 622	-	-
Non recurring fair value measurements				
Non-current asset held for sale				
Investment properties	52 600	-	-	-
Total	52 600	-	-	-
Transfers of assets within levels of the fair value hierarchy				
Transfers out of level 2				
Assets				
Investment property				
Investment properties at fair value	10 500	-	-	-
Total	10 500	-	-	-

The valuation technique of the Gevonden property changed from comparable sales in 2015 to the DCF model in 2016. The property was moved out of level 2 and into level 3 in 2016.

Management's policy for recognising transfers between levels is to recognise the transfer on the date of the event which caused the transfer.

47. Fair value information (continued)

Reconciliation of assets measured at level 3

	Opening balance R'000	Straight-lined income recognised in profit or loss R'000	Fair value gains (losses) recognised in profit or loss R'000	Purchases R'000	Sales R'000	Transfers R'000	Settlements R'000	Transfers into level 3 R'000	Closing balance R'000
Group - 2016									
Assets									
Investment property									
Investment properties at fair value	246 172	-	9 668	17 174	(44 907)	(52 600)	-	10 500	186 007
Operating lease asset	5 450	622	-	-	-	-	(1 401)	-	4 672
	285 602	622	9 668	17 174	(44 907)	(52 600)	(1 401)	10 500	190 678
Non-current assets classified as held for sale									
Investment properties	-	-	-	-	-	(52 600)	-	-	52 600
Total	-	-	9 668	-	-	(52 600)	-	-	52 600
Group - 2015									
Assets									
Investment property									
Investment properties at fair value	-	-	(22 890)	269 062	-	-	-	-	246 172
Operating lease asset	-	3 255	-	2 195	-	-	-	-	5 450
Total investment property	-	3 255	(22 890)	317 704	-	-	-	-	251 622
Total	-	3 255	(22 890)	317 704	-	-	-	-	251 622

Notes to the Consolidated Annual Financial Statements (continued)

47. Fair value information (continued)

Valuation techniques used to derive level 2 fair values

Level 2 fair values of the group's properties have been derived using the comparable sales method. The location, zoning, size, exposure, development density and coverage are some of the crucial variables that were considered to make a fair comparison.

No changes have been made to the valuation technique in 2016.

Information about valuation techniques and inputs used to derive level 3 fair values

Investment properties and non-current assets classified as held for sale

The key inputs to the valuation of investment properties are the discount rate, vacancy levels and the capitalisation rate. Below illustrates the sensitivity of the fair value to changes in these rates:

Discount rate

The range of discount rates applied to the group's portfolio are between 15.00% and 16.00%, with the average being 15.25%.

Changes in discount rates attributable to changes in market conditions, while holding all other variables constant, can have a significant impact on property valuations.

An increase in discount rates will decrease the fair value of the investment properties by R622 083 (Restated 2015: R603 750). A decrease in discount rates will increase the fair value of the investment properties by R622 083 (Restated 2015: R603 750).

Vacancy levels

An increase in vacancy levels will decrease the fair value of the investment properties.
A decrease in vacancy levels will increase the fair value of the investment properties.

Capitalisation rate

The range of capitalisation rates applied to the group's portfolio are between 9.20% and 11.00%, with the average being 10.18%. Changes in capitalisation rates attributable to changes in market conditions can have a significant impact on property valuations.

An increase in capitalisation rates will decrease the fair value of the investment properties by R6 074 463 (Restated 2015: R5 513 487). A decrease in capitalisation rates will increase the fair value of the investment properties by R6 074 463 (Restated 2015: R5 513 487).

No changes have been made to the valuation technique in 2016.

Refer to note 3 for further details on the investment properties.

Buildings which are currently classified as non-current assets held for sale have been recognised at fair value less costs to sell because the assets fair value less costs to sell is lower than its carrying amount.

48. New Standards and Interpretations

48.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/Interpretation:	Effective date: Years beginning on or after
• Amendment to IFRS 8: Operating Segments: Annual improvements project	1 July 2014
• Amendment to IAS 24: Related Party Disclosures: Annual improvements project	1 July 2014
• Amendment to IAS 16: Property, Plant and Equipment: Annual improvements project	1 July 2014
• Amendment to IAS 40: Investment Property: Annual improvements project	1 July 2014
• Amendment to IAS 19: Defined Benefit Plans: Employee Contributions	1 July 2014
• Amendment to IFRS 3: Business Combinations: Annual improvements project	1 July 2014
• Amendment to IFRS 2: Share-based Payment: Annual improvements project	1 July 2014
• Amendment to IFRS 13: Fair Value Measurement: Annual improvements project	1 July 2014

The adoption of the above standards and interpretations had no impact on the recognition and measurement of assets and liabilities within the group. However, comparative information is provided for new disclosures where applicable and required in terms of the standards.

48.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2016 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after
• Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
• Uncertainty over Income Tax Treatments	1 January 2019
• IFRS 16 Leases	1 January 2019
• IFRS 9 Financial Instruments	1 January 2018
• IFRS 15 Revenue from Contracts with Customers	1 January 2018
• Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers	1 January 2018
• Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
• Amendments to IAS 28: Annual Improvements to IFRS 2014 – 2016 cycle	1 January 2018
• Transfers of Investment Property: Amendments to IAS 40	1 January 2018
• Amendments to IFRS 12: Annual Improvements to IFRS 2014 – 2016 cycle	1 January 2017
• Amendments to IAS 7: Disclosure initiative	1 January 2017
• Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
• Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
• Amendment to IAS 27: Equity Method in Separate Financial Statements	1 January 2016
• Amendment to IFRS 5: Non-current Assets Held for Sale and Discontinued Operations: Annual Improvements project	1 January 2016
• Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project	1 January 2016
• Amendment to IAS 19: Employee Benefits: Annual Improvements project	1 January 2016
• Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements	1 January 2016
• Amendment to IAS 34: Interim Financial Reporting. Annual Improvements project	1 January 2016

The new standards, interpretations and amendments listed above have not yet been assessed to determine the expected impact on the group's financial statements

Notes to the Consolidated Annual Financial Statements (continued)

48. New Standards and Interpretations (continued)

The impacts of the following new standards and amendments are currently being determined:

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an “economic relationship”. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

48. New Standards and Interpretations (continued)

The effective date of the standard is for years beginning on or after 01 January 2018.

The group expects to adopt the standard for the first time in the 2019 consolidated annual financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 01 January 2018.

The group expects to adopt the standard for the first time in the 2019 consolidated annual financial statements.

Transfers of Investment Property: Amendments to IAS 40

The amendment deals specifically with circumstances under which property must be transferred to or from investment property. The amendment now requires that a change in use of property only occurs when the property first meets, or ceases to meet, the definition of investment property and that there is evidence of a change in use. The amendment specifies that a change in management's intentions for use of the property, do not, in isolation, provide evidence of a change in use.

The effective date of the amendment is for years beginning on or after 01 January 2018.

The group expects to adopt the standard for the first time in the 2019 consolidated annual financial statements.

49. Reportable Irregularities

The following reportable irregularities relevant to the 2015 and 2016 year end results have been further elaborated upon:

49.1 Transfer of FPF treasury shares held by Zambesa to Cool Runnings Prop was unauthorized and thus constitutes an unlawful act. Tyronne Govender, the CEO of Freedom at the time, transferred, on 26 February 2015, 53 084 401 shares held in Freedoms treasury share account in Zambesa, to an entity known as Cool Runnings. No reasons or authorization was found by current management or external auditors to support the transfer of these shares out of the group. A portion of these shares (44 984 453), were transferred back to Freedom on 5 January 2016.

49.2 Zambesa's treasury shares were issued to Govender (COE) and Franky Pretorius (CFO), who are related parties for the purposes of the Companies Act and the JSE Listing Requirements. Thus, contravention of section 41 of the Companies Act (no special resolution obtained), s10.4 and 21.11© of the JSE Listing Requirements (no announcement made to JSE and shareholders) and s3.63 - no disclosure made.

49.3 Two sale agreements exist, selling the same property twice, as follows: FPF obo Kadoma sold property to Kohala Lighthouse and Kadoma sold property to Dimaplex. The sale amount of R1 000 000 was received from Freedom Rock, but to date no transfer of the property has occurred. It appears to be deliberate misstatement of the financial statements - contravention of s29(2) of the Companies Act.

Notes to the Consolidated Annual Financial Statements (continued)

50. Portfolio Overview

Freedom Subsidiary	Property Name	Physical address	Province	Property sector	Total GLA (m2)	Acquisition price to group (2014/06/12) (R'000)	Capitalised cost post acquisition (R'000)
Clear Creek Trading 145 Proprietary Limited	Portolan Place	Gonubie, East London	Eastern Cape	Residential	-	26 400	3 007
Hazel Hues Trading 8 Proprietary Limited	Emfuleni Estate	Portion 2 Farm Strathmore, Uitkomsdal Agricultural Holdings, 2 Oliver Tambo Street, Klerksdorp	Northwest	Residential	-	5 900	737
Ivory Sun Trading 115 Proprietary Limited	Wespark Palms	26 Alwyn Schelbush Street, Kroonstad Ext 50, Kroonstad	Free State	Residential	894	-	5 808
Kadoma Investments Proprietary Limited	Steelpoort Industrial Park	Rem Steelpoort Ext 10 & Tweefontein Farm 360 KT	Limpopo	Industrial	78 949	1 600	-
Kadoma Investments Proprietary Limited	Tweefontein Residential Estate	Remaining Ptn. Steelpoort Ext 10, Tweefontein Farm 360 KT,Steelpoort	Limpopo	Residential	-	147 621	45 935
Las Manos Investments 152 Proprietary Limited	Montana Residential	Rooibos Street, Montana, x156 Rem Ext of Holding 53, Pretoria	Gauteng	Residential	-	5 400	2 874
Lazy Haze Stone Props Proprietary Limited	Sweetwaters	Next to N3 Highway, P817 Road, Vosloorus	Gauteng	Industrial	-	8 400	598
Panzaweb Proprietary Limited	La Hoff Mews	La Hoff Township	Northwest	Residential	-	2 800	276
Passion Way Props Proprietary Limited	Stellenbosch Industrial	George Blake Street, Plankenberg, Stellenbosch	Western Cape	Industrial	8 295	-	38 000
Proziguard Proprietary Limited	Propmed	Erf 41163, Jacobus Smit Street, New Park, Kimberly	Free State	Commercial	-	7 000	558
Tower Sky Properties Proprietary Limited	Miami Village	Miami Village, (Lampies Baai), St. Halena Bay	Western Cape	Residential	-	-	1 437
Tubatse Estate Proprietary Limited	Tubatse Industrial	Burgersfort Ext 40 Township, Burgersfort	Limpopo	Industrial	-	-	-
Tubatse Estate Proprietary Limited	Tubatse Residential Estate	Burgersfort Ext 40 Township, Burgersfort	Limpopo	Residential	-	18 400	-
Zambesa Investments Proprietary Limited	Tubatse Homes	5973,5974 of Ptn 6, Farm Witgatboom 316KT,Burgersfort	Limpopo	Residential	-	-	-
Zolo Props Proprietary Limited	Gevonden	Gevonden, Stellenbosch	Western Cape	Residential	-	9 450	1 714
					88 138	232 971	100 944

The average annualised property yield is 7%.

The portfolio overview consists of investment properties as well as non current assets held for sale. Refer to notes 3 and 18.

Total cost (R'000)	(R'000)	Carrying amount before valuation (R'000)	Valuation (2015/02/28) (R'000)	Fair value gain / (loss) (R'000)	Carrying amount (01/03/2015) (R'000)	Capitalised cost post acquisition (R'000)	Disposals (R'000)	Carrying amount before valuation (R'000)	Valuation (2016/02/29) (R'000)	Fair value gain / (loss) (R'000)	% Change
29 407	-	29 407	32 400	2 993	32 400	-	-	32 400	32 400	-	10,2%
6 637	-	6 637	4 200	(2 437)	4 200	-	-	4 200	4 200	-	(36,7%)
5 808	-	5 808	5 200	(608)	5 200		-	5 200	5 200	-	(10,5%)
1 600	-	1 600	1 600	-	1 600		-	1 600	1 600	-	0,0%
193 556	-	193 556	162 673	(30 883)	162 673	17 174	-	179 847	184 407	4 560	(16,0%)
8 274	-	8 274	6 300	(1 974)	6 300	2 475	(8 776)	-	-	-	(23,9%)
8 998	-	8 998	8 600	(398)	8 600	41	-	8 641	8 600	(41)	(4,4%)
3 076	-	3 076	2 800	(276)	2 800	-	-	2 800	2 800	-	(9,0%)
38 000	-	38 000	41 399	3 399	41 398,99	-	(46 507)	(5 108)	-	5 108	8,9%
7 558	-	7 558	7 800	242	7 800	-	-	7 800	7 800	-	3,2%
1 437	-	1 437	1 300	(137)	1 300	-	-	1 300	1 300	-	(9,5%)
-	-	-	-	-	-	-	-	-	-	-	
18 400	-	18 400	18 600	200	18 600	-	-	18 600	18 900	300	1,1%
-	-	-	-	-	-	8 688	-	8 689	8 689	-	
11 164	-	11 164	10 080	(1 084)	10 080	-	-	10 080	10 500	420	(9,7%)
333 915	-	333 915	302 952	(30 963)	302 952	28 380	(55 283)	276 049	286 396	10 346	

Appendix

1. Appendix A - Shareholder Analysis

Major shareholders (> 5% holding, excluding directors)	Number of shares	%
Christo la Grange Gesins Trust	172 000 900	14.6%
Lafras Joubert Familie Trust	110 868 232	9.4%
Dr IJ Botha	79 699 425	6.8%
- Directly	9 542 425	
- Indirectly via Magnolia Ridge Properties 208 Proprietary Limited	70 157 000	
LP Hugenot Investments Proprietary Limited	66 486 444	5.6%

Shareholder spread		Number of shares	%
Public		891 815 560	75.7%
Non-public	6 contributors	286 913 470	24.3%
Total		1 178 729 030	100.0%

Shareholder spread	Number of shareholders	Number of shares	%
0 - 1 000 shares	34	18 768	-
1 001 - 5 000 shares	43	140 064	-
5 001 - 10 000 shares	53	440 168	-
10 001 - 100 000 shares	345	17 184 866	1.5%
100 000 + shares	400	1 160 945 164	98.5%
Total	875	1 178 729 030	100.0%

The supplementary information presented does not form part of the annual financial statements and is unaudited.