2019

PRELIMINARY CONDENSED CONSOLIDATED RESULTS

for the year ended 31 August 2019

TREMATON
Capital Investments Limited

CHAIRMAN'S REPORT

I am excited to present my first report as chairman of Trematon Capital Investments Limited, in respect of the year ended 31 August 2019, following my appointment to the board in December 2018 and the retirement of Monty Kaplan as chairman in February 2019.

The uncertain socio-political environment, stagnant economy and low business confidence in South Africa at present have inevitably placed considerable pressure on the trading prices of listed companies across the market, but especially on those counters like Trematon in the small cap sector.

As with most listed investment holding companies, which the market invariably values at less than the sum-of-the-parts values of their underlying portfolios, Trematon continues to trade at a significant discount to its intrinsic net asset value ("INAV"), which is the measure the board uses to assess the group's performance, growth and value-add for shareholders over time.

Where Trematon differs from other investment companies is that it is not so much a passive holding company but rather a hub of highly entrepreneurial and largely autonomous businesses that are provided with strategic guidance, operational support and seed funding from the Trematon executive team, head office infrastructure and balance sheet at group level.

While the board is conscious of this discount to INAV and is committed to unlocking value for shareholders over the long term, in the current economic climate we have deemed it more prudent and appropriate to focus our attention primarily on value protection for the short to medium term.

The collective of operating businesses that comprise the bulk of the group – Club Mykonos Langebaan ("CML"), Resi Investment Group ("Resi"), Generation Education ("GenEd"), Aria Property Group ("Aria") and ASK Partners ("ASK") – have all performed solidly and added value over the 2019 financial year, despite the challenging circumstances.

In our established property businesses of CML, Resi and Aria, the respective management teams have concentrated on de-risking and de-gearing the property portfolios, through the selective and opportunistic disposal of mature and non-core assets, and the application of the resultant proceeds towards the reduction of bank debt and further investment into the development of school properties within GenEd.

This does not, of course, mean that the management teams in these businesses are not fully alert to the opportunities of making smart property acquisitions at deeply discounted prices in the current stressed market conditions or the need to continue planning and pre-development activities over this lull period to ready their respective property portfolios for the upturn in the property cycle.

Our partly-owned offshore property funding business, ASK in the UK, has continued to show impressive growth off a moderate capital base and has a strong deal pipeline in place to underpin further growth in its niche market.

We have deployed significant new capital over the past financial year into our growing private education business, GenEd, where the new Imhoff school campus was opened at the start of the 2019 school year and where we have invested in the construction of Imhoff phase 2 and a high school close to our Sunningdale campus that will be completed for the 2020 school intake.

This business offers substantial growth potential in the burgeoning private education sector in South Africa, in terms not only of the pipeline of further new campus developments and of acquisition and rebranding of existing schools, but also of the remote learning and online educational offerings that can be built and spun off the physical base, brand and intellectual capital of GenEd's schools.

The board is committed to ongoing investment of capital and resources into GenEd on a prudent and considered basis, taking into account the group's overall portfolio, capital constraints and operational capacity.

In the current climate of limited investor appetite and deal activity in the market, the board does not foresee any imminent exit or realisation opportunities in our mature property businesses, although management continues to explore avenues to unlock or release capital from these businesses to reinvest into GenEd or into new business ventures under consideration or still to be identified.

The board believes that, in the current climate, shareholders' interests are best served and promoted by proactive asset management of the group's existing investment portfolio, prudent allocation of our capital resources and debt facilities, and patient planning for long-term realisation of our investments in more favourable market conditions, rather than trying to force shorter-term outcomes.

Where Trematon has an advantage is that its executive team has a proven track record of making astute and timeous investments in start-up or early-stage businesses and in underperforming or distressed assets, in conjunction with substantial capital partners and talented entrepreneurs, of adding value to those businesses and assets, and of exiting them at substantial premiums for shareholders.

As chairman I am fortunate to enjoy the expertise and guidance of a board of experienced professionals and practitioners who come from varied backgrounds, and as a board we are fortunate also to enjoy the support of a body of long-standing and committed shareholders who have shared the journey over nearly 15 years since the current executive team took over management control of Trematon.

I would like to thank the directors, executives, staff and partners of Trematon for their contributions to the progress achieved by the group over the past financial year towards its long-term goal of creating and unlocking value for shareholders, and to pay tribute to my predecessor, Monty Kaplan, for his significant role in laying the foundations for the group's long-term success.

Robin Lockhart-Ross
Independent Non-executive Chairman

CHIEF EXECUTIVE OFFICER'S AND CHIEF FINANCIAL OFFICER'S JOINT REPORT

INTRODUCTION

At Trematon we are very focused on our local assets which are mostly based in the Western Cape and we make most of our investment decisions based on bottom-up fundamental analysis. We don't spend a lot of time forecasting broad economic trends but tend to rely on real-world evidence and experience. That said, this year we would like to provide some background and historical context to where we find ourselves:

While the group's underlying businesses have performed very well over more than a decade, the share price has not reflected this, with the result that investors have not seen the financial gains that would normally arise from solid economic performance.

The past seven years have been difficult for small and micro-cap companies listed on the JSE Limited ("JSE"). The most basic reason for a listing is the ability to raise capital in the financial markets but circumstances have conspired to make this virtually impossible.

In theory, good management should be rewarded for good performance by a premium share price enabling a virtuous cycle of capital raising, growth in market capitalisation, and returns to shareholders. In South Africa, several high-profile corporate failures, sometimes accompanied by outright fraud, have dashed investor confidence in "South Africa Inc." and small cap funds, which are the lifeblood of the small cap sector, have shrunk consistently for the past seven years. In addition, conventional fund managers have disinvested from small caps, leaving the sector moribund. Good companies have been punished along with the bad and there is very little research or interest in companies with market capitalisations of less than R5 billion. Fund managers have a "long-term" investment horizon philosophically, but the decision is often taken out of their hands by outflows from open-ended unit trusts and unitised institutional small cap funds which forces the sale of shares at a time when there is no natural demand.

To add impetus to this trend, the dramatic decline in the number of small cap listings over the past decade and the increasingly turgid regulatory environment have led many of the best transactions to be undertaken by private equity investors. With far less companies to oversee, oversight by the JSE, although doubtless well intentioned, has become very officious and has become increasingly difficult to deal with for entrepreneurial companies. This has led many of the best entrepreneurs to look elsewhere for funding and has prevented some groups from engaging in attractive transactions.

The JSE, in common with all equity markets, should be a vibrant market which enables capital raising and risk-taking by well-informed investors and should be a source of risk capital for entrepreneurs. Large and small companies can succeed or fail, and it is the job of the markets to punish and reward them accordingly. Oversight is necessary but the listing regulator should be a facilitator of growth rather than a brake on entrepreneurial activity, otherwise the small cap market of the JSE will become unattractive as a source of capital and a vital cog of corporate growth may be lost.

The combination of these factors leaves every investment company trading at a discount to intrinsic net asset value because the outflow of funds from the sector is not matched by an inflow from any group save for a few diehard individual investors who are prepared to take a long and patient view. The regulatory environment adds costs and friction, which makes it difficult for small caps to act quickly and flexibly.

The small cap sector and the investment holding company sector have not disappeared from the global stage but seem to be on life support in South Africa. They are virtually ignored by the analyst community and are not even on the radar of the larger asset managers. This is probably a good indication that it is an excellent time to invest in the sector.

There is no doubt that small companies have a valid place in the investment universe and that some of them will deliver excellent returns from this very low point in their collective history.

RESULTS

Trematon's earnings patterns are lumpy due to the nature of the group's business which can have large acquisitions and disposals in any year. The focus of the management team is to grow the intrinsic value of the group. Ultimately, if each business was allowed to mature then the group could be valued on an earnings multiple or dividend yield but the group's assets are regularly recycled to optimise returns. So for the time being, INAV therefore remains the best measure of Trematon's performance as it gives shareholders a realistic valuation of the underlying assets of the group. This is calculated and explained in detail in a separate INAV report which can be found on page 13.

Since the current management took over in April 2005 the INAV per share has grown from 57 cents to 521 cents per share which represents a compound annual growth rate of 17%. This is below the board's stated target of 20% but as the economy is at a low point in the valuation cycle so it is a good performance in the circumstances and the target remains achievable. It is worth highlighting that Trematon's INAV is calculated taking into account applicable taxes and reflects the realisable value of the company based on an efficient disposal of the assets.

The group has grown its annuity income operations substantially over the past few years, but investment disposals, acquisitions and fair value adjustments continue to create once-off swings in earnings. This growth in annuity income is likely to continue over the next few years. Over the past year the group has made several realisations and revaluations which have resulted in a 12.7% increase in INAV. There have also been some movements in the percentage contribution of the various businesses to INAV, most notably GenEd which has increased to 30% (2018: 22%) of the group's value. Resi has decreased its contribution to

15% (2018: 20%) due to sales of properties during the last 12 months. The majority of the cash from these disposals has been recycled into GenEd. To date GenEd has been funded by group cash on hand, however it is likely that bank funding will be utilised in the near future as the expansion of GenEd continues. The balance of the group's contribution to INAV has remained similar to the prior year.

The group continues to increase its distributions to shareholders with an increase of 5% over the prior year. The distribution for 2019 is 5.5 cents (2018: 5.25 cents) per share. The group has paid a steadily increasing annual distribution since distributions commenced in 2011.

Group revenue (excluding sales of property and land) has grown materially over the past 10 years and this year achieved an increase of 23% over the prior year. This illustrates the increased annuity income component of our operating businesses. Rental income in Aria increased due to the letting-up of the final vacant space at Pier Place as well as annual rental escalations. School income in GenEd increased by 78% as a result of the opening of new schools and an increase in student numbers at current schools that were not at full capacity.

Net profit before tax increased by 19% to R61 million (2018: R51.1 million). This is after an impairment and subsequent write-off of a loan relating to the disappointing investment in Mazor Group Limited to the value of R10.2 million. The investment was fully disposed of during the year.

Earnings and headline earnings per share were 10.2 cents (2018: 16.5 cents) and 2.0 cents (2018: 2.8 cents) respectively. This decrease in earnings and headline earnings was mainly due to an increase in tax in the current year as a result of property sales and increased taxable income within group companies where their assessed losses were fully utilised in the prior year.

Book net asset value ("NAV") per share has increased by 1% to 411 cents (2018: 407 cents) while INAV per share, which provides investors with a realistic and transparent evaluation of Trematon's performance and value, increased by 11.2% to 521 cents (2018: 468 cents). Book NAV reflects the book values of the various investments in terms of IFRS, but does not take into account the market value of certain investments such as inventory, and investments in joint ventures and associates that are equity accounted in terms of the required accounting standards. The INAV shows these assets at their realisable market values.

Club Mykonos Langebaan

CML's INAV increased slightly in the current year due to increases in property values as a result of continued rental income growth in both the boatyard and marina as well as new commercial tenants.

The Club Mykonos resort has been incrementally improved over the past eight years with the most recent improvement being the main public areas on the waterfront which needed a facelift to bring it up to standard with the rest of the property. A strategic decision to install a major franchise on the waterfront led to engagement with various national franchises and we are pleased to announce that the Cape Town Fish Market at Club Mykonos is now operational along with a newer franchise called Kapstadt Brauhaus. These new leases required significant capital expenditure with the results appearing to be very pleasing and early indications are that the Club Mykonos Waterfront will become a major leisure attraction in the area.

CML's contribution to group profit grew by 22.4% to R13.1 million (2018: R10.7 million).

The Club Mykonos Marina and Boatyard continue to show strong growth even in the current difficult economic conditions. They are both integral parts of the Club Mykonos resort and remain fully let with a substantial waiting list.

CML continues to explore potential development of the remaining zoned land which will unlock further value and add to the already positive annuity income contribution CML provides to the group.

Resi Investment Group

We have continued to dispose of some units where we feel we have achieved our targeted return in terms of value growth. This resulted in disposals of 77 units with the proceeds being R53.7 million as against the cost of R36 million, representing a 49% return over the past five to seven years.

Resi's contribution to INAV decreased by 5% due to the proceeds from these sales being used to reduce debt and increase investment in school properties in GenEd. Resi earned a profit before tax of R4.4 million for the year (2018: loss of R1.1 million).

During the year Trematon entered into a new venture called Balwin Rentals with an effective 22.5% interest, together with Buffet Investments (Pty) Limited, KLT Holdings (Pty) Limited and Balwin Properties Limited ("Balwin") to acquire residential units specifically built by Balwin for the rental market. The investment has a guaranteed initial net rental yield of 10.5% with annual escalations of 3% per annum. To date 252 units to the value of R155.6 million has been purchased by Balwin Rentals.

Resi has, in a joint venture with another shareholder, acquired significant development stock in a precinct in Woodstock which has very good potential for mixed-use development but the realisation of value may be delayed until the property market in Cape Town improves.

Generation Education

GenEd continues to expand with the opening of Imhoff pre-primary and primary school in January 2019. The construction of the Imhoff middle and high school is under way and will open in January 2020. The expansion of GenEd's footprint in Sunningdale is growing with the construction of the Sandown middle and high school campus which is scheduled to open in early 2020. This will increase GenEd's operating schools to seven with over 1 500 students enrolled. We are still waiting for zoning approval for our site in Noordhoek in the Western Cape as well as the approval to expand an existing school site purchased in Hout Bay.

Revenue continued to grow to R71.8 million (2018: R40.4 million) which is a 78% increase on the prior year. EBITDA increased to R4.7 million from R2.0 million in the prior year, while GenEd contributed R0.8 million (2018: R1 million) to group profits. This profit was achieved after initial once-off costs associated with opening new schools and despite teacher-to-student ratios not yet being optimised in the newly opened schools. Initial targets have been exceeded, taking into account that expenses are expected to be higher in the development phases. GenEd's contribution to INAV increased by 8% to 30% of the group's value, mainly due to R92 million additional investment in new school buildings and organic growth within the schools.

GenEd is a groundbreaking educational model which is unique both locally and globally. Our continued exposure to the latest trends in education has reinforced our belief that GenEd's brand will be a major force in modern education from pre-school to tertiary and beyond. The business' founder and CEO, Jevron Epstein, who is also a major shareholder of GenEd, has been invited to serve on the Cambridge International Advisory Board and GenEd's innovative approach, coupled with the deep and broad resources of Cambridge, will enable the distribution of high-quality education around the globe. For now, the focus of GenEd is on the seven bricks and mortar schools that we own and operate, but future growth will not be limited by physical building capacity.

The expansion of GenEd has been funded by the Trematon balance sheet and the group also provides strategic and financial guidance.

Aria Property Group

Aria produced more than satisfactory results for the year which was characterised by very tough trading conditions. Aria made several strategic disposals, the most notable being its 50% beneficial interest in Northgate Park, Cape Town which was sold significantly above cost. The proceeds from the sales were used to deleverage the balance sheet through repayment of shareholder loans and reduction of bank debt.

Aria's value increased slightly over the prior year with its overall contribution to INAV remaining similar to the previous financial year. Aria contributed R32.8 million (2018: R36 million) to group profits for the year.

Management continues to embark on value-add opportunities through both acquisitions and the redevelopment of properties in its portfolio. Notable upgrades to York Street Boulevard in George and Maynard Mall in Wynberg, Cape Town were well advanced at the end of the financial year.

The company has focused strongly on producing increased free cash flow through optimising alternative revenue streams, expense rationalisation and the renegotiation of more favourable debt agreements. Aria is therefore well placed to take advantage of interesting opportunities brought about through the current market conditions.

ASK Partners

Trematon's investment in ASK continues to add value to INAV as well as contribute to the group's profits. ASK increased its contribution to INAV to 10% (2018: 8%) and added R13.9 million (2018: R8.3 million) to group profits. The business continues to provide innovative structured financing to property developers in the United Kingdom and has grown its investor base consistently since the company began operations. By the end of August 2019 ASK had written loans in excess of £150 million (approximately R2.8 billion).

The investment continues to exceed initial budgets and projections, both in terms of loans written and syndications concluded, and is on track to achieve our return objectives.

CHANGES TO THE BOARD AND COMPANY SECRETARY

Trematon has appointed two new non-executive directors to the board, Robin Lockhart-Ross and Keith Getz. Robin serves as chairman of the board. Jac Vos was appointed as company secretary after the resignation of Shiree Litten. We welcome them all to the board and look forward to the benefit of their valuable knowledge, experience and guidance.

CONCLUSION

Trematon has achieved consistent INAV growth since current management took over in 2005 and has increased distributions every year since they commenced in 2011.

The group has made a full transformation from its initial activities as a passive investment company trading in illiquid listed and unlisted securities, to an entrepreneurial hub of commercial talent which offers support services and risk capital to capable and visionary management.

Without making predictions about the macroeconomic and political environment we are confident that each of our businesses has the fundamental strengths of a desirable core product, organic growth and competent, engaged management.

We invest our capital with long time horizons and we invite like-minded investors to share in our journey.

Arnold Shapiro
CEO

Arthur Winkler
CFO

CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	Reviewed At 31 August 2019 R'000	Audited At 31 August 2018 R'000
ASSETS			
Non-current assets		**2 105 721**	2 094 953
Property, plant and equipment		**242 984**	150 490
Investment properties		**1 659 733**	1 702 317
Investments in joint ventures		**24 563**	94 848
Investments in associate entities		**103 072**	88 473
Loans receivable		**60 222**	55 412
Deferred tax asset		**15 147**	3 413
Current assets		**224 064**	200 403
Loans receivable		**9 699**	20 575
Investments		**6 773**	10 603
Inventories		**45 630**	50 777
Current tax asset		**598**	–
Trade and other receivables		**14 931**	19 406
Cash and cash equivalents		**146 433**	99 042
Non-current assets held for sale	9	**37 771**	2 354
Total assets		**2 367 556**	2 297 710
EQUITY AND LIABILITIES			
Equity		**1 056 744**	1 023 459
Share capital and share premium		**290 296**	293 497
Treasury shares	2	**–**	(137)
Fair value reserve		**33 353**	31 073
Foreign currency translation reserve		**6 976**	3 733
Share-based payment reserve	7	**11 770**	15 681
Accumulated profit		**558 344**	536 210
Total equity attributable to equity holders of the parent		**900 739**	880 057
Non-controlling interest		**156 005**	143 402
Non-current liabilities		**1 144 675**	1 196 477
Loans payable		**1 027 987**	1 096 960
Deferred tax liability		**116 688**	99 517
Current liabilities		**166 137**	77 774
Loans payable		**78 930**	15 075
Current tax liabilities		**291**	62
Trade and other payables		**86 916**	62 637
Total liabilities		**1 310 812**	1 274 251
Total equity and liabilities		**2 367 556**	2 297 710
Net asset value per share (based on shares in issue at year-end) (cents)		**411**	407

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Note	Reviewed Year ended 31 August 2019 R'000	Audited Year ended 31 August 2018 R'000
Revenue	5	**386 280**	317 576
Realised loss on financial assets at fair value through profit and loss		**(2 048)**	(854)
Realised profit on sale of non-current assets		**4 321**	2 187
Realised loss on sale of joint venture		**(2 624)**	–
Total realised (loss)/profit		**(351)**	1 333
Fair value adjustment on financial assets at fair value through profit and loss		**–**	3 713
Fair value adjustment on investment properties		**35 816**	32 768
Impairment of loan		**(10 247)**	(2 666)
Total profit from fair value adjustments		**25 569**	33 815
Other income		**2 430**	1 097
Employee benefits		**(74 574)**	(51 833)
Cost of sales		**(16 170)**	(11 169)
Other operating expenses		**(179 662)**	(154 515)
Operating profit		**143 522**	136 304
Finance costs		**(108 516)**	(110 544)
Profit from equity accounted investment (net of tax)		**25 970**	25 383
Profit before income tax		**60 976**	51 143
Income tax		**(25 914)**	(792)
Profit for the year		**35 062**	50 351
Other comprehensive income			
Items that will not subsequently be reclassified to profit/(loss):			
Fair value gain on revaluation of property, plant and equipment		**3 832**	6 344
Tax effects of fair value adjustments		**(858)**	(1 421)
Items that are or may subsequently be reclassified to profit/(loss):			
Foreign currency translation differences on equity accounted investments		**3 242**	3 870
Other comprehensive income for the year		**6 216**	8 793
Total comprehensive income for the year		**41 278**	59 144
Profit attributable to:			
Equity holders of the parent		**22 135**	35 657
Non-controlling interests		**12 927**	14 694
		35 062	50 351
Total comprehensive income attributable to:			
Equity holders of the parent		**27 657**	44 450
Non-controlling interests		**13 621**	14 694
		41 278	59 144
Earnings per share			
Basic earnings per share (cents)		**10.2**	16.5
Diluted earnings per share (cents)		**9.4**	15.1

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	Total share capital R'000	Treasury shares[1] R'000
Balance at 1 September 2017	2 178	307 141	309 319	(1 107)
Total comprehensive income for year	–	–	–	–
Profit for the year	–	–	–	–
Fair value gain on revaluation of property, plant and equipment	–	–	–	–
Tax effects on revaluations	–	–	–	–
Share-based payment expense	–	–	–	–
Settlement of share-based payment	–	–	–	–
Treasury shares cancelled	(19)	(5 499)	(5 518)	5 518
Treasury shares acquired	–	–	–	(4 548)
Foreign exchange movements on investment in associate	–	–	–	–
Ordinary shares issued	3	560	563	–
Capital distribution	–	(10 867)	(10 867)	–
Change in shareholding	–	–	–	–
Balance at 31 August 2018	2 162	291 335	293 497	(137)
Balance at 1 September 2018	**2 162**	**291 335**	**293 497**	**(137)**
Total comprehensive income for year	**–**	**–**	**–**	**–**
Profit for the year	**–**	**–**	**–**	**–**
Fair value gain on revaluation of property, plant and equipment	**–**	**–**	**–**	**–**
Tax effects on revaluations	**–**	**–**	**–**	**–**
Share-based payment expense	**–**	**–**	**–**	**–**
Restricted shares issued in terms of share incentive scheme	**28**	**8 258**	**8 286**	**–**
Treasury shares cancelled	**–**	**(137)**	**(137)**	**137**
Foreign exchange movements on investment in associate	**–**	**–**	**–**	**–**
Ordinary shares issued	**–**	**–**	**–**	**–**
Capital distribution	**–**	**(11 350)**	**(11 350)**	**–**
Dividends declared to non-controlling interest	**–**	**–**	**–**	**–**
Balance at 31 August 2019	**2 190**	**288 106**	**290 296**	**–**

1 Refer to note 2.
2 Refer to note 7.

Share-based payment reserve[2] R'000	Foreign currency translation reserve R'000	Fair value reserve R'000	Accumulated profit/(loss) R'000	Total R'000	Non-controlling interest R'000	Total equity R'000
11 826	(137)	26 150	504 254	850 305	104 024	954 329
–	–	4 923	35 657	40 580	14 694	55 274
–	–	–	35 657	35 657	14 694	50 351
–	–	6 344	–	6 344	–	6 344
–	–	(1 421)	–	(1 421)	–	(1 421)
3 977	–	–	–	3 977	–	3 977
(122)	–	–	–	(122)	–	(122)
–	–	–	–	–	–	–
–	–	–	–	(4 548)	–	(4 548)
–	3 870	–	–	3 870	–	3 870
–	–	–	–	563	–	563
–	–	–	–	(10 867)	–	(10 867)
–	–	–	(3 701)	(3 701)	24 684	20 983
15 681	3 733	31 073	536 210	880 057	143 402	1 023 459
15 681	**3 733**	**31 073**	**536 210**	**880 057**	**143 402**	**1 023 459**
–	**–**	**2 280**	**22 134**	**24 414**	**13 621**	**38 035**
–	**–**	**–**	**22 134**	**22 134**	**12 927**	**35 061**
–	**–**	**2 938**	**–**	**2 938**	**894**	**3 832**
–	**–**	**(658)**	**–**	**(658)**	**(200)**	**(858)**
4 375	**–**	**–**	**–**	**4 375**	**–**	**4 375**
(8 286)	**–**	**–**	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**–**	**–**	**–**
–	**3 243**	**–**	**–**	**3 243**	**–**	**3 243**
–	**–**	**–**	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**(11 350)**	**–**	**(11 350)**
–	**–**	**–**	**–**	**–**	**(1 018)**	**(1 018)**
11 770	**6 976**	**33 353**	**558 344**	**900 739**	**156 005**	**1 056 744**

CONDENSED STATEMENT OF CASH FLOW

	Reviewed Year ended 31 August 2019 R'000	Audited Year ended 31 August 2018 R'000
Cash flows from operating activities		
Cash generated from operations	**139 043**	104 578
Finance income	**9 397**	8 989
Dividends received	**–**	3 625
Distributions and dividends received from joint ventures and associates	**74 286**	3 500
Finance costs	**(108 516)**	(106 918)
Taxation paid	**(22 249)**	(846)
Net cash inflow from operating activities	**91 961**	12 928
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(97 170)**	(56 453)
Acquisition of and addition to investment properties	**(27 061)**	(43 097)
Proceeds on disposal of non-current assets	**38 879**	27 273
Loans receivable advanced	**(5 830)**	–
Proceeds on disposal of joint venture	**7 989**	–
Loans advanced to joint ventures and associates	**(12 866)**	(6 589)
Loans repaid by joint ventures and associates	**19 601**	3 530
Acquisition of held-for-trading and available-for-sale investments	**–**	(2 805)
Proceeds on disposal of investments	**1 782**	4 543
Net cash outflow from investing activities	**(74 676)**	(73 598)
Cash flows from financing activities		
Issue of shares	**–**	563
Acquisition of treasury shares	**–**	(4 548)
Capital distribution	**(11 350)**	(10 867)
Decrease in borrowings	**(4 425)**	(110 543)
Increase in borrowings	**45 881**	115 176
Net cash inflow/(outflow) from financing activities	**30 106**	(10 219)
Net increase/(decrease) in cash and cash equivalents	**47 391**	(70 889)
Cash and cash equivalents at the beginning of the year	**99 042**	169 931
Total cash and cash equivalents at the end of the year	**146 433**	99 042

NOTES

1. Presentation of consolidated results

Trematon Capital Investments Limited (the "company") is a company domiciled in South Africa. The consolidated financial statements of the company as at and for the year ended 31 August 2019 comprise the company and its subsidiaries (together referred to as the 'group') and the group's interest in associates and joint ventures.

The financial statements were authorised for issue by the directors on 8 November 2019.

The preliminary, condensed consolidated results ("the results") have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and contain the information required by IAS 34: Interim Financial Reporting, the JSE Listings Requirements and the Companies Act. The accounting policies and methods of computation applied in the presentation of the results are consistent with those applied in the prior year, except for the mandatory adoption of IFRS 9 and IFRS 15. These accounting policies and methods of computation are in terms of IFRS.

The results are stated in Rands, which is the company's functional and presentation currency.

The preliminary condensed consolidated results have been independently reviewed in compliance with the requirements of the Companies Act of South Africa.

Standards and interpretations effective and adopted in the current year

Trematon adopted IFRS 9 and IFRS 15 in the current financial period for the first time at the mandatory adoption date. No standard, amendment or interpretation has been early adopted by Trematon. The comparative information for IFRS 9 has not been restated, and complies with the requirements of IAS 39. IFRS 15 has been retrospectively applied, however, this has only resulted in additional disclosure.

IFRS 15: Revenue from Contracts with Customers

IFRS 15: Revenue from Contracts with Customers has not had a significant impact on the results of Trematon. To date, Trematon's revenue consists of rental income, school fees and the sale of properties.

Rental income
Rental income falls within the scope of IFRS 16: Leases, effective for years beginning on or after 1 January 2019. IFRS 16 was not early adopted. Trematon doesn't expect the adoption of IFRS 16: Leases to be material to its financial results.

School fees
School fees are measured based on the transaction price in accordance with the school fee structure. Revenue from providing these services is recognised in the accounting period in which the services are rendered.

Sale of property
Trematon's inventories consist of undeveloped property and developed units. The recognition of revenue, from units sold during the year, is at a point in time on transfer of legal title of the property. This is consistent with the revenue recognition under IAS 18.

Commission
Commission is charged to owners for renting out their property on their behalf and the service is recognised when a tenant has been placed into the unit.

Other revenue
Other revenue consists of miscellaneous goods and services which is recognised at a point in time as and when the services are performed or the goods are sold.

Time value of money
Trematon does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, Trematon does not adjust any of the transaction prices for the time value of money.

Impact
The adoption of IFRS 15 has not had a material impact on Trematon's financial performance or results.

IFRS 9: Financial Instruments

Classification of financial assets

The group's significant financial assets consist of trade receivables, loan receivables and cash and cash equivalents. Trematon's business model is "hold and collect" capital and interest on financial assets. Accordingly, these instruments are measured at amortised cost under IFRS 9, which is consistent with the measurement under IAS 39. The accounting for financial liabilities is consistent with the IAS 39 policies.

In addition to the above, the group holds listed and unlisted investments. Listed investments are measured at fair value through profit or loss under IFRS 9, which is consistent with the measurement under IAS 39. However, unlisted investments changed from available-for-sale under IAS 39 to fair value through profit or loss under IFRS 9.

Impairment

Trematon was required to revise its impairment methodology under IFRS 9 for its financial assets from an incurred loss model to an expected loss model. In terms of its revised methodology Trematon applied the IFRS 9 simplified approach for trade receivables and the general approach for loans receivables to measure expected credit losses in the current year. The adoption of IFRS 9 in the current year has not resulted in a significant change to the credit losses recognised under IAS 39.

Impact

The change in measurement of the unlisted investments had no impact on the current or prior year figures. The measurement of the remaining financial assets is consistent with the measurement principles under IAS 39. The expected credit loss model has not resulted in a significant adjustment to the group's financial assets. The adoption of IFRS 9: Financial Instruments resulted in additional disclosures in the financial statements.

Changes to the board and company secretary

During the year under review R Lockhart Ross (independent non-executive chairman) and K Getz (non-executive director) were appointed to the board of directors. M Kaplan resigned as independent non-executive chairman. Jac Vos was appointed as company secretary after the rsignation of Sheree Litten.

The results have been reviewed by the company's independent auditors, Mazars. Their unmodified review opinion is available for inspection at the company's registered office. Their review was conducted in accordance with ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity". The auditors' report does not necessarily report on all of the information contained in these results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditors' engagement they should obtain a copy of the auditors' report together with the accompanying financial information from the company's registered office.

	Reviewed Year ended 31 August 2019	Audited Year ended 31 August 2018
2. Treasury shares		
Number of shares held at year-end	**–**	43 871

No treasury shares were purchased during the current year. The weighted average price of the treasury shares purchased during the prior year was R2.98.

During the year, 43 871 (2018: 1 934 855) treasury shares were cancelled and added to unissued ordinary shares.

	R'000	R'000
3. Related party transactions		
Profits from equity accounted joint ventures	**9 440**	16 389
Profit from equity accounted associates	**16 531**	8 994
Distributions and dividends received from joint ventures and associates	**74 286**	3 500
Interest received from associates	**829**	99
Interest received from joint ventures	**469**	1 088
Administration fees received from associates	**78**	78
Administration fees received from joint ventures	**1 511**	668
Directors' emoluments	**13 713**	13 050

	Reviewed Year ended 31 August		Audited Year ended 31 August	
	Gross 2019 R'000	**Net 2019 R'000**	Gross 2018 R'000	Net 2018 R'000
4. Reconciliation of headline earnings per share				
Headline earnings per share is calculated as follows:				
Profit attributable to equity holders of the parent		**22 135**		35 657
Fair value adjustment on investment properties	**(35 816)**	**(19 113)**	(32 768)	(21 001)
Fair value adjustments within equity accounted profits	**1 575**	**733**	(17 254)	(8 261)
Realised loss on sale of joint venture	**2 624**	**2 624**	–	–
Realised profit on sale of non-current assets	**(4 321)**	**(2 083)**	(2 187)	(255)
Headline earnings		**4 296**		6 140
Headline earnings per share (cents)		**2.0**		2.8
Diluted headline earnings per share (cents)		**1.8**		2.6

The calculation of headline earnings per share is based on the weighted average number of 216 988 324 shares in issue during the year (2018: 216 641 331).

The calculation of diluted headline earnings per share is based on the diluted weighted average number of 235 063 527 shares in issue during the year (2018: 236 083 197).

	Reviewed Year ended 31 August	Audited Year ended 31 August
	2019 R'000	2018 R'000
5. Revenue		
Rental income	**262 340**	245 816
Sale of property and land	**21 395**	15 417
School and registration fees	**64 746**	37 340
Other school income	**6 193**	2 243
Commission received	**7 333**	–
Services and other revenue	**11 668**	1 428
	373 676	302 245
Investment revenue		
Dividend income – listed investments	**–**	3 625
Interest received – joint ventures	**469**	1 088
Interest received – associates	**829**	99
Interest received – bank	**8 536**	8 989
Interest – other	**2 770**	1 529
	12 604	15 331
	386 280	317 576
Timing of revenue recognition		
At a point in time	**46 590**	19 088
Over time	**64 746**	37 340
Straight-line basis	**262 340**	245 816
	373 676	302 245

	Property investments R'000	Education R'000	UK investments R'000	Corporate and other R'000	Total R'000
6. Segmental information					
2019					
Revenue	**311 902**	**71 778**	**–**	**2 600**	**386 280**
Revenue – at a point in time	**40 397**	**6 193**	**–**	**–**	**46 590**
Revenue – over time	**–**	**64 746**	**–**	**–**	**64 746**
Revenue – straight-line basis	**262 340**	**–**	**–**	**–**	**262 340**
Net income/(loss) before tax	**56 655**	**(250)**	**14 777**	**(10 206)**	**60 976**
Total assets	**1 950 653**	**251 857**	**102 874**	**62 172**	**2 367 556**
Total liabilities	**1 290 245**	**17 125**	**–**	**3 443**	**1 310 813**
Net asset value	**504 299**	**234 836**	**102 874**	**58 729**	**900 738**
Intrinsic net asset value	**552 671**	**338 695**	**111 762**	**136 735**	**1 139 863**
2018					
Revenue	273 593	40 358	–	3 625	317 576
Revenue – at a point in time	16 845	2 243	–	–	19 089
Revenue – over time	–	37 340	–	–	37 340
Revenue – straight-line basis	245 816	–	–	–	245 816
Net income before tax	43 031	(3 492)	8 297	3 307	51 143
Total assets	2 008 620	154 813	84 855	49 422	2 297 710
Total liabilities	1 266 950	3 793	–	3 508	1 274 251
Net asset value	598 660	150 627	84 855	45 915	880 057
Intrinsic net asset value	567 079	225 630	84 855	133 937	1 011 501

7. During the current financial year, R8.3 million worth of restricted shares were issued to executive directors and selected employees in terms of the share incentive scheme.

These shares were deducted from the share-based payment reserve.

8. Dividends and capital distribution

On 8 November 2019, subsequent to year-end, the board of directors declared a capital distribution of 5.50 cents per share (2018: 5.25 cents) as a return of contributed tax capital to shareholders recorded in the share register of the company at the close of business on Friday, 13 December 2019.

In compliance with IAS 10: Events after the Balance Sheet Date, the capital distribution will only be accounted for in the financial statements in the year ending 31 August 2020.

The directors have reasonably concluded that the company will satisfy the solvency and liquidity requirements of Sections 4 and 46 of the Companies Act, 2008, immediately after the capital distribution.

Future distributions will be decided on a year-to-year basis.

The amount payable to shareholders is R12 million, being 5.50 cents per share, based on the current number of 218 970 557 shares in issue.

The income tax reference number of Trematon Capital Investments Limited is 9340/323/84/0.

Last date to trade:	Tuesday, 10 December 2019
Ex-date:	Wednesday, 11 December 2019
Record date:	Friday, 13 December 2019
Payment date:	Tuesday, 17 December 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 11 December 2019 and Friday, 13 December 2019, both days inclusive.

9. Subsequent events

Subsequent to year-end, Aria Property Group (Pty) Limited, a 60% held subsidiary of Trematon, has entered into an agreement in terms of which it has disposed of a property, known as Glenashley Views.

The selling price amounts to R41 million and a portion of the cash received will be used to settle the remaining loan payable. The value of the property as at 31 August 2019 was R38 million. The property is expected to be transferred within the first six months of the next financial year.

The directors are not aware of any other material events which occurred after the reporting date and up to the date of this report, other than those noted above.

10. Capital commitments

The group has entered into capital commitments amounting to R57 million (2018: R55 million). The expenditure will be financed from cash generated from normal business operations and loan finance.

INTRINSIC VALUE REPORT

Trematon is an investment holding company and uses the intrinsic value model to provide management and investors with a realistic and transparent way of evaluating Trematon's performance and value.

The intrinsic net asset value report below illustrates the intrinsic net asset value of all investment categories of the group for the period ended 31 August 2019. The preparation of the intrinsic net asset value is the responsibility of the directors of Trematon. The intrinsic net asset value has been prepared to assist investors in analysing the future prospects of the group.

The financial information below has been compiled by using a combination of listed market values, external professional valuations, or directors valuations, where applicable.

The intrinsic net asset value is also presented as part of the group's segment information in the audited annual financial statements and for comparative purposes, the prior year's information is also presented.

		Intrinsic value	
		August 2019 R'000	August 2018 R'000
Club Mykonos Langebaan	1	**145 887**	138 246
Aria Property Group	1	**237 666**	227 199
Resi Investment Group	1	**169 118**	201 634
Generation Education	2	**338 695**	225 630
ASK Partners	3	**111 762**	84 855
Other	4	**54 195**	34 895
Cash	5	**82 540**	99 042
Totals		**1 139 863**	1 011 501
Number of shares in issue		**218 970 557**	216 144 326
INAV per share (cents)		**521**	468

Notes

1. The assets have been valued by using a combination of directors' valuation and/or external professional valuers, where applicable.

2 The school operations have been valued using a combination of discounted cash flows and price-earnings models. The school properties are carried at market value using directors' valuations for completed schools and build costs incurred to date on school properties under construction.

3 The investment is carried at cost plus equity accounted profits, foreign currency movements and valuation adjustments.

4 "Other" includes listed shares, held directly and indirectly, and other minor assets less related debt.

5 Current year's cash includes cash from all investments, other than Aria Property Group, which is included in its respective INAV.

TREMATON CAPITAL INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1997/008691/06)
JSE share code: TMT
ISIN: ZAE000013991

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R Lockhart-Ross (Chairman)*#, AJ Shapiro (Chief Executive Officer), AL Winkler (Chief Financial Officer), JP Fisher*#, K Getz*, A Groll, AM Louw*#, R Stumpf*

* Non-executive # Independent

Secretary
JJ Vos

Transfer secretaries
Link Market Services South Africa (Pty) Limited
19 Ameshoff Street, Braamfontein, 2001

Sponsor
Sasfin Capital, a member of the Sasfin Group

Auditor
Mazars
Engagement partner – Y Ferreira

Published date
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Prepared by
The group financial results have been prepared under the supervision of the chief financial officer, Mr AL Winkler CA (SA).

www.trematon.co.za

TREMATON
Capital Investments Limited