

PALLIDUS CREDIT CONNECT (RF) LIMITED

(Registration Number 2022/465544/06)

**Annual Financial Statements
for the year ended 30 June 2024**

PALLIDUS CREDIT CONNECT (RF) LIMITED

(Registration Number 2022/465544/06)

Annual Financial Statements for the year ended 30 June 2024

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PALLIDUS CREDIT CONNECT (RF) LIMITED

(Registration Number 2022/465544/06)

Annual Financial Statements for the year ended 30 June 2024

General Information

Country of incorporation and domicile	South Africa
Holding entity	Pallidus Issuer Owner Trust
Nature of business and principal activities	The purpose of the company is to extend loans to a specific corporate entity, acquire or invest in debt exposures and other assets and to acquire the related security with regard to such loans, debt exposures and/or assets, with funds raised directly or indirectly through the issuance of notes.
Registered office and business address	First Floor North Block Waterway House 3 Dock Road Victoria and Alfred Waterfront Cape Town 8001
Postal address	PO Box 51608 Waterfront Cape Town Western Cape 8002
Level of Assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Independent Auditor	PKF Pretoria Incorporated
Company Secretary	Stonehage Fleming Corporate Services Proprietary Limited, represented by Marian Griffin Kloot
Company registration number	2022/465544/06
Tax reference number	9273187261
Compiler	The financial statements were internally compiled by Jacques Jansen van Rensburg CA (SA) under the supervision of Petra van der Linde CA (SA)
Issued	16 September 2024

PALLIDUS CREDIT CONNECT (RF) LIMITED

(Registration Number 2022/465544/06)

Annual Financial Statements for the year ended 30 June 2024

Statement of Directors' Responsibilities

The directors are responsible for the preparation and fair presentation of the annual financial statements of Pallidus Credit Connect (RF) Limited (the "Company"), comprising the statement of financial position as at 30 June 2024, the statement of profit or loss, changes in equity and cash flows for the year ended 30 June 2024, and the notes to the financial statements which include a summary of material accounting policies and other explanatory notes in accordance with IFRS® Accounting Standards and the requirements of the Companies Act of South Africa, and the directors' report.

The financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and applicable legislation and incorporate disclosure in line with the accounting policies of the Company. The financial statements are based upon appropriate accounting policies consistently applied throughout the Company and supported by reasonable and prudent judgements and estimates. The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment.

The directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead. The Company's financial statements have accordingly been prepared on a going concern basis.

The auditor is responsible for auditing the Company's financial statements. The financial statements have been audited by the Company's auditor and their report is presented on pages 9 to 11.

Approval of the annual financial statements

The annual financial statements of the Company, as identified in the first paragraph, were approved and authorised by the Board of Directors on 16 September 2024 and signed on its behalf by:



WJ Badenhorst
Chairman



JD Symington
Executive Director

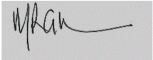
PALLIDUS CREDIT CONNECT (RF) LIMITED

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Declaration by the Company Secretary

In terms of section 88(2)(e) of the Companies Act, 71 of 2008 of South Africa, as amended, I declare that to the best of my knowledge and belief, the Company has lodged with the Companies and Intellectual Property Commission all such returns required of a Public Company in terms of the Companies Act of South Africa and that all such returns are true, correct and up to date.



Stonehage Fleming Corporate Services Proprietary Limited, represented by Marian Griffin Kloot
Company Secretary

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Directors' Report

The directors of Pallidus Credit Connect (RF) Limited (the "Company") have pleasure in submitting their report on the Company's financial statements for the year ended 30 June 2024.

1. Business activities

The purpose of the company is to extend loans to a specific corporate entity, acquire or invest in debt exposures and other assets and to acquire the related security with regard to such loans, debt exposures and/or assets, with funds raised directly or indirectly through the issuance of notes. There were no major changes herein during the year.

2. Results of operations

The operating results and financial position of the Company are set out in the statement of profit or loss and statement of financial position.

The Company generated a profit after tax for the year ended 30 June 2024 of R2,484,584 (2023: R624,481).

3. Holding entity

Pallidus Issuer Owner Trust owns 100% of the ordinary shares of the Company.

4. Authorised and issued share capital

No changes were approved or made to the authorised or issued share capital of the company during the year under review.

The authorised share capital consists of 1 000 ordinary shares of no par value and 100 cumulative redeemable preference shares of no par value.

5. Dividends

No dividends were declared or paid during the current or prior year.

6. Directors

The directors currently holding office are:

JD Symington

J Botha

WJ Badenhorst (Non-executive)

RM Friedericksen (Non-executive)

SS Schrueder (Non-executive)

DP Boeyens (Resigned 29 February 2024)

7. Company secretary

Stonehage Fleming Corporate Services Proprietary Limited, represented by Marian Griffin Kloot, is the Company secretary.

8. Independent Auditor

The current period's financial statements were audited by PKF Pretoria Incorporated.

9. Going concern

The board of directors has satisfied itself that the company has adequate resources to continue in operation for the foreseeable future. The Company's financial statements have accordingly been prepared on a going concern basis.

10. Events after the reporting period

On 22 July 2024, the maturity date of the other loan receivable was extended to 22 July 2026. In order to fund its obligations to the borrower under the loan receivable, the unlisted notes payable were redeemed and new notes issued to the noteholders with a redemption date of 22 July 2026.

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Directors' Report

No other material facts or circumstances have arisen between the financial reporting date and the date of this report which affect the financial position or financial performance of the Company as reflected in these financial statements.

PALLIDUS CREDIT CONNECT (RF) LIMITED

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Annual Financial Statements for the year ended 30 June 2024

Audit Committee Report

This report is provided by the audit committee appointed in respect of the financial year ended 30 June 2024 of Pallidus Credit Connect (RF) Limited (the "Company"). The audit committee was constituted on 9 June 2023.

1. Members of the Audit Committee

The members of the audit committee are all independent, non-executive directors of the Company and include:

RM Friedericksen (Chairperson)

WJ Badenhorst

SS Schrueder

2. Meetings held by the Audit Committee

The audit committee performs the duties laid upon it by section 94(7) of the Companies Act 71 of 2008 by holding meetings as a committee on a regular basis. The audit committee will invite certain key individuals to assist them in performing their responsibilities.

3. External auditor

The audit committee has nominated Retief Smith, a partner of PKF Pretoria and a registered auditor, as the independent auditor for the audit of the financial year ended 30 June 2024.

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act 71 of 2008 and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act 71 of 2008 that internal governance processes within the firm support and demonstrate the claim to independence.

The audit committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

The audit committee has considered and pre-approved all non-audit services provided by the external auditors and the fees relative thereto so as to ensure the independence of the external auditors are maintained.

4. Annual Financial Statements

Following the review by the committee of the annual financial statements of the Company for the financial year ended 30 June 2024 and based on the information provided to it, the committee considers that, in all material respects, the Company complies with the provisions of the Companies Act No 71 of 2008, as amended, IFRS Accounting Standards, and that the accounting policies applied are appropriate.

5. Finance function

The audit committee has considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of the administrator's management responsible for the finance function.

6. Company secretary

The committee has satisfied itself that the Company secretary, Stonehage Fleming Corporate Services Proprietary Limited, has the appropriate competence and experience and will maintain an arm's-length relationship with directors.

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Annual Financial Statements for the year ended 30 June 2024

Audit Committee Report

7. Recommendation of the annual financial statements

The committee has fulfilled its oversight role regarding the reporting process for the annual financial statements and being satisfied with the integrity of this report, recommends that the annual financial statements be approved by the board of directors.

On behalf of the audit committee:



RM Friedericksen

Chairperson

16 September 2024

**PKF Pretoria**

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Tijger Vallei Office Park, Silver Lakes,
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Lynnwood Ridge, Pretoria, Gauteng,
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Independent Auditor's Report

To the Shareholders of Pallidus Credit Connect (RF) Limited

Report on the audit of the financial statements for the year ended 30 June 2024

Opinion

We have audited the financial statements of Pallidus Credit Connect (RF) Limited (the company) set out on pages 12 to 29 which comprise the statement of financial position as at 30 June 2024, statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Pallidus Credit Connect (RF) Limited as at 30 June 2024, and its financial performance and cash flows for the period then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Annual Financial Statements for the period ended 30 June 2024 the Directors' Report, Audit Committee Report and the Declaration by the Company Secretary as required by the Companies Act of South Africa. which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

Directors: P R Smith | B Robinson | S Fernandes | L G Sinyilili

PKF Pretoria is a member of PKF South Africa, the network of member firms of PKF South Africa Inc., and PKF Global, the network of member firms of PKF International Limited. Each member firm is a separate and independent legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s) of PKF South Africa or PKF Global.



Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, 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 Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board 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 financial statements the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year 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 terms of the IRBA Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that PKF Pretoria Incorporated has been the auditor of Pallidus Credit Connect (RF) Limited for 2 years.

PKF Pretoria Inc

**PKF Pretoria Incorporated
PR Smith
Director
Registered Auditor**

16 September 2024

**Emwil House West
Ground Floor
15 Pony Street
Tijger Vallei Office Park
Silver Lakes
0081**

PALLIDUS CREDIT CONNECT (RF) LIMITED

(Registration Number 2022/465544/06)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position

	Notes	2024 R	2023 R
Assets			
Non-current assets			
Loans receivable	3	50,000,000	100,000,000
Current assets			
Loans receivable	3	180,000,000	-
Interest receivable	4	-	73,904
Current tax assets	5	3,959	-
Trade and other receivables	6	82,977	-
Cash and cash equivalents	7	6,098,348	626,886
Total current assets		186,185,284	700,790
Total assets		236,185,284	100,700,790
Equity and liabilities			
Equity			
Share capital	8	-	-
Retained income		3,109,065	624,481
Total equity		3,109,065	624,481
Liabilities			
Non-current liabilities			
Notes payable	9	50,000,000	100,000,000
Current liabilities			
Notes payable	9	180,000,000	-
Trade and other payables	10	183,912	1,241
Current tax liabilities	5	-	1,164
Finance costs payable	11	2,892,307	73,904
Total current liabilities		183,076,219	76,309
Total liabilities		233,076,219	100,076,309
Total equity and liabilities		236,185,284	100,700,790

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Statement of Profit or Loss

	Notes	2024 R	2023* R
Revenue			
Interest income	12	27,589,709	5,259,053
Finance costs	13	(23,435,857)	(4,357,309)
Gross profit		4,153,852	901,744
Operating expenses	14	(750,312)	(45,831)
Profit before tax		3,403,540	855,913
Taxation	15	(918,956)	(231,432)
Profit for the year		2,484,584	624,481

*Refers to the period from 3 May 2022 (date of incorporation) to 30 June 2023

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Statement of Changes in Equity

	Share capital R	Retained earnings R	Total R
Balance at 1 July 2022	-	-	-
Total comprehensive income for the financial period	-	624,481	624,481
Balance at 30 June 2023	-	624,481	624,481
Balance at 1 July 2023	-	624,481	624,481
Total comprehensive income for the year	-	2,484,584	2,484,584
Balance at 30 June 2024	-	3,109,065	3,109,065

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PALLIDUS CREDIT CONNECT (RF) LIMITED

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Statement of Cash Flows

	Notes	2024 R	2023* R
Cash flows from operating activities			
Profit before tax		3,403,540	855,913
Non-cash flow movements and adjustment to profit before tax	16.1	(4,153,852)	(901,744)
Changes in operating assets and liabilities	16.2	36,094	1,241
Advances in loans receivable		-	(100,000,000)
Proceeds from notes payable		-	100,000,000
Interest income received	16.3	27,727,217	5,185,149
Tax paid	16.4	(924,078)	(230,268)
Finance costs paid	16.5	(20,617,455)	(4,283,405)
Net cash from operating activities		5,471,462	626,886
Net increase in cash and cash equivalents		5,471,462	626,886
Cash and cash equivalents at the beginning of the year		626,886	-
Cash and cash equivalents at the end of the year	7	6,098,348	626,886

*Refers to the period from 3 May 2022 (date of incorporation) to 30 June 2023

PALLIDUS CREDIT CONNECT (RF) LIMITED

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Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1. Accounting policies

1.1 Statement of compliance

These financial statements of Pallidus Credit Connect (RF) Limited (the “Company”) are prepared in accordance with IFRS Accounting Standards, in accordance with the requirements of the Memorandum of Incorporation and the Companies Act of South Africa, as amended.

1.2 Basis of preparation

The financial statements provide information about the financial position, results of operations and changes in financial position of the Company. They have been prepared under the historical cost convention, as modified by the accounting policies below. The accounting policies have been consistently applied to the period presented. The financial statements have been prepared on the going concern basis.

1.3 New standards, interpretations and amendments issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for periods beginning after 30 June 2024, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

1.3.1 Lack of Exchangeability (Amendments to IAS 21)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The effective date of the amendments is 1 January 2025 and initial application is not expected to have a material impact on the Company.

1.3.2 Annual Improvements to IFRS Accounting Standards—Volume 11

The improvements are limited to changes that either clarify the wording in an IFRS Accounting Standard, or correct relatively minor unintended consequences, oversights or conflicts between requirements of the Accounting Standards. The effective date of the amendments is 1 January 2026 and initial application is not expected to have a material impact on the Company.

1.3.3 Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

The amendments relate to changes to the requirements related to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG)-linked features. The IASB also amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs. The effective date of the amendments is 1 January 2026 and initial application is not expected to have a material impact on the Company.

1.3.4 IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements replaces IAS 1 Presentation of Financial Statements. The new standard will improve the quality of financial reporting by requiring defined subtotals in the statement of profit or loss, requiring disclosure about management-defined performance measures, and adding new principles for aggregation and disaggregation of information. IFRS 18 has an effective date of 1 January 2027 and the impact of initial application is not yet known although assessments of the effect of the implementation of the new, standard is ongoing.

1.3.5 IFRS 18 Presentation and Disclosure in Financial Statements—Basis for Conclusions

This is the Basis for Conclusions related to IFRS 18 which will improve the quality of financial reporting by requiring defined subtotals in the statement of profit or loss, requiring disclosure about management-defined performance measures, and adding new principles for aggregation and disaggregation of information. IFRS 18 has an effective date of 1 January 2027 and the impact of initial application is not yet known although assessments of the effect of the implementation of the new, standard is ongoing.

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Accounting Policies

1.3.6 IFRS 18 Presentation and Disclosure in Financial Statements—Illustrative Examples

This is the Illustrated Examples related to IFRS 18 which will improve the quality of financial reporting by requiring defined subtotals in the statement of profit or loss, requiring disclosure about management-defined performance measures, and adding new principles for aggregation and disaggregation of information. IFRS 18 has an effective date of 1 January 2027 and the impact of initial application is not yet known although assessments of the effect of the implementation of the new, standard is ongoing.

1.3.7 IFRS Accounting Taxonomy 2023—Update 1 International Tax Reform—Pillar Two Model Rules, Supplier Finance Arrangements and Lack of Exchangeability

When the International Accounting Standards Board (IASB) issues new IFRS Accounting Standards or amendments to existing IFRS Accounting Standards, it also updates the IFRS Accounting Taxonomy to reflect new or amended presentation and disclosure requirements. These updates ensure that the IFRS Accounting Taxonomy accurately reflects IFRS Accounting Standards. The effective date of the amendments is 1 January 2027 and initial application is not expected to have a material impact on the Company.

1.3.8 IFRS Accounting Taxonomy 2023—Update 2 Common Practice for Financial Instruments, General Improvements and Technology Update

General improvements are changes to the IFRS Accounting Taxonomy content other than those resulting from changes to IFRS Accounting Standards or from analyses of common reporting practice. General improvements include, for example, improvements to data models to support consistent tagging or improvements to elements and labels to better reflect the presentation and disclosure requirements in IFRS Accounting Standards. The effective date of the amendments is 1 January 2027 and initial application is not expected to have a material impact on the Company.

1.4 Revenue

Revenue comprises of interest income on loans receivable.

1.4.1 Interest income

Interest income is recognised in profit or loss using the effective interest method taking into account the expected timing and amount of cash flows. Interest income includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest basis.

1.5 Current and deferred tax

The income tax charge for the financial period comprises current and deferred tax. Income tax is recognised in profit or loss.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred taxation is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting and their tax base. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date. Deferred taxation is charged to profit or loss except to the extent that it relates to a transaction that is recognised directly in OCI. The effect on deferred taxation of any changes in tax rates is recognised in profit or loss, except to the extent that it relates to items previously charged or credited directly to OCI.

Deferred tax is not recognised on temporary differences that arise from:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction that is not a business combination which, at the time of the transaction, affects neither the accounting nor taxable profit or loss; and
- Temporary differences associated with investments in subsidiaries, associates and joint ventures where the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future.

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Accounting Policies

A deferred tax asset is recognised to the extent that it is probable that future taxable income will be available, against which the unutilised tax loss and deductible temporary differences can be used. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

1.6 Financial instruments

1.6.1 Recognition and initial measurement

Financial instruments comprise of loans receivable, interest receivable, cash and cash equivalents, notes payable, finance costs payable and trade and other payables.

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the particular instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

1.6.2 Classification

Financial instruments held by the Company are classified in accordance with the provisions of IFRS 9 Financial Instruments. The classification possibilities, which are adopted by the Company, as applicable, are as follows:

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Financial assets measured at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost.

Loan receivable, interest receivable and cash and cash equivalents are classified as financial assets carried at amortised cost.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than any measured at fair value through profit or loss. The Company includes in this category notes payable, finance costs payable and trade and other payables.

1.6.3 Derecognition

The Company derecognises a financial asset when and only when:

- The contractual rights to the cash flows arising from the financial asset have expired or been forfeited by the Company; or
- It transfers the financial asset including substantially all the risks and rewards of ownership of the asset; or
- It transfers the financial asset, neither retaining nor transferring substantially all the risks and rewards of ownership of the asset, but no longer retains control of the asset.

1.6.4 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to set off and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

Income and expense items are offset only to the extent that their related instruments have been offset in the statement of financial position.

1.6.5 Specific instruments

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and balances with less than 90 days maturity from the date of acquisition including cash and balances with banks but excluding cash and cash equivalent instruments held for investing purposes. Cash equivalents are classified as financial assets at amortised cost and are measured at amortised cost which approximates their fair value.

Loan receivable and listed notes payable

The loans receivable and notes payable are non-derivative financial assets and liabilities with fixed or determinable payments that are not quoted in an active market other than those classified as at fair value through profit or loss. All receivables and payables are initially recognised at fair value plus any directly attributable transaction cost, subsequent to initial recognition these receivables and payables are measured at amortised cost. Interest income is recognised as part of revenue and finance costs is recognised as part of expenses.

Finance costs payable and trade and other payables

Finance costs payable and trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method.

1.7 Impairment of financial assets

The Company recognises loss allowances for expected credit losses ("ECL") on the net amount of financial assets, measured at amortised cost. The Company measures loss allowances at an amount equal to 12-month ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- i) An obligor does not pay on the due date any amount of interest, fees, expenses and/or costs due and payable by it under a finance document, at the place and in the currency in which it is expressed to be payable;
- ii) The borrower does not repay the capital outstanding on the final repayment date, or does not, on a repayment date other than the final repayment date, repay the portion of the capital outstanding required to be repaid on such repayment date;
- iii) An obligor fails to comply with any provision of any other finance document;
- iv) Any financial covenant is breached and not remedied appropriately within five business days; or
- v) There is any cross default, misrepresentation, material adverse changes, cessation of business, sanctions, audit qualification, financial irregularity, contravention of applicable laws, insolvency and business rescue, unlawfulness, repudiation, issues with security, litigation, judgement in excess of R200,000, or expropriation.

If the Company identifies a significant increase in credit risk since initial recognition, the ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit impaired, the ECL is measured as a Lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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Accounting Policies

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

1.8 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary and preference shares are classified as share capital in equity. Dividends on preference shares declared are recognised in equity.

1.9 Retained earnings

Retained earnings comprises accumulated profits generated by the Company since incorporation and are net of any dividends distributed.

1.10 Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The areas of the Company's business that typically require such estimates are impairments of financial assets.

The impairment of financial assets is accounted for as set out in note 1.7.

The ECL exposure recognised has been set out in notes 3 and 20.

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2. Financial assets and liabilities

The Company is exposed to financial risk through its financial assets and financial liabilities. Note 20 discusses the financial risk management of the Company. This section provides a detailed analysis of the composition of financial assets and liabilities.

2.1 Categories of financial instruments by category

The analysis of assets and liabilities into their categories as defined in IFRS 9 is set out in the table below. All gains and losses on measuring the financial assets and liabilities at each reporting date are included in the determination of profit or loss for the period.

	At amortised cost R	Total R
Assets		
Loans receivable (Note 3)	230,000,000	230,000,000
Cash and cash equivalents (Note 7)	6,098,348	6,098,348
	236,098,348	236,098,348
Liabilities		
Finance costs payable (Note 11)	2,892,307	2,892,307
Notes payable (Note 9)	230,000,000	230,000,000
Trade and other payables excluding non-financial liabilities (Note 10)	183,912	183,912
	233,076,219	233,076,219

The above amounts approximate their fair values as per IFRS 7.

	At amortised cost R	Total R
Year ended 30 June 2023		
Assets		
Loans receivable (Note 3)	100,000,000	100,000,000
Interest receivable excluding non-financial assets (Note 4)	73,904	73,904
Cash and cash equivalents (Note 7)	626,886	626,886
	100,700,790	100,700,790
Liabilities		
Finance costs payable (Note 11)	73,904	73,904
Notes payable (Note 9)	100,000,000	100,000,000
Trade and other payables excluding non-financial liabilities (Note 10)	1,241	1,241
	100,075,145	100,075,145

3. Loans receivable

Loans receivable comprise balances receivable from the following:

Loans funded by listed notes	100,000,000	100,000,000
Loans funded by unlisted notes	130,000,000	-
	230,000,000	100,000,000

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	2024 R	2023 R
Non-current assets	50,000,000	100,000,000
Current assets	180,000,000	-
	<u>230,000,000</u>	<u>100,000,000</u>

The loan receivable funded by listed notes bears interest at the 3-month Johannesburg Interbank Average Rate ("JIBAR") plus a fixed margin of 11.25% per annum, payable monthly in arrears. The loan is repayable in four equal instalments starting on 17 September 2024 and every 6 months thereafter up to the final repayment date of 17 March 2026.

The Company has the following security in respect of the loan:

- Guarantee from shareholders and material subsidiaries;
- Subordination and cession of all shareholder and intergroup loans;
- Cession over material contracts and shares of one of the obligors;
- Mortgage bond over two distinct properties; and
- Cession and pledge of listed shares.

The loan receivable funded by unlisted notes was ceded to the Company by Pallidus Issuer 2 (Pty) Ltd on 29 February 2024 in exchange for the Company assuming the obligations for the underlying borrowings which the Company funded through the issue of unlisted notes as per note 9. The loan bears interest at the 3-month JIBAR rate plus a fixed margin of 9.5% per annum, payable monthly in arrears. The loan was repayable in full upon its maturity on 22 July 2024 on which date the maturity date of the loan receivable was extended to 22 July 2026.

The Company has the following security in respect of the loan:

- Guarantees from the shareholder of the borrower as well as the ultimate beneficial owner of the borrower;
- Subordination of any and all claims the shareholder of the borrower and the ultimate beneficial owner of the borrower have against the borrower; and
- Cession of the ultimate beneficial owner's right, title and interest in and to the loans granted or to be granted by him to the borrower and each other group company from time to time.

As part of the measurement of credit risk and expected credit losses ("ECL"), no ECL provision has been recognised for the current period in relation to any of the loans receivable.

4. Interest receivable

Interest on loans receivable	-	73,904
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5. Current tax

Current tax asset / (liability) that cannot be set off	3,959	(1,164)
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6. Trade and other receivables

Trade and other receivables comprise the following balances:

Prepaid expenses	82,977	-
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7. Cash and cash equivalents

Cash

Balances with banks	6,098,348	626,886
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	2024 R	2023 R
8. Share capital		
Authorised and issued share capital		
Authorised		
1000 Ordinary shares of no par value	-	-
100 Cumulative Redeemable Preference shares of no par value	-	-
Issued		
10 Ordinary shares of no par value	-	-
1 Cumulative Redeemable Preference share of no par value	-	-

Each ordinary share entitles the holder to vote at ordinary shareholders' meetings, to receive ordinary dividends if declared, and to receive the remaining net assets of the Company upon liquidation (subject to the rights of the preference shares).

The preference shares shall rank pari passu with each other and shall confer the right to receive a fixed cumulative preferential dividend (the "Preferential Dividend") out of the Company's statutory net profits after taxation available for distribution by way of dividends, as determined by the directors from time to time, in priority to any payments of dividends to the holders of the ordinary shares in the capital of the Company, calculated as follows: the Preferential Dividend will be an amount equal to the cash that is available for this purpose in the priority of payments. Upon liquidation, preference shareholders will receive a return of the consideration paid for such shares and any arrear Preferential Dividends. Preference shareholders shall not be entitled to vote at any general meeting, or to participate in the profits or assets of the Company or, upon a winding up, in any of the surplus funds of the Company.

9. Notes payable

Notes payable comprise:

Unlisted notes	130,000,000	-
Listed notes	100,000,000	100,000,000
Total notes payable	230,000,000	100,000,000

The unlisted notes bear interest at the 3-month JIBAR rate plus a fixed margin of between 7.5% and 8% per annum, payable monthly in arrears. The notes were redeemed in full upon its maturity on 22 July 2024 and on this day new notes with a redemption date of 22 July 2026 were issued to the noteholders.

The listed notes bear interest at the 3-month JIBAR rate plus a fixed margin of 8% per annum, payable monthly in arrears. The note is redeemable in four equal instalments starting on 17 September 2024 and every 6 months thereafter up to the final redemption date of 17 March 2026.

Non-current portion of notes payable	50,000,000	100,000,000
Current portion of notes payable	180,000,000	-
	230,000,000	100,000,000

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	2024 R	2023 R
10. Trade and other payables		
Trade and other payables comprise:		
Trade creditors	120,308	1,241
Interest received in advance	63,604	-
Total trade and other payables	183,912	1,241
11. Finance costs payable		
Finance costs payable comprise:		
Interest payable on listed notes	1,343,289	73,904
Interest payable on unlisted notes	1,549,018	-
Total finance costs payable	2,892,307	73,905
12. Finance income		
Finance income comprises:		
Interest received on cash and cash equivalents	134,612	7,778
Interest received on loans receivable funded by unlisted notes	7,767,447	-
Interest received on loans receivable funded by listed notes	19,687,650	5,251,275
Total finance income	27,589,709	5,259,053
13. Finance costs		
Finance costs included in profit or loss:		
Finance costs on bank overdraft	-	7
Finance costs on listed notes payable	16,428,745	4,357,302
Finance costs on unlisted notes payable	7,007,112	-
Total finance costs	23,435,857	4,357,309
14. Operating expenses		
Operating expenses comprises:		
14.1 Administrative expenses		
Accounting fees	28,750	-
Auditor's remuneration	172,500	-
Bank charges	18,802	5,499
Brokerage fees	-	30,087
Secretarial fees	208,022	-
Subscriptions	14,134	10,245
Trustees' fees	34,500	-
	476,708	45,831

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	2024 R	2023 R
14.2 Employee costs		
Directors' fees	273,604	-
Total operating expenses	750,312	45,831
15. Taxation		
15.1 Income tax recognised in profit or loss:		
Current tax		
Current year	918,956	231,432
15.2 The income tax for the year can be reconciled to the accounting profit as follows:		
Profit before tax	3,403,540	855,913
Income tax calculated at 27%	918,956	231,432
16. Notes to the statement of cash flows		
16.1 Non-cash flow movements and adjustment to profit before tax		
Interest income	(27,589,709)	(5,259,053)
Finance costs	23,435,857	4,357,309
	(4,153,852)	(901,744)
16.2 Changes in operating assets and liabilities		
Trade and other payables	119,068	1,241
Prepaid expenses	(82,977)	-
	36,091	1,241
16.3 Interest income received		
Interest receivable at the beginning of the period	73,904	-
Interest income for the period	27,589,709	5,259,053
Interest income receivable / (payable) at the end of the period	63,604	(73,904)
	27,727,217	5,185,149
16.4 Tax paid		
Tax payable at the beginning of the period	(1,163)	-
Tax expense for the period	(918,956)	(231,432)
Tax (receivable) / payable at the end of the period	(3,959)	1,164
	(924,078)	(230,268)

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	2024 R	2023 R
16.5 Finance costs paid		
Finance costs payable at the beginning of the period	(73,904)	-
Finance costs for the period	(23,435,857)	(4,357,309)
Finance costs payable at the end of the period	2,892,307	73,904
	<u>(20,617,455)</u>	<u>(4,283,405)</u>

17. Related parties

Related party relationships exist between the Company and its ordinary shareholder, Pallidus Issuer Owner Trust, its directors, the holder of the preference share and its administrator.

The directors currently holding office are:

JD Symington

J Botha

WJ Badenhorst (Non-executive)

RM Friedericksen (Non-executive)

SS Schrueder (Non-executive)

DP Boeyens (Resigned 29 February 2024)

The administrator is:

Pallidus Capital Proprietary Limited

The holder of the preference share is:

Pallidus Holdings Proprietary Limited

Entities with common directors:

Entity

Pallidus Capital Proprietary Limited

Pallidus Holdings Proprietary Limited

Stonehage Fleming Corporate Services Proprietary Limited

Director

JD Symington

JD Symington

WJ Badenhorst

Transactions with Stonehage Fleming Corporate Services Proprietary Limited:

Non-executive directors fees - current year	184,000	-
Non-executive directors fees - prior year	89,604	-
Secretarial fees	208,022	-
Trustees' fees	34,500	-
	<u>516,126</u>	<u>-</u>

No fees were paid out to the remainder of the board.

18. Events after the reporting date

On 22 July 2024, the maturity date of the other loan receivable was extended to 22 July 2026. In order to fund its obligations to the borrower under the loan receivable, the unlisted notes payable were redeemed and new notes issued to the noteholders with a redemption date of 22 July 2026.

No other material facts or circumstances have arisen between the date of the statement of financial position and the date of this report which affect the financial position or financial performance of the Company as reflected in these financial statements.

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19. Going concern

The board has satisfied itself that the Company has adequate resources to continue in operation for the foreseeable future. The Company's financial statements have accordingly been prepared on a going concern basis.

20. Financial risk management

Effective risk management is integral to the Company's objective of consistently adding value to the business. The focus of risk management is on identifying, assessing, managing and monitoring risk. Exposure to capital adequacy, credit, market and liquidity risk arises in the normal course of the Company's business. Market risk comprises interest and currency rate risk.

The Company is exposed to financial risk through the financial assets and financial liabilities that it holds, but principally due to the nature of its business.

Capital adequacy

Capital management policies

Capital is actively managed to ensure that the Company is properly capitalised and funded at all times, having regard to prudent management and the needs of all stakeholders. Specifically, the Company maintains an appropriate level of liquidity at all times and the Company further ensures that it can continue to meet its expected capital and financing needs.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The financial assets which may expose the Company to credit risk are the loans receivable, interest receivable and cash and cash equivalents.

Credit risk arising on loan receivable is mitigated by the corresponding notes payable, because the loans receivable's credit risk is contractually transferred to the lender from which funds are obtained to lend to a specific borrower. These loans received are limited recourse loans and the obligation to repay the loans is contingent upon the Company having received payment under the corresponding loans from borrowers.

Limited recourse

In respect of each transaction, once the transaction assets are exhausted (whether pursuant to maturity, liquidation or enforcement of security), any remaining amounts owed to the secured creditors in respect of that transaction (including the noteholders) will be extinguished and no debt will remain owing by the issuer.

Noteholders holding notes issued under one transaction under the programme will have recourse only to the transaction assets of the issuer in relation to that transaction and will not have recourse to the transaction assets of the issuer in respect of any other transaction.

Similarly, the credit risk arising on interest receivable is mitigated by the corresponding finance costs payable, except for the interest rate differential, whereby the fixed interest % margin receivable exceeds the finance costs % margin payable. This portion is exposed to credit risk.

The Company measures credit risk and Expected Credit Losses (ECL) using probability of default, exposure at default and loss given default. The Company considers both historical analysis and forward-looking information in determining any ECL. The Company applies judgement in determining whether a significant increase in credit risk took place since initial recognition of the notes payable at amortised cost including both qualitative and quantitative triggers and thresholds used to identify significant increases in credit risk.

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As a result of the above assessment, no ECL provision has been recognised for the current period.

The notes, whether listed or unlisted, are not rated by a third-party rating agency, however, all the notes are performing as expected at 30 June 2024 and the Company considers the risk of default to be low.

The Company's cash and cash equivalents are held with Rand Merchant Bank ("RMB"), a division of FirstRand Bank Limited which has a credit rating of BB- per Standard and Poor's.

Market risk

Market risk is the potential impact on earnings of unfavourable changes in foreign exchange rates, interest rates, prices, market volatilities and liquidity.

Interest rate risk

Interest rate risk is the risk that fluctuating interest rates will unfavourably affect the Company's earnings and the value of its assets, liabilities and equity.

The Company's exposure to interest rate risk is limited to the interest on notes payable and cash and cash equivalents. The variable portion of the interest income on the loan receivable, as well as the finance cost on the notes payable, is based on 3-month JIBAR. Movements in the 3-month JIBAR therefore currently have a Rnil impact on the Company.

The fixed portion of the interest income on the loan receivable, as well as the finance cost on the notes payable, is based on a fixed margin percentage which is not impacted by fluctuating market interest rates.

Currency risk

At 30 June 2024, the Company did not hold any assets or liabilities denominated in a foreign currency and was not exposed to currency risk.

Liquidity risk

Liquidity risk is the risk that cash may not be available, at a reasonable cost, to pay obligations when due.

Cash flow is managed to control liquidity risk to which the Company is exposed, and the Company has adequate resources at period-end to meet commitments as and when they fall due.

The tables below analyse assets and liabilities into current and non-current categories based on the remaining contractual period at statement of financial position date to settlement date, as well as future undiscounted cash flows:

2024	12 months or less R	1 to 3 years R	Total R
Assets			
Loans receivable	195,653,702	54,522,187	250,175,889
Cash and cash equivalents	6,098,348	-	6,098,348
	201,752,050	54,522,187	256,274,237

