



Phumelela Gaming
Phumelela Gaming and Leisure Limited

ANNUAL
REPORT
2025

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PHUMELELA GAMING AND LEISURE LIMITED

Annual financial statements for the year ended 31 July 2025.

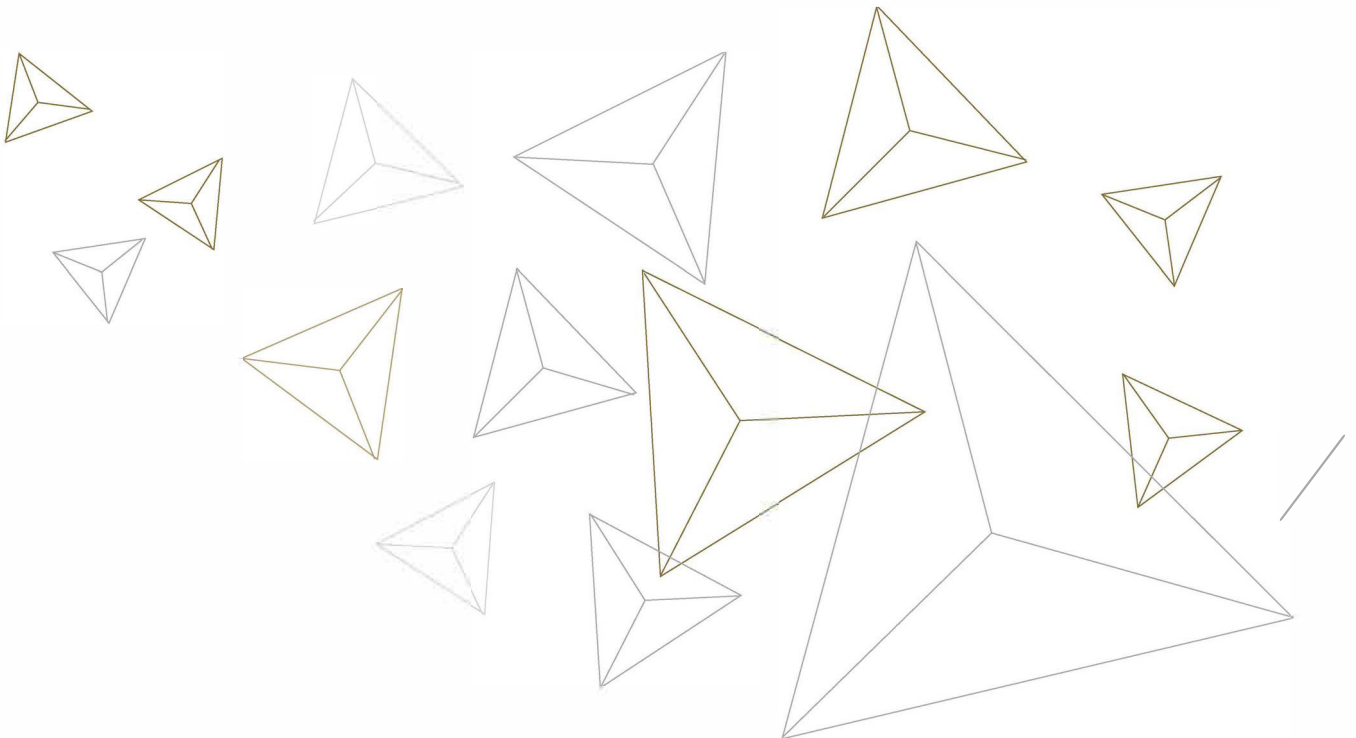
These financial statements represent the financial information of Phumelela Gaming and Leisure Limited.

These financial statements have been prepared under the supervision of Mr AW Walters CA(SA).

FINANCIAL STATEMENTS

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These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.



DIRECTORS' RESPONSIBILITY AND APPROVAL STATEMENT

for the year ended 31 July 2025

The Company's directors are responsible for the preparation and fair presentation of the annual financial statements of Phumelela Gaming and Leisure Limited (the Company), comprising the statement of financial position as at 31 July 2025, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS) except where otherwise stated, and the requirements of the Companies Act of South Africa (the Companies Act), and the directors' report.

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

Based on the above, and to the best of their knowledge and belief, the directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the current reporting period.

Shareholders have authorised the business rescue practitioner to deregister, wind-up or liquidate the Company after he has discharged his obligations in terms of the business rescue plan. In terms of IAS 1, an entity shall not prepare its financial statements on a going concern basis if management intends to wind-up the entity.

The Audit and Risk Committee recommended to the board that the financial statements not be prepared on a going concern basis but instead on an orderly realisation (break-up) basis as the entity is being wound-up. The financial statements have been prepared in accordance with the Company's own accounting policies which have been derived from IFRS and interpretations of those standards as adopted by the International Accounting Standards Board (IASB) and the requirements of the Companies Act of South Africa. In terms of the break-up basis, in order to provide creditors and shareholders with an assessment as to whether creditors' claims will be met and a quantification of any surplus that may be available for distribution to shareholders, assets have been valued at estimated realisable value and future obligations estimated and provided for.

The auditor is responsible for reporting on whether the financial statements of Phumelela Gaming and Leisure Limited are fairly presented in accordance with the basis of preparation and accounting policies adopted.

The annual financial statements of Phumelela Gaming and Leisure Limited were approved by the board of directors on 3 December 2025 and signed.



E Nkosi

Chairman

3 December 2025



SH MÜLLER

Non-executive director

REPORT OF THE COMPANY SECRETARY

for the year ended 31 July 2025

In terms of section 88(2) (e) of the Companies Act 71 of 2008 (the Companies Act) I certify that to the best of my knowledge and belief, Phumelela Gaming and Leisure Limited has lodged with the Commissioner of the Companies and Intellectual Property Commission all such returns and notices prescribed by the Companies Act and all such notices appear to be true and up to date.

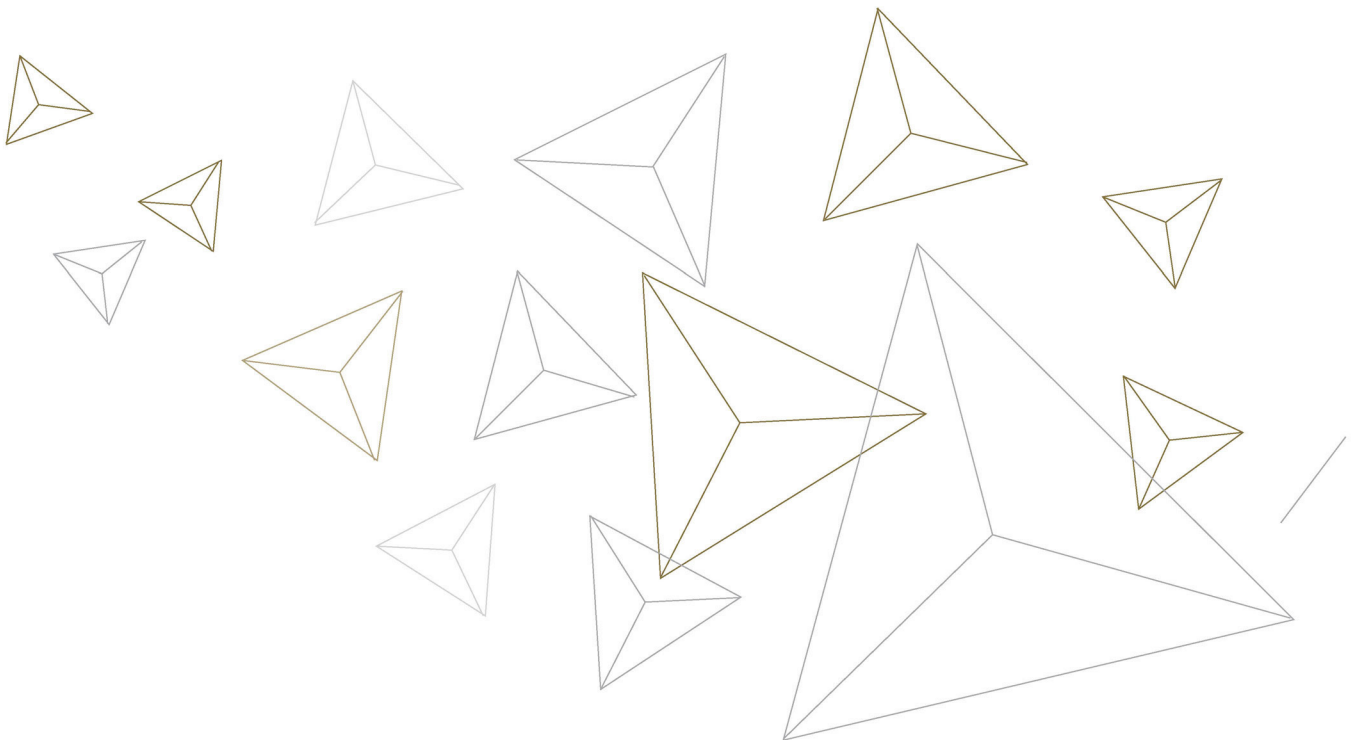


J EVANS

RS ADVISORS

Business Rescue Practitioner

3 December 2025



REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 31 July 2025

The Audit and Risk Committee (the committee) presents its report for the financial year ended 31 July 2025. The committee is satisfied that it has performed the statutory requirements for an audit and risk committee as set out in the Companies Act 71 of 2008 (the Companies Act), and that it has therefore complied with its legal responsibilities. The committee fulfils the functions required under section 94(7) of the Companies Act for the Company and its wholly owned subsidiaries.

The committee, which comprises independent non-executive directors, reviews the scope of the audit and the accounting policies. The committee further identifies key risk areas and evaluates exposure to significant risks and the appropriateness of internal controls.

Reliance on internal controls are discussed between the committee and the auditors as part of the process of each audit. The auditors have unrestricted access to the committee and its Chairman.

The committee, with the auditors present, examines, reviews and discusses the audited financial statements and reports to be issued to the public before being submitted to the board for approval.

At year end, the committee comprised of three independent non-executive directors, namely SH Müller (Chairman), JB Walters, and SA Mahlalela.

MEETINGS

The committee met once during the financial year. Senior employees and the external auditor all attend meetings of the committee by invitation.

At its meetings, the committee reviews the Company's financial results, receives and considers reports from the external auditors on the results of their work and attends generally to its responsibilities. The committee also seeks assurance from the external auditors that they have received full cooperation from management, while the committee Chairman meets with senior employees and the business rescue practitioner to review issues which require consideration by the committee.

EXTERNAL AUDIT

The Company's external auditor is Myers, Tennier & Co.

The external auditor provides an independent assessment of systems of internal financial control and expresses an independent opinion on the annual financial statements. The external audit function offers reasonable, but not absolute assurance on the accuracy of financial disclosures.

The committee conducted an assessment of the performance and the independence of the external auditors and considered whether or not the external auditors complied with the requirements of section 90(2) of the Companies Act. The committee concluded and is satisfied that the external auditors complied with the relevant provisions.

AUDITOR INDEPENDENCE

The committee considered to its satisfaction the independence, objectivity and effectiveness of the external audit firm and the designated individual auditor, Mr John Clive Tennier.

This conclusion is, *inter alia*, based on the following:

- Auditing profession standards that preclude the external auditor's personnel from holding shares in or having other business relationships with the Group;
- The external auditor may not provide services that could be seen as participating in the management of the Group's affairs; and
- The assurance provided by the external auditor that internal governance processes within the audit firm support the claim to independence.

REPORT OF THE AUDIT AND RISK COMMITTEE CONTINUED

for the year ended 31 July 2025

DISCHARGE OF RESPONSIBILITIES

During the reporting period the committee undertook the following:

- Reviewed the annual financial statements and recommended them for approval by the board;
- Considered and assessed the Company's going concern status;
- Ensured that the appointment of the external auditor complied with the provisions of the Companies Act and other legislation relating to the appointment of auditors;
- Noted that non-audit services were not rendered during the financial year;
- Engaged with the business rescue practitioner as requested.

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Shareholders have authorised the business rescue practitioner to deregister, wind-up or liquidate the Company after he has discharged his obligations in terms of the business rescue plan. In terms of IAS 1, an entity shall not prepare its financial statements on a going concern basis if management intends to wind-up the entity.

The committee recommended to the board that the financial statements not be prepared on a going concern basis but instead on an orderly realisation (break-up) basis as the entity is being wound-up. The financial statements have been prepared in accordance with the Company's own accounting policies which have been derived from International Financial Reporting Standards (IFRS) and interpretations of those standards as adopted by the International Accounting Standards Board (IASB) and the requirements of the Companies Act of South Africa. In terms of the break-up basis, in order to provide creditors and shareholders with an assessment as to whether creditors' claims will be met and a quantification of any surplus that may be available for distribution to shareholders, assets have been valued at estimated realisable value and future obligations estimated and provided for. Refer to the basis of preparation in note 1.2.

The committee also recommended to the board that, after taking into consideration the disposals of all operating subsidiaries and the valuation at estimated realisable value of the investments in the remaining subsidiaries, no purpose would be served in preparing consolidated Group accounts for the financial year.

ANNUAL FINANCIAL STATEMENTS

The committee has recommended the annual financial statements for approval to the board. The board has subsequently approved the financial statements.

On behalf of the Audit and Risk Committee.



SH MÜLLER

Audit and Risk Committee Chairman

3 December 2025

REPORT OF THE DIRECTORS

for the year ended 31 July 2025

The directors hereby present the financial statements for the year ended 31 July 2025, which have been audited in compliance with the Companies Act. The preparation of these annual financial statements was supervised by Mr AW Walters CA(SA).

NATURE OF BUSINESS

The directors resolved on 8 May 2020 that the Company voluntarily commence business rescue proceedings and be placed under supervision as the board had reasonable grounds to believe that it could be rescued despite it being financially distressed and reasonably unlikely that the Company would be able to pay all of its debts as they became due and payable within the immediately ensuing six months.

The business rescue plan was approved by creditors on 1 September 2020. The plan states that the Company mandates the business rescue practitioner to continue to trade its businesses while all its assets are sold, realised or collected and to pay the proceeds therefrom to the employees, creditors and shareholders per the payment waterfall and preferences as set out in the plan.

For the period ended 30 November 2021 the Company owned three racecourses with allied training centres in Gauteng, Free State and Eastern Cape, and managed a stand-alone training centre in Gauteng. The Company staged approximately 20 race meetings a month and provided betting opportunities primarily on horseracing via its totalisator system and a network of branches, agents, an internet betting site, and telephone betting (telebet) centres. The branch and agent outlets operated in the above-mentioned provinces plus Northern Cape, Limpopo, Mpumalanga and North West. The Tellytrack Partnership, a joint operation between Phumelela Gaming and Leisure Limited, Gold Circle Proprietary Limited and Kenilworth Racing Proprietary Limited, produced a television channel containing live horseracing audio, visual and data from South Africa, the UK and other international racecourses to betting shops and private subscribers worldwide. The Company distributed simulcast products and coverage and performed international commingling of betting pools.

With effect from 01 December 2021 most of the Company's business, properties and fixed assets were sold as a going concern. The TellyTrack Partnership was active until 28 February 2022 while the operations in the North West and Northern Cape continued until regulatory approval was received to transfer the business to the new owner on 1 September 2022 and 1 October 2022 respectively.

On the 12 July 2022 the shareholders approved by special resolution that the business rescue practitioner be authorised to distribute funds to shareholders by way of dividend or return of capital and at a future date to deregister, wind-up or liquidate the Company.

The Company, in terms of the adopted business rescue plan and shareholder resolution continues to windup its affairs and those of its subsidiary companies.

FINANCIAL RESULTS AND POSITION

The Company generated profits of R2,7 million for the 12 months ended 31 July 2025 (2024: Profit of R3,2 million).

As at 31 July 2025 the equity attributable to ordinary shareholders was R72 million, which is equivalent to a value per share of 72 cents. There were no distributions per share during the financial year (2024: 25 cents).

Shareholders are reminded that a number of estimates are used in arriving at values, and the outcomes resulting from future events may positively or negatively affect the position of shareholders.

Of the R136 million of assets held at 31 July 2025, R118 million was held in cash, and R16 million of assets are still to be realised by the business rescue practitioner. Liabilities of up to R64 million are still to be settled by the business rescue practitioner.

As the accounts are prepared on a wind down basis, the total liabilities of R64 million includes both amounts currently due to creditors and provisions for future obligations. These provisions will be utilised during the forthcoming financial year(s) and reassessed at each reporting date.

Further comment and detail are set out in the financial statements and accompanying notes.

REPORT OF THE DIRECTORS CONTINUED

for the year ended 31 July 2025

INVESTMENTS

The winding up of the subsidiaries continued during the year, with all available reserves having been distributed by way of dividends to Phumelela in previous years. A balance of R83k remains to be collected from East Cape Racing, pending receipt of a SARS refund by East Cape Racing. The subsidiary entities that were deregistered during the year are set out in note 18.

SHARE CAPITAL

There has been no change in the authorised share capital of the Company.

At 31 July 2025, issued share capital amounted to 99 969 347 shares (2024: 99 969 347).

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Shareholders have authorised the business rescue practitioner to deregister, wind-up or liquidate the Company after he has discharged his obligations in terms of the business rescue plan. In terms of IAS 1, an entity shall not prepare its financial statements on a going concern basis if management intends to wind-up the entity.

The Audit Committee recommended to the board that the financial statements not be prepared on a going concern basis but instead on an orderly realisation (break-up) basis as the entity is being wound-up. The financial statements have been prepared in accordance with the Company's own accounting policies which have been derived from International Financial Reporting Standards (IFRS) and interpretations of those standards as adopted by the International Accounting Standards Board (IASB) and the requirements of the Companies Act of South Africa. In terms of the break-up basis of accounting and in order to provide creditors and shareholders with an assessment as to whether creditors' claims will be met and a quantification of any surplus that may be available for distribution to shareholders, assets have been valued at estimated realisable value. Subsidiaries have been valued at the estimated realisable value of their underlying net assets, therefore it has not been considered that presenting consolidated financial statements would provide additional useful information to users and consequently, consolidated financial statements have not been prepared. Refer to the basis of preparation in note 1.2.

The Financial statements depart from IFRS by including a provision for the future costs of realising the remaining assets and winding up the affairs of the company. The board and the company's business rescue practitioner believe that the inclusion of this information provides shareholders and creditors with a better understanding of their likely returns from the winding up of the Company and to not do so may inflate their assessment of these returns. This accounting policy is not in accordance with IFRS and as such the Company's auditors have included a qualification in their opinion issued in respect of the financial statements for the period ended 31 July 2025.

WINDING UP OF THE COMPANY'S AFFAIRS

Shareholders have authorised the business rescue practitioner to deregister, wind-up or liquidate the Company after he has discharged his obligations in terms of the business rescue plan.

Based on the accounting policies applied, the Company's assets exceeded its liabilities by R72 million as at 31 July 2025 (R69 million as at 31 July 2024).

SUBSEQUENT EVENTS

The business rescue practitioner publishes monthly status reports outlining progress on the implementation of the business rescue plan. These reports are available on the Company's website www.phumelela.com.

GGB Fine for contravention of Condition 10 of Phumelela's Licence

Prior to commencement of business rescue the Company has commenced proceedings to review and set aside a disciplinary finding by the Gauteng Gambling Board.

The Company secured judgment on 21 August 2025 in its favour setting aside a decision by the Gauteng Gambling Board to find Phumelela guilty of contravening condition 10 of its race meeting licence and impose a fine of R2.5 million on the Company.

The Gauteng Gambling Board was ordered to repay the fine plus interest to the Company. The Company also secured a costs order against the Gauteng Gambling Board.

Other than the above there are no significant subsequent events that have had an impact on the financial information at 31 July 2025.

REPORT OF THE DIRECTORS CONTINUED

for the year ended 31 July 2025

MATTERS OF CORPORATE INTEREST AND LITIGATION

A comprehensive report on legal disputes was included in the report of the directors in the 2019 Financial Statements.

Material matters that remain unresolved are:

- The Review Application of the Gauteng Gambling Regulations, 1997 amendments published on 28 March 2019 that deprived the Company of a portion of the betting levies;
- The audit by SARS of VAT input claimed by the Company in respect of winnings paid to owners whose horses placed in races.

Gauteng Gambling Board Review Application

The Company, prior to commencement of business rescue launched an application in the high court to review and set aside an amendment to legislation made by the Gauteng Gambling Board and Gauteng MEC to the Gambling legislation. This amendment removed the payment to the Company of a 3% levy on winning fixed odds bets on horse racing. Prior to this amendment, Phumelela received and was paid this levy. This levy contributed substantially to the Company's revenue.

The High Court of South Africa, Gauteng Division on 30 May 2024 issued judgement reviewing and setting aside the amendment of Regulation 276 of the Gauteng Gambling Regulations. Having set aside the amendment the court further ordered the Gauteng Gambling Board and MEC for Economic Development, Environment, Agriculture and Rural Development (Gauteng) to pay to the Company the total amount of the levy that is payable in terms of Regulation 276 in the form it took before the amendment was made, for the period from 1 April 2019 to 30 November 2021 plus interest at the prescribed rate of interest.

The Gauteng Gambling Board's application for leave was heard on 8 August 2024 and dismissed by the High Court in a judgement handed down on 12 August 2024. The MEC for Economic Development, Environment, Agriculture and Rural Development (Gauteng) and the Gauteng Gambling Board have applied for leave to appeal directly to the Supreme Court of Appeal of South Africa. This application for leave to appeal has been granted. The Supreme Court of Appeal has not yet set a date for the hearing of the appeal.

The total value of levies not paid to the Company for the period from 1 April 2019 to 30 November 2021 is R227.4 million.

Input VAT Claims

The Company has, in accordance with legal opinion in this regard, claimed input VAT on stakes paid for the period from July 2017 to 30 November 2021, the date the horse racing business was transferred to 4Racing. The total value of the input VAT claimed is R97 million. SARS issued assessments disallowing these input VAT claims. The Company's objections to the assessments were disallowed and the Company has filed the necessary documents to appeal the decisions of SARS.

The Company has approached the High Court, Gauteng Division, for a declaration on the correct interpretation of the VAT Act as pertains to this dispute.

Of the R97 million claimed, the Company has received payment of R28 million. Full provision has been made to potentially have to refund SARS the R28 million, together with a further R24,7 million provision for potential penalties and interest that may be payable. The R67 million that has not been paid by SARS has also been fully provided for against pending finalisation of the SARS audit process.

Shareholders are reminded that the outcome of the relevant actions noted under Corporate Interests and Litigation, as described in the annual financial statements, remains uncertain and may have an impact on future earnings.

RELATED PARTIES

Other than in the normal course of business and dividends received, there have been no significant transactions during the period with related parties.

REPORT OF THE DIRECTORS CONTINUED

for the year ended 31 July 2025

DISTRIBUTIONS TO ORDINARY EQUITY HOLDERS

Following the adoption of the above mentioned resolution on 12 July 2022 to distribute available funds to shareholders, the Company has made the following distributions of capital to shareholders:

1. 100 cents per share on 29 July 2022; and
2. 125 cents per share on 30 November 2022; and
3. 75 cents per share on 31 March 2023.
4. 25 cents per share on 23 November 2023.

The board and business rescue practitioner resolved that further capital distributions will be considered when either the matter with the Gauteng Gambling Board or the disputed VAT claims have been fully finalised.

DIRECTORS' EMOLUMENTS

The remuneration of directors is set out in note 13 on page 26.

AUDITORS

Myers, Tennier & Co. are the appointed external auditors for the Company.

DIRECTORS AND SECRETARY

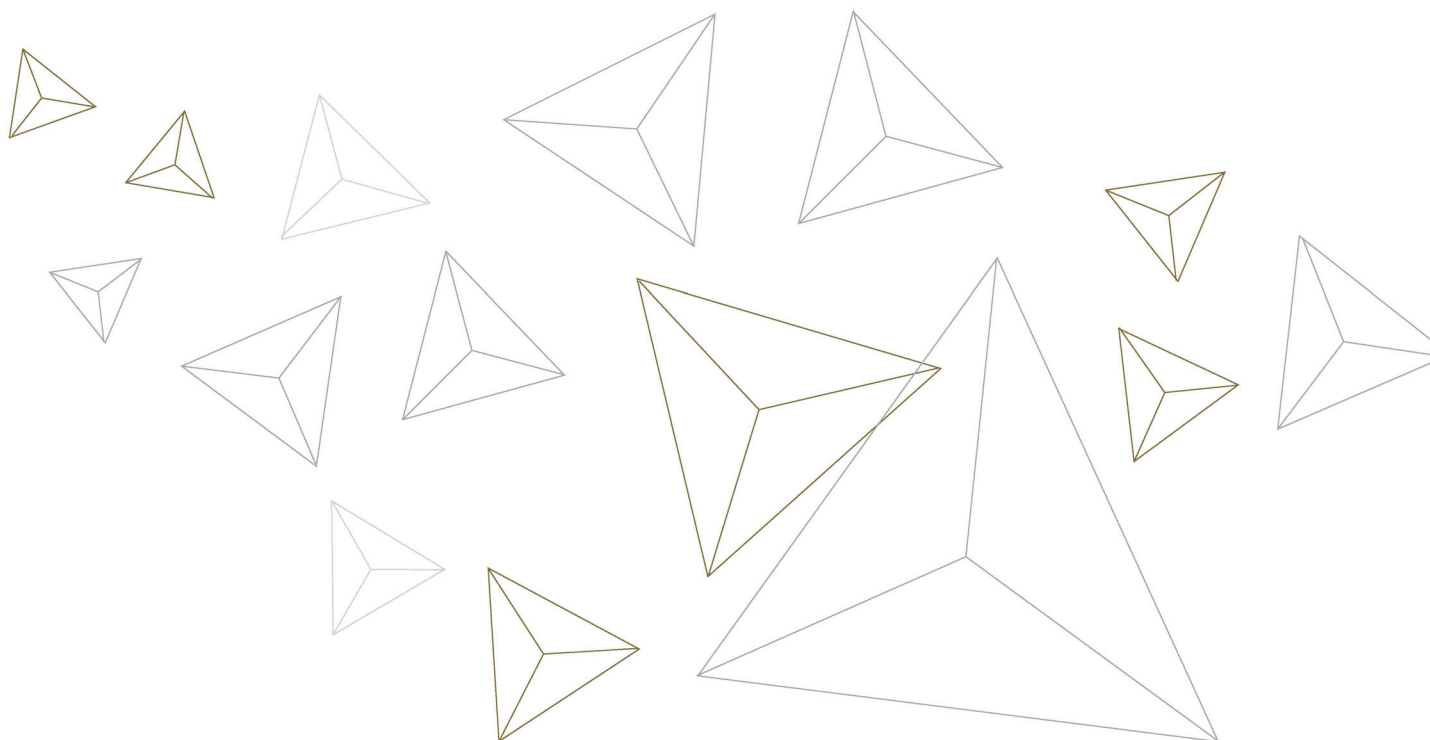
There were no changes to the composition of the board during the year under review.

On 12 July 2022 shareholders approved a special resolution amending the Company's Memorandum of Incorporation which included the removal of the provision for non-executive directors to retire by rotation.

Particulars of the present directors and secretary are given under corporate information set out on page 30.

SUBSIDIARY COMPANIES

Details of subsidiary companies are disclosed in note 18 on page 28.



INDEPENDENT AUDITOR'S REPORT

for the year ended 31 July 2025

QUALIFIED OPINION

We have audited the annual financial statements of Phumelela Gaming and Leisure Limited (the company) set out on pages 12 to 30, which comprise the statement of financial position as at 31 July 2025, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects the financial position of Phumelela Gaming and Leisure Limited as at 31 July 2025, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

BASIS FOR QUALIFIED OPINION

We draw attention to accounting policy note 1.5, Provisions, which states that provisions are recognised for future net costs relating to the winding up of the Company under the business rescue process, which constitutes a departure from IFRS Accounting Standards as issued by the International Accounting Standards Board. The Company's records indicate that, had management not recognised these provisions for future net costs, other payables as stated in note 9 would be reduced by R21,971,000 (2024: R21,125,000) and shareholders' equity would increase by R21,971,000 (2024: R21,125,000). Operating expenses and overheads reported in the statement of comprehensive income for the year ended 31 July 2025 would decrease by R846,000, and profit before and after tax would increase by R846,000.

We conducted our audit in accordance with International Standards on Auditing (ISA's). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual 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 annual 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.

EMPHASIS OF MATTER – GOING CONCERN

Without modifying our opinion, we draw attention to Note 1.2 to the financial statements which explains that the Directors in conjunction with the business rescue practitioner, once all distributions have been made to creditors and shareholders, intend to wind up the affairs of the company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have not been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

OTHER MATTER

The annual financial statements of Phumelela Gaming and Leisure Limited for the year ended 31 July 2024 were audited by another auditor who expressed a qualified audit opinion on those statements on 12 December 2024.

OTHER INFORMATION

The Directors in conjunction with the business rescue practitioner are responsible for the other information. The other information comprises the information included in the document titled "Phumelela Gaming and Leisure Limited Annual Report 2025", which includes the Report of the Company Secretary, Report of the Audit and Risk Committee, and the Report of the Directors as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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.

INDEPENDENT AUDITOR'S REPORT CONTINUED

for the year ended 31 July 2025

RESPONSIBILITIES OF THE DIRECTORS FOR THE ANNUAL FINANCIAL STATEMENTS

The Directors in conjunction with the business rescue practitioner are responsible for the preparation and fair presentation of the financial statements in accordance with 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 in conjunction with the business rescue practitioner 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 in conjunction with the business rescue practitioner are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and to not make use of the going concern basis of accounting if the Directors in conjunction with the business rescue practitioner 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 ANNUAL FINANCIAL STATEMENTS

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

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

We also:

- Identify and assess the risks of material misstatement of the annual 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 annual 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 annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors in conjunction with the business rescue practitioner 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.



MYERS, TENNIER & CO
Registered Auditors

J.C. Tennier
Registered Auditor
3 December 2025

Office 225, 2nd Floor, Valley Centre
396 Jan Smuts Avenue
Craighall
Johannesburg
2196

STATEMENT OF FINANCIAL POSITION

for the year ended 31 July 2025

	Note	COMPANY	
		2025 R'000	2024 *Restated R'000
ASSETS			
Assets held for sale			
Investment in subsidiaries	18		
Other current assets		136 406	133 477
Trade and other receivables	5	2 045	1 842
Amounts owing by subsidiary companies	4	83	83
Benefit fund surpluses	6	16 158	16 158
Cash and cash equivalents	7	118 120	115 394
Total assets		136 406	133 477
EQUITY AND LIABILITIES			
Total equity			
Share capital and premium	8	149 243	149 243
Retained earnings		(77 241)	(79 960)
Current liabilities		64 404	64 194
Trade and other payables	9	50 296	50 276
Shareholder distributions payable		13 904	13 918
Taxation		204	
Total equity and liabilities		136 406	133 477

*Refer to note 22 for restatement of comparative numbers.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 July 2025

	Note	COMPANY	
		2025 R'000	2024 R'000
Betting income			
Other operating income			
– Local operations		547	
Investment income		9 685	11 062
Income	10	10 232	11 062
Operating expenses and overheads		(7 309)	(7 788)
Profit before income tax expense	11	2 923	3 274
Income tax expense	12	(204)	
Total comprehensive income for the period		2 719	3 274

STATEMENT OF CASH FLOWS

for the year ended 31 July 2025

	Note	COMPANY	
		2025 R'000	2024 R'000
Net cash inflow from operating activities		2 740	10
Cash utilised by operations	17,1	(6 762)	(7 788)
Movements in working capital	17,1	(183)	(3 264)
Cash utilised by operating activities		(6 945)	(11 052)
Interest received		9 685	11 062
Finance costs paid			
Net cash inflow from investing activities			
Benefit fund repaid			
Loans repaid			
Net cash outflow from financing activities		(14)	(23 835)
Shareholders distributions paid		(14)	(23 835)
Increase/(decrease) in cash and cash equivalents		2 726	(23 825)
Cash and cash equivalents at beginning of year		115 394	139 219
Cash and cash equivalents at end of year		118 120	115 394
Make up of balance of cash and cash equivalents			
Cash and cash equivalents	7	118 120	115 394
Cash and cash equivalents at end of period		118 120	115 394

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 July 2025

	Share capital R'000	Share premium R'000	Retained earnings R'000	Share- holders' equity R'000
COMPANY				
Balance at 31 July 2023	2 499	171 736	(83 234)	91 001
Total comprehensive income for the period				
– Profit for the period			3 274	3 274
– Capital distributions returned to shareholders		(24 992)		(24 992)
Balance at 31 July 2024	2 499	146 744	(79 960)	69 283
Total comprehensive income for the period				
– Profit for the period			2 719	2 719
Balance at 31 July 2025	2 499	146 744	(77 241)	72 002

ACCOUNTING POLICIES

for the year ended 31 July 2025

1. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

1.1 Reporting entity

Phumelela Gaming and Leisure Limited (the Company) is domiciled in the Republic of South Africa.

1.2 Basis of preparation

The Company financial statements set out on page 12 to 30 have not been prepared on a going concern basis as, in terms of IAS 1, an entity shall not prepare its financial statements on a going concern basis if management intends to wind-up the entity. The business rescue plan of the Company, adopted on 1 September 2020, states under 8.1.4 that "the business rescue practitioner is of the view that it is best for affected persons that once all distributions have been paid to creditors and shareholders, to wind-up the affairs of the Company."

On 12 July 2022 shareholders resolved that the affairs of the Company be wound up.

The financial statements have been prepared on the historical cost basis, in accordance with International Financial Reporting Standards (IFRS), interpretations of those standards as adopted by the International Accounting Standards Board (IASB) and the requirements of the Companies Act of South Africa (the Companies Act), except as stated below and under note 1.5 (Provisions).

The financial statements are not prepared on the going concern basis, as set out above, which has resulted in consideration being given to the break-up value of the Company in order to provide an assessment as to whether the realisation of the assets will satisfy creditors and result in a surplus for distribution to shareholders. A realisation surplus was recognised on initial application of this policy where an asset's realisable value was estimated to be higher than cost. Any subsequent profit or loss arising from the realisation of the assets has been recognised in profit or loss.

Subsidiaries are defined as those entities in which the Company, either directly or indirectly, has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

All significant investments owned by the Company have been disposed of and converted into cash. Remaining investments in subsidiaries are carried at fair value through profit and loss, fair value being determined and represented by the Company's share in the underlying net assets of the subsidiary (as reflected in notes 18). It has therefore been considered that preparing consolidated financial statements would not provide additional useful information and consequently, consolidated financial statements have not been prepared.

The Company's accounting policies are consistent with those applied in the previous financial year.

The Company financial statements are presented in South African rand, which is the Company's functional currency and the Company's reporting currency. Values are rounded to the nearest rand thousand except where otherwise indicated.

The financial statements were approved by the board of directors for issue on 3 December 2025.

1.3 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation, or amortisation if no impairment loss had been recognised.

1.4 Taxation

Current tax assets and liabilities

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

ACCOUNTING POLICIES CONTINUED

for the year ended 31 July 2025

1. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION CONTINUED

1.4 Taxation continued

Income tax

Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Income tax represents the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date and any adjustments to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts at the reporting date. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability settled.

Deferred tax is recognised in profit or loss or other comprehensive income except to the extent that it relates to a transaction that is recognised in equity as a business combination that is an acquisition. The effect on deferred tax of any change in tax rates is recognised in profit or loss or other comprehensive income except to the extent that it relates to an item recognised in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off tax assets against tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Deferred tax assets relating to assessed losses carried forward and other deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which these assets can be utilised.

Dividend withholding tax

Dividend withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2012. Dividend tax is withheld on behalf of shareholders at a rate of 20% on dividends declared. Amounts withheld are not recognised as part of the tax charge, but rather as part of the dividend paid recognised in equity.

Indirect taxes

Indirect taxes, including non-recoverable VAT, skills development levies and other duties are recognised in profit or loss as incurred.

1.5 Provisions

Provisions are recognised where the Company has a present legal or constructive obligation as a result of a past event and for future net costs relating to winding-up of the business under the business rescue process, where a reliable estimate of the obligation can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are recognised at the present value of expenditure required to settle the obligation.

1.6 Revenue recognition

Revenue is recognised when the performance obligation has been met in accordance with the requirements of IFRS 15. Other income includes incidental income which is recognised in income when invoiced. If denominated in a foreign currency is converted into rand at the rate ruling on the day of invoicing.

ACCOUNTING POLICIES CONTINUED

for the year ended 31 July 2025

1. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION CONTINUED

1.6 Revenue recognition continued

Gambling board levies are recognised in income on receipt of the funds.

Dividends from investments are recognised when the right to receive payment has been established. Interest is recognised on a time proportion basis which takes into account the effective yield on the asset over the period it is expected to be held.

1.7 Financial instruments

Financial instruments recognised at the reporting date include investments in subsidiaries, amounts owing by subsidiary companies, trade and other receivables, cash and cash equivalents, trade and other payables, amounts owing to subsidiary companies, and betting dividends payable. Financial instruments are initially measured at fair value, including transaction costs, except for instruments carried at fair value through profit or loss, when the Company becomes a party to their contractual arrangements.

Where the Company has both a legal right and intends to settle on a net basis or simultaneously, related positive or negative values of financial instruments are offset within the statements of financial position.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within a period generally established by regulation or convention in the marketplace.

Gains or losses on disposal of financial assets are determined as the difference between proceeds from the sale thereof and the financial instrument's carrying amount and are recognised in profit or loss.

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The subsequent measurement of financial instruments is as follows:

Investment in subsidiaries

Investments in subsidiaries are carried at fair value through profit and loss, fair value being determined and represented by the Company's share in the underlying net assets of the subsidiary or associate.

Trade and other receivables and amounts owing by subsidiary companies

Trade and other receivables and amounts owing by subsidiary companies are classified at amortised cost and are subsequently measured at amortised cost using the effective interest method less an allowance for any impairment losses. An expected credit loss is recognised in profit or loss when it is probable that the Company will not be able to collect all amounts due (principal and interest) according to the contractual terms of the receivable.

ACCOUNTING POLICIES CONTINUED

for the year ended 31 July 2025

1. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION CONTINUED

1.7 Financial instruments continued

The carrying amount of the receivable is then reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

When the terms of financial assets that would otherwise be past due or impaired are renegotiated, the renegotiation is treated as a change in estimate. If the renegotiation is significant, it is treated as a derecognition of the original financial instrument and the recognition of a new financial instrument. The assessment of objective indicators of impairment for accounts receivable is done at each reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, in hand and short-term deposits, with an original maturity of three months or less, which are repayable on demand.

Cash and cash equivalents are classified as financial instruments, which are subsequently measured at amortised cost.

Financial liabilities

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Financial liabilities include trade and other payables, amounts owing to subsidiaries and betting dividends payable.

Expected credit loss of financial instrument

At each reporting date an assessment is made on a case-by-case basis of whether there is any objective evidence of an expected credit loss of a financial asset both at an individual asset and a collective level. Criteria used to determine whether there is objective evidence of an expected credit loss include the following events:

- The receivable or investment is experiencing significant financial difficulty;
- The receivable defaults on interest or principal payments;
- The borrower will probably enter into bankruptcy or another financial reorganisation;
- Observable market data indicating that there is a measurable decrease in the estimated future cash flows from a financial asset or investment since the initial recognition; and
- Disappearance of an active market for a financial asset because of financial difficulties.

A financial asset is considered to have an expected credit loss if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An expected credit loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

1.8 Foreign currency transactions and balances

Foreign currency transactions are initially recorded in the functional currency at the exchange rate ruling at the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate ruling at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value is determined.

ACCOUNTING POLICIES CONTINUED

for the year ended 31 July 2025

1. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION CONTINUED

1.9 Distributions to shareholders

Distributions of capital to shareholders are recognised when the shareholders' right to payment, being the declaration date, is established.

1.10 Use of estimates, judgements and assumptions made in the preparation of the financial statements

In preparing the financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgements are inherent in the formation of estimates.

Significant estimates and judgements made relate to the measurement of 'expected credit losses' (ECL) relating to trade and other receivables, asset impairment tests and taxation. The nature and carrying amounts of the items affected by these estimates, where applicable, are indicated in the notes relating to these items. Other judgements made relate to classifying financial assets and liabilities into categories.

Significant estimates and judgements:

Trade receivables and loans

The Company assesses its trade receivables and/or loans for impairment at each reporting date.

In determining whether an impairment loss should be recognised in profit or loss, the Company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from an asset.

The Company recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss.

The Company applies the simplified approach to calculate the ECL of trade receivables and loans receivable.

The provision rates are based on days past due for grouping that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates and is then adjusted with forward looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of the legislation. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these taxes is different from the amounts initially recorded, such difference impacts the income tax and deferred tax provisions in the period in which such determination is made.

The Company recognises the net future benefit related to deferred tax assets to the extent that it is probable that the temporary differences will reverse in the foreseeable future. Assessing the recoverability of the deferred tax asset requires the Company to make significant estimates related to expectations of future income. Estimates of future taxable income are based on focused cash flows from the operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred asset could be impacted.

Provisions

Provision is made for future net costs relating to winding up the business under the business rescue process, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. This requires the use of management's estimates to determine the obligation and the amount to be provided.

Assessment of going concern

The Financial Statements have not been prepared on a going concern basis as, in terms of IAS 1, an entity shall not prepare its financial statements on a going concern basis if management intends to wind-up the entity. The business rescue plan of the Company, adopted on 1 September 2020, states under 8.1.4 that "the business rescue practitioner is of the view that it is best for affected persons that once all distributions have been paid to creditors and shareholders, to wind-up the affairs of the Company." On 12 July 2022 shareholders resolved that the affairs of the Company be wound up.

ACCOUNTING POLICIES CONTINUED

for the year ended 31 July 2025

2. FINANCIAL RISK MANAGEMENT

Liquidity risk management

The following tables summarise the maturity profiles of the Company's financial liabilities at 31 July based on contractual undiscounted payments.

	Less than one year R'000	Total R'000
COMPANY		
2025		
Trade and other payables	50 296	50 296
Total	50 296	50 296
2024		
Trade and other payables	50 276	50 276
Total	50 276	50 276

Interest rate risk management

The Company is exposed to interest rate risk on its cash and cash equivalents.

No other concentration of interest rate risk exists other to that mentioned above. The carrying amounts of the entity's financial instruments carried at amortised cost have been disclosed and represent the entity's exposure to interest rate risk.

Should interest rates increase/decrease by 100 basis points, and all other factors remain constant, the effects on the Company's earning and equity would increase/decrease by R1.1 million (2024: R1.1 million).

Foreign currency risk management

The Company has no foreign currency exposure at year end.

Fair value of financial instruments

The carrying amounts reported in the statement of financial position for trade and other receivables, cash and cash equivalents, trade and other payables, and financial liabilities approximate fair value due to the short time period between initiation and settlement thereof. The effect of discounting is not material.

Regarding amounts owing from subsidiaries companies, these are all expected to be settled in a short time period under the business rescue process. The effect of discounting is not material.

Equity investments in subsidiaries are carried at fair value, being the estimated realisable value of their underlying net assets.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2025

3. CLASSIFICATION OF FINANCIAL INSTRUMENTS

Class of financial instrument	At fair value through profit and loss R'000	Loans and receivables measured at amortised cost R'000	COMPANY		Total R'000
			Financial liabilities measured at amortised cost R'000	Non-financial instruments R'000	
2025					
Financial assets					
Defined benefit funds	16 158				16 158
Trade and other receivables		2 045			2 045
Amounts owing by subsidiary companies		83			83
Cash and cash equivalents		118 120			118 120
Total	16 158	120 248			136 406
Financial liabilities					
Trade and other payables			50 296		50 296
Dividends payable			13 904		13 904
Total			64 200		64 200
2024					
Financial assets					
Investment in subsidiaries					
Defined benefit funds	16 158				16 158
Trade and other receivables		1 842			1 842
Amounts owing by subsidiary companies		83			83
Cash and cash equivalents		115 394			115 394
Total	16 158	117 319			133 477
Financial liabilities					
Trade and other payables			50 276		50 276
Dividends payable			13 918		13 918
Total			64 194		64 194

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2025

	COMPANY	
	2025 R'000	2024 R'000
4. AMOUNTS OWING BY SUBSIDIARY COMPANIES		
East Cape Racing Proprietary Limited	83	83
	83	83
The amounts owing by subsidiary companies bear no interest and have no fixed terms of repayment.		
5. TRADE AND OTHER RECEIVABLES		
Trade receivables		
Allowance for expected credit losses		
Trade receivables after impairment		
Deposits		
Other receivables	85	711
VAT Receivable	71 132	70 303
Provision against VAT receivable	(69 172)	(69 172)
	2 045	1 842
Trade receivables consist of non-interest-bearing receivables.		
Reconciliation of the expected credit loss provision recognised with regard to trade and other receivables		
Allowance at beginning of year		8 281
Written back to profit and loss		(414)
Utilised during the year		(7 867)
Allowance at end of year		
Trade and other receivables are considered for impairment under the expected credit loss model. Trade and other receivables are impaired when there is no reasonable prospect that the amounts will be recovered.		
Included in receivables is R69 million of VAT claimed on stakes paid dating back to 2017. Total VAT amount claimed amounts to R97 million of which R28 million has been received. Full provision has been raised against the potential VAT receivable of R69 million, as well as the R28 million received.		

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2025

6. BENEFIT FUND SURPLUSES

The Company has the following funds registered under and governed by the Pension Fund Act, 1956 as amended.

Defined benefit fund surplus

Central Management Company (Sporting Clubs) Cusada Pension Plan (in process of being wound-up)

Totalisator Agency Board (Transvaal) Pension Plan (in liquidation)

Newmarket Pension Fund (in deregistration)

The funds are closed, and there are no current members, while all pensioner members were outsourced to Old Mutual with effect from 1 January 2018 and as such the funds no longer has any obligation in respect of pensioners.

As there are no more pensioners the funds are being wound up with the remaining surplus to be distributed to the Company. The assets of the fund are invested in cash and or cash equivalents pending the winding up of the funds.

	COMPANY	
	2025 R'000	2024 R'000
Pension fund surplus		
Balance at beginning of period	16 158	16 158
Repayment		
Actuarial remeasurement included in profit and loss		
Balance at end of period	16 158	16 158

	COMPANY		
	Central Management Company (Sporting Clubs) Cusada Pension Plan	Totalisator Agency Board (Transvaal) Pension Plan	Total
Estimated return to employer on liquidation of the pension fund	16 158		16 158

	COMPANY	
	2025 R'000	2024 R'000
7. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	1 101	2 110
Short-term bank deposits	117 019	113 284
	118 120	115 394

8. SHARE CAPITAL AND RESERVES		
Share capital		
Authorised		
480 000 000 ordinary shares of 2,5 cents each	12 000	12 000
Issued		
99 969 347 ordinary shares (2024: 99 969 347) of 2,5 cents each	2 499	2 499
Share capital	2 499	2 499
Share premium	146 744	146 744
Total share capital and premium	149 243	149 243

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2025

	Direct beneficial	Total Shares	Percentage %
8. SHARE CAPITAL AND RESERVES CONTINUED			
Directors' interests in share capital at 31 July 2025			
<i>Non-executive directors</i>			
E Nkosi	14 465	14 465	0,01
JB Walters	59 228	59 228	0,06
	73 693	73 693	0,07

There has been no movement in the disclosed interests during the period 31 July 2025 to the date of signature of this report.

Directors' interests in share capital at 31 July 2024

Non-executive directors

E Nkosi	14 465	14 465	0,01
JB Walters	59 228	59 228	0,06
	73 693	73 693	0,07

	COMPANY	
	2025 R'000	2024 R'000
9. TRADE AND OTHER PAYABLES		
Trade payables		11
Other payables	50 296	50 265
	50 296	50 276
Trade payables are non-interest-bearing and are normally settled between 30 and 60 days.		
Other accruals relates to future costs and income to wind-up the entity.		
Included in other payables is a provision of R28 million for VAT claimed on stakes (2024: R28 million) and provision for the total estimated net cost of winding up the of the entity of R21.9 million (2024: R21 million).		
10. INCOME		
Investment income	9 685	11 062
Other local income	547	
	10 232	11 062

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2025

	COMPANY	
	2025	2024
	R'000	R'000
11. PROFIT FROM OPERATIONS		
Income		
Interest received	9 685	11 062
Expenses		
Auditors' remuneration	290	550
12. INCOME TAX (CREDIT)/EXPENSE		
Current tax charge	204	
Total tax charge	204	
Taxation reconciliation		
Profit before tax	2 923	3 274
South African normal taxation at standard rate 27%	789	884
Adjusted for:		
Assessed loss not recognised		1 382
Assessed Loss utilised	(814)	
Deferred tax derecognised due to limitation	229	(2 266)
Taxation in the current year	204	
Estimated tax losses reconciliation		
Estimated tax losses brought forward	683 147	570 916
Prior year adjustment		109 182
Utilisation of assessed Loss	(3 015)	
Estimated loss in the current year		3 049
Estimated losses derecognised	(680 132)	(683 147)
Unrecognised Deferred Tax Asset on Assessed Loss:	183 636	184 450
Deferred tax liabilities of R1 million timing differences, expected to realise in future periods, have been reduced to nil by recognition of deferred tax assets available to the Company.		
The Company has estimated tax losses of R680 million upon which a deferred tax asset of R183 million (2024: R184 million) is not recognised.		
13. DIRECTORS' EMOLUMENTS		
Non-executive directors		
SH Müller	9	14
E Nkosi	12	10
JB Walters	9	12
SA Mahlalela	6	12
Total directors' emoluments	36	48

The Company is in business rescue and under control of the business rescue practitioner, who exercises control over all material decisions in the company. Consequently no prescribed officers have been identified.

All fees paid to the business rescue practitioner were made in accordance with the approved business rescue plan.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2025

14. SHARE OF JOINTLY CONTROLLED OPERATION

Tellytrack Partnership (Tellytrack)

The Tellytrack Partnership is a joint operation between the Company, Gold Circle Proprietary Limited and Kenilworth Racing Proprietary Limited. Pursuant to the agreements concluded between the parties Tellytrack had the right to exploit the joint commercial interests and intellectual property in respect of South African race meetings within the confines of South Africa, Namibia and Zimbabwe. Gold Circle and Kenilworth Racing have forgone any interest in the partnership assets in return for which the Company has assumed all costs associated with the dissolution and winding up of the partnership.

Proportionate share of assets, liabilities, income and expenses for Tellytrack

	COMPANY	
	2025 R'000	2024 R'000
ASSETS		
Current assets	16	795
Trade and other receivables	16	
Cash and cash equivalents		795
	16	795
CAPITAL AND RESERVES		
Partners' accounts	(97)	(19)
LIABILITIES		
Current liabilities		
Trade and other payables	113	814
	16	795
CASH FLOW		
Cash flows from operating activities	(795)	287
Cash flows from financing activities		
Net increase/(decrease) in cash and cash equivalents	(795)	287
Loss for the year	(97)	(19)

15. COMMITMENTS AND CONTINGENCIES

Capital expenditure

There were no commitments in respect of capital expenditure as at 31 July 2025 (2024: nil)

Guarantees and surety issued

As at 31 July 2025, there were no guarantees or securities issued.

16. RELATED PARTIES

Related parties include shareholders of the Company, the subsidiary companies and joint venture.

Other than in the normal course of business, there have been no significant transactions during the period with related parties.

Subsidiaries

Details of investments in subsidiaries are disclosed in note 18.

Related party balances are disclosed in note 4.

There were no transactions with related parties during the year.

Directors

Details regarding the director's emoluments in the Company are disclosed in note 13, director's interests in the Company in note 8.

Jointly controlled operation

Details of investment in joint operation are disclosed in note 14.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2025

	COMPANY	
	2025 R'000	2024 R'000
17. NOTES TO THE CASH FLOWS STATEMENTS		
17.1 Cash utilised by operations		
Profit for the year before income tax expense	2 923	3 274
Adjustments for:		
Investment income	(9 685)	(11 062)
	(6 762)	(7 788)
17.2 Movements in working capital		
(Increase)/decrease in trade and other receivables	(203)	2 257
Decrease in amounts owing to subsidiary companies		(323)
(Decrease)/increase in trade and other payables	20	(5 198)
	(183)	(3 264)
17.3 Taxation paid		
Balance at beginning of year		
Current year charge (note 12)	(204)	
Balance at end of year	204	

18. DETAILS OF SUBSIDIARY COMPANIES

Name and nature of business	2025	2025	% Held	2024	2024	% Held
	Invest- ment R'000	Issued capital R		Invest- ment R'000	Issued capital R	
Direct subsidiaries incorporated in South Africa						
Rand Sporting Club Proprietary Limited	-	200	100	-	200	100
Hadrian Investments Proprietary Limited	-	200	100	-	200	100
Shelanu Investments Proprietary Limited	-	200	100	-	200	100
Injector Investments Proprietary Limited	-	200	100	-	200	100
Glenfiddich Investments Proprietary Limited	-	200	100	-	200	100
Tote Property Investments Proprietary Limited	-	50 000	100	-	50 000	100
East Cape Racing Proprietary Limited	-	100	100	-	100	100
TAB North West Proprietary Limited	-	4 000	100	-	4 000	100

19. SUBSEQUENT EVENTS

The business rescue practitioner publishes monthly status reports outlining progress on the implementation of the business rescue plan. These reports are available on the Company's website www.phumelela.com.

GGB Fine for contravention of Condition 10 of Phumelela's Licence

Prior to commencement of business rescue the Company has commenced proceedings to review and set aside a disciplinary finding by the Gauteng Gambling Board.

The Company secured judgment on 21 August 2025 in its favour setting aside a decision by the Gauteng Gambling Board to impose a fine of R2.5 million on the Company.

The Gauteng Gambling Board was ordered to repay the fine plus interest to the Company. The Company also secured a costs order against the Gauteng Gambling Board.

Other than the above there are no significant subsequent events that have had an impact on the financial information at 31 July 2025.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 July 2025

20. GOING CONCERN

Shareholders have authorised the business rescue practitioner to deregister, wind-up or liquidate the Company after he has discharged his obligations in terms of the business rescue plan. In terms of IAS 1, an entity shall not prepare its financial statements on a going concern basis if management intends to wind-up the entity.

The Audit and Risk Committee recommended to the Board that the financial statements not be prepared on a going concern basis but instead on an orderly realisation (break-up) basis as the entity will be wound-up. The financial statements have been prepared in accordance with the Company's own accounting policies which have been derived from International Financial Reporting Standards ("IFRS") and interpretations of those standards as adopted by the International Accounting Standards Board ("IASB") and the requirements of the Companies Act of South Africa. In terms of the break-up basis, in order to provide creditors and shareholders with an assessment as to whether creditors' claims will be met and a quantification of any surplus that may be available for distribution to shareholders, assets have been valued at estimated realisable value.

The Company's assets exceeds its liabilities by R72 million as at 31 July 2025 (2024: R69 million)

21. STANDARDS AND INTERPRETATIONS

The Company has applied the following standards and interpretations for the first time in the current reporting period:

Effective for the financial year commencing on/after 1 January 2024

- Amendments to classification of liabilities as current or non-current (Amendments to IAS 1)
- Amendments to disclosure of accounting policies (Amendments to IAS 1)
- Amendments to definition of accounting estimate (Amendments to IAS 8)

At the date of authorisation of the financial statements of Phumelela Gaming and Leisure Limited for the year ended 31 July 2025, the following standards and interpretations applicable to the entity were in issue but not yet effective. The adoption of the standards, amendments and interpretations below are not expected to have a material impact on the Company in the future reporting periods.

Effective for the financial year commencing on/after 1 January 2024

- IFRS 18 - Presentation and disclosure in financial statements

22. COMPARATIVE FIGURES

Certain competitive figures have been reclassified

Restatement of Trade and Other Receivables & Trade and Other Payables

During the current reporting period management identified that the VAT control account was erroneously included within Trade and other Payables, whereas it should have been included under Trade and other Receivables. There was no impact on the Statement of Profit or Loss and Other Comprehensive Income and Statement of Cash Flows for the year ended 31 July 2024.

Statement of Financial Position as at 31 July 2024

	2024 As Reported	Adjustment	2024 Restated
Current Assets			
Trade and other receivables	711	1 131	1 842
Total Assets	132 346	1 131	133 477
Current Liabilities			
Trade and other liabilities	49 145	1 131	50 276
Total Liabilities	63 063	1 131	64 194

CORPORATE INFORMATION

DIRECTORS	Dr Elijah Nkosi (Chairman) John Barry Walters S'celo Andreas Mahlalela Stephanus Hilgard Müller
SECRETARY	RS Advisors
BUSINESS RESCUE PRACTITIONER	John Evans
REGISTERED OFFICE	Turffontein Racecourse 14 Turf Club Street Turffontein
AUDITORS	Myers, Tennier & Co.
PRINCIPAL BANKER	Investec Bank Limited
ATTORNEYS	Fluxmans Inc.
COMPANY REGISTRATION NUMBER	1997/016610/06
COUNTRY OF INCORPORATION	South Africa
WEBSITE	www.phumelela.com

