

GEN – General – Orion Real Estate Limited

Censure imposed by the JSE on Orion Real Estate Limited (“Orion”)

The JSE hereby informs stakeholders of the following findings in respect of Orion:

1. In 2018, the JSE’s proactive monitoring unit identified that Orion’s financial statements for the 2017 period contained material errors in accordance with International Financial Reporting Standards (“IFRS”). On 9 May and 17 May 2019 respectively, Orion published its results for the year ended 30 June 2018 and the six months ended 31 December 2018, which contained restatements to the prior periods to correct material errors identified by Orion and the JSE’s proactive monitoring unit, in accordance with IFRS.
2. The errors in the prior periods that required restatement were:
 - Borrowings incorrectly classified as non-current liabilities instead of current liabilities amounting to R86 million;
 - Storage units of R94 930 incorrectly classified as inventory (current asset) instead of property, plant and equipment (non-current asset);
 - Interest of 8% that should have been raised on loans to a shareholder in the years 2016 and 2017, affecting retained earnings by R811 987 and R3,6 million respectively; and
 - The R40,6 million impairment of Orion’s investment in Elma Park and its effect on the statement of cash flows.

The correction of errors affected basic earnings/(loss) per share for the years ended 30 June 2016 and 2017 by 39%, and basic and diluted earnings per share for the six months ended 31 December 2017 by 17%.

3. Furthermore, the JSE found that the disclosure of the restatements in Orion’s financial statements for the six months ended 31 December 2018 did not comply with IFRS. To correct this, Orion published subsequent SENS announcements on 23 May and 28 May 2019, in order to address the deficient disclosures.

4. Accordingly, the JSE found Orion to be in breach of paragraphs 8.57(a) and 8.62(b) of the JSE's Listings Requirements in respect of its previously published financial statements which did not comply with IFRS, as well as General Principle (v) of the Listings Requirements for not observing the highest standards of care when disseminating information into the market place which necessitated the corrective announcements.
5. The JSE has decided to impose this public censure against Orion in relation to the above-mentioned breaches of the Listings Requirements. Orion delisted from the JSE with effect from close of business on 18 December 2019 and the transgressions occurred during Orion's period of listing on the JSE.

20 February 2020