



Reviewed condensed consolidated financial results
for the year ended 31 March 2021

Financial highlights

for the year ended 31 March 2021

- ✖ Revenue from continuing operations ▼ R268 million to R2 604 million
- ✖ Profit ▲ R253 million to R124 million
- ✖ Basic earnings per share ▲ 58 cents to 29 cents
- ✖ Headline earnings per share ▲ 32 cents to 23 cents
- ✖ Net asset value per share ▲ 26 cents to 363 cents

Condensed consolidated statement of financial position

as at 31 March

	Notes	Reviewed 2021 R000's	Audited 2020 R000's
ASSETS			
Non-current assets		2 107 289	2 111 358
Property, plant and equipment		397 175	395 002
Owner-occupied property	5.2	210 125	293 504
Right-of-use assets		79 262	95 210
Investment property	5.2	1 178 467	1 086 964
Intangible assets		30 011	26 789
Goodwill		23 430	23 430
Financial asset at fair value through other comprehensive income		4 237	4 237
Long-term receivables		14 145	23 408
Deferred tax assets		170 437	162 814
Current assets		979 443	1 087 067
Inventories		431 460	523 870
Trade and other receivables		474 105	520 336
Current tax assets		2 182	3 069
Cash and cash equivalents		71 696	39 792
Non-current assets held for sale	4.2	85 304	107 200
Total current assets		1 064 747	1 194 267
Total assets		3 172 036	3 305 625
EQUITY AND LIABILITIES			
Total equity		1 576 557	1 463 128
Stated capital		1 459 386	1 457 583
Reserves		118 408	6 427
Equity attributable to owners of the company		1 577 794	1 464 010
Non-controlling interest		(1 237)	(882)
Non-current liabilities		948 813	693 091
Deferred tax liabilities		4 692	4 935
Post-employment medical aid benefits		77 514	79 572
Deferred income		110 550	84 155
Interest-bearing liabilities	6.2	657 125	412 446
Lease liabilities		98 932	111 983
Current liabilities		636 864	1 070 053
Current tax liabilities		9 370	8 639
Post-employment medical aid benefits		7 944	7 885
Deferred income		7 535	14 714
Interest-bearing liabilities	6.2	121 922	457 151
Lease liabilities		16 500	14 606
Trade and other payables		436 971	458 024
Provisions		6 818	–
Bank overdraft	6.3	29 804	109 034
Non-current liabilities held for sale	4.2	9 802	79 353
Total current liabilities		646 666	1 149 406
Total liabilities		1 595 479	1 842 497
Total equity and liabilities		3 172 036	3 305 625
Net asset value		1 577 794	1 464 010
Net asset value per share	(cents)	363	337

Condensed consolidated statement of profit or loss and other comprehensive income

for the year ended 31 March

	Notes	Reviewed 2021 R000's	Audited 2020 R000's
Continuing operations			
Revenue		2 603 554	2 871 599
Cost of sales		(1 909 617)	(2 147 350)
Gross profit		693 937	724 249
Other income		19 154	53 212
Selling and distribution expenses		(254 681)	(311 320)
Administrative and other expenses		(277 628)	(293 095)
Operating profit before finance costs, impairments, restructuring expenditure and revaluation of investment property		180 782	173 046
Fair value adjustment on investment properties		49 829	(28 315)
Impairments		(6 930)	(36 945)
Restructuring expenditure		(11 716)	–
Operating profit before finance costs		211 965	107 786
Finance income		6 811	1 802
Lease finance expenses		(15 202)	(16 064)
Finance expenses		(66 974)	(111 234)
Profit/(Loss) before taxation		136 600	(17 710)
Income tax (expense)/income	4.3	(7 019)	19 590
Profit after tax		129 581	1 880
Discontinued operations			
Loss from discontinued operations, net of tax	4.1	(5 492)	(131 220)
Profit/(Loss)		124 089	(129 340)
Other comprehensive income, net of related tax			
Items that will never be reclassified to profit or loss			
Revaluation of land and buildings		5 840	(9 020)
Revaluation		7 526	(12 528)
Related tax		(1 686)	3 508
Post-employment medical benefit		2 377	8 662
Actuarial gain		3 301	12 030
Related tax		(924)	(3 368)
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences		(4 052)	5 031
Other comprehensive income, net of tax		4 165	4 673
Total comprehensive income/(loss) for the year		128 254	(124 667)
Profit/(Loss) attributable to:			
Owners of the company		124 623	(127 034)
Non-controlling interest		(534)	(2 306)
		124 089	(129 340)
Total comprehensive income/(loss) attributable to:			
Owners of the company		128 788	(122 361)
Non-controlling interest		(534)	(2 306)
		128 254	(124 667)
Basic earnings/(loss) per share	(cents)	28,64	(29,24)
Basic earnings per share from continuing operations		29,90	0,96
Basic loss per share from discontinued operations		(1,26)	(30,20)
Diluted earnings/(loss) per share	(cents)	28,64	(29,24)
Diluted earnings per share from continuing operations		29,90	0,96
Diluted loss per share from discontinued operations		(1,26)	(30,20)

Condensed consolidated statement of changes in equity

for the year ended 31 March

	Stated capital total R000's	Other reserves R000's	Retained income R000's	Total R000's	Non- controlling interest R000's	Total R000's
Balance at 31 March 2019	1 456 237	289 987	(123 462)	1 622 762	(1 176)	1 621 586
Change in accounting policy (IFRS 16)	–	–	(15 243)	(15 243)	–	(15 243)
Restated total equity at the beginning of the financial year	1 456 237	289 987	(138 705)	1 607 519	(1 176)	1 606 343
Total comprehensive income	–	(3 989)	(118 372)	(122 361)	(2 306)	(124 667)
Loss	–	–	(127 034)	(127 034)	(2 306)	(129 340)
Other comprehensive income, net of tax	–	(3 989)	8 662	4 673	–	4 673
Foreign operations – foreign currency translation differences	–	5 031	–	5 031	–	5 031
Revaluation of land and buildings, net of tax	–	(9 020)	–	(9 020)	–	(9 020)
Post-employment medical benefit – actuarial gain, net of tax	–	–	8 662	8 662	–	8 662
Transactions with owners of the company	1 346	–	(22 494)	(21 148)	2 600	(18 548)
Share scheme – expense	–	–	(5 530)	(5 530)	–	(5 530)
– options exercised	1 346	–	(1 346)	–	–	–
Effects of change in holdings	–	–	(2 600)	(2 600)	2 600	–
Distribution to shareholders	–	–	(13 018)	(13 018)	–	(13 018)
Balance 31 March 2020	1 457 583	285 998	(279 571)	1 464 010	(882)	1 463 128
Total comprehensive income	–	1 788	127 000	128 788	(534)	128 254
Profit	–	–	124 623	124 623	(534)	124 089
Other comprehensive income, net of tax	–	1 788	2 377	4 165	–	4 165
Foreign operations – foreign currency translation differences	–	(4 052)	–	(4 052)	–	(4 052)
Revaluation of land and buildings, net of tax	–	5 840	–	5 840	–	5 840
Post-employment medical benefit – actuarial gain, net of tax	–	–	2 377	2 377	–	2 377
Transactions with owners of the company	1 803	–	(16 807)	(15 004)	179	(14 825)
Share scheme – expense	–	–	2 582	2 582	–	2 582
– options exercised	1 803	–	(1 803)	–	–	–
Effects of change in holdings	–	–	(179)	(179)	179	–
Distribution to shareholders	–	–	(17 407)	(17 407)	–	(17 407)
Balance 31 March 2021	1 459 386	287 786	(169 378)	1 577 794	(1 237)	1 576 557

Condensed consolidated statement of cash flows

for the year ended 31 March

	Notes	Reviewed 2021 R000's	Audited 2020 R000's
Net cash flows from operating activities		208 591	399 009
Cash generated from operating activities before working capital changes		260 467	167 852
Cash inflow from working capital changes		39 852	373 532
Inventories		114 244	160 993
Trade and other receivables		(2 261)	232 607
Trade and other payables		(72 131)	(20 068)
Finance costs		(75 522)	(134 625)
Taxes paid		(16 206)	(7 750)
Net cash flow from investing activities		(52 036)	(99 519)
Acquisition of property, plant and equipment		(53 273)	(87 416)
Proceeds from disposals		10 320	8 654
Development cost of investment property	5.2.2	(6 574)	(19 975)
Acquisition of intangible assets		(2 509)	(782)
Net cash flow from financing activities		(45 421)	(58 597)
Proceeds from borrowings		7 201	2 030
Repayment of borrowings		(18 152)	(34 114)
Principal elements of lease payments		(17 063)	(13 495)
Distribution to shareholders		(17 407)	(13 018)
Net increase in cash and cash equivalents		111 134	240 893
Cash and cash equivalents at the beginning of the year		(69 242)	(310 135)
Cash and cash equivalents at the end of the year		41 892	(69 242)

Condensed consolidated segmental report

for the year ended 31 March

	Properties R000's	Branded product distribution R000's	Automotive parts manu- facturing R000's	Industrial product manu- facturing R000's	Head office and centralised services R000's	Total R000's
2021						
Segment revenue						
Gross revenue	184 809	1 098 476	444 268	1 021 318	–	2 748 871
Less: Inter-segment sales	(36 008)	(15 070)	–	(56 317)	–	(107 395)
	148 801	1 083 406	444 268	965 001	–	2 641 476
Less: Revenue attributable to discontinued operations	–	(15 366)	–	(22 556)	–	(37 922)
Revenue as per statement of profit or loss and other comprehensive income	148 801	1 068 040	444 268	942 445	–	2 603 554
Primary geographical market						
South Africa	184 809	1 023 621	436 966	997 239	–	2 642 635
Other African countries	–	17 850	–	24 079	–	41 929
Asia	–	4 508	–	–	–	4 508
Europe	–	49 022	416	–	–	49 438
South America	–	888	6 886	–	–	7 774
North America	–	2 587	–	–	–	2 587
	184 809	1 098 476	444 268	1 021 318	–	2 748 871
Major products/service lines						
Woven, knitted and non-woven products	–	–	–	745 443	–	745 443
Pressed, roll-formed steel products	–	–	444 268	141 490	–	585 758
Speciality chemicals	–	–	–	134 385	–	134 385
Rentals	184 809	–	–	–	–	184 809
Toys, electronic games and sports goods	–	824 279	–	–	–	824 279
Stationery, publishing and office supplies	–	274 197	–	–	–	274 197
	184 809	1 098 476	444 268	1 021 318	–	2 748 871
Timing of revenue recognition						
At a point in time	184 809	1 098 476	389 487	1 021 318	–	2 694 090
Over time:						
Pressed, roll-formed steel products	–	–	54 781	–	–	54 781
	184 809	1 098 476	444 268	1 021 318	–	2 748 871
Segment results						
Operating profit before finance costs, impairments, restructuring expenditure and revaluation of investment property	128 283	22 868	32 254	43 473	(46 096)	180 782
Fair value adjustment on investment properties	49 829	–	–	–	–	49 829
Net impairment of assets	(225)	–	–	(6 705)	–	(6 930)
Restructuring expenditure	–	–	–	(11 716)	–	(11 716)
Profit from continuing operations before finance cost	177 887	22 868	32 254	25 052	(46 096)	211 965
Finance expenses						(75 365)
Profit before taxation						136 600
Total segment assets	1 487 081	471 277	416 070	642 235	155 373	3 172 036
Total segment liabilities	21 421	156 152	248 480	312 128	857 298	1 595 479

Condensed consolidated segmental report

for the year ended 31 March (continued)

	Properties R000's	Branded product distribution R000's	Automotive parts manu- facturing R000's	Industrial product manu- facturing R000's	Head office and centralised services R000's	Total R000's
2020						
Segment revenue						
Gross revenue	178 158	1 401 474	531 164	1 214 209	–	3 325 005
Less: Inter-segment sales	(39 398)	(11 009)	–	(58 459)	–	(108 866)
	138 760	1 390 465	531 164	1 155 750	–	3 216 139
Less: Revenue attributable to discontinued operations	–	(87 624)	–	(256 916)	–	(344 540)
Revenue as per statement of profit or loss and other comprehensive income	138 760	1 302 841	531 164	898 834	–	2 871 599
Primary geographical market						
South Africa	178 158	1 344 285	506 350	1 141 872	–	3 170 665
Other African countries	–	16 600	–	72 337	–	88 937
Asia	–	4 191	836	–	–	5 027
Europe	–	36 398	15 696	–	–	52 094
South America	–	–	8 282	–	–	8 282
	178 158	1 401 474	531 164	1 214 209	–	3 325 005
Major products/service lines						
Woven, knitted and non-woven products	–	–	–	977 618	–	977 618
Pressed, roll-formed steel products	–	–	531 164	123 042	–	654 206
Speciality chemicals	–	–	–	113 549	–	113 549
Rentals	178 158	–	–	–	–	178 158
Toys, electronic games and sports goods	–	1 048 443	–	–	–	1 048 443
Stationery, publishing and office supplies	–	353 031	–	–	–	353 031
	178 158	1 401 474	531 164	1 214 209	–	3 325 005
Timing of revenue recognition						
At a point in time	178 158	1 400 462	515 437	1 214 209	–	3 308 266
Over time:						
Pressed, roll-formed steel products	–	–	15 727	–	–	15 727
Stationery, publishing and office supplies	–	1 012	–	–	–	1 012
	178 158	1 401 474	531 164	1 214 209	–	3 325 005
Segment results						
Operating profit before finance costs, impairments, restructuring expenditure and revaluation of investment property	121 718	7 778	43 767	28 969	(29 186)	173 046
Fair value adjustment on investment properties	(28 315)	–	–	–	–	(28 315)
Net impairment of assets	–	(36 945)	–	–	–	(36 945)
Restructuring expenditure	–	–	–	–	–	–
Profit from continuing operations before finance cost	93 403	(29 167)	43 767	28 969	(29 186)	107 786
Finance expenses						(125 496)
Loss before taxation						(17 710)
Total segment assets	1 414 755	603 779	414 996	703 407	168 688	3 305 625
Total segment liabilities	23 485	191 090	261 351	358 841	1 007 730	1 842 497

Statistics per share

for the year ended 31 March

		Reviewed 2021	Audited 2020
Number of shares in issue	('000)	435 181	434 683
Weighted average number of shares	('000)	435 073	434 473
Diluted average number of shares	('000)	435 157	434 497
Basic earnings	(cents)	28,64	(29,24)
Continuing operations		29,90	0,96
Discontinued operations		(1,26)	(30,20)
Diluted earnings	(cents)	28,64	(29,24)
Continuing operations		29,90	0,96
Discontinued operations		(1,26)	(30,20)
Headline earnings/(loss)	(cents)	23,17	(8,92)
Continuing operations		22,41	12,69
Discontinued operations		0,76	(21,61)
Diluted headline earnings/(loss)	(cents)	23,17	(8,92)
Continuing operations		22,41	12,69
Discontinued operations		0,76	(21,61)
Reconciliation between profit and headline earnings			
Profit/(Loss) attributable to equity holders of the parent	(R'000)	124 623	(127 034)
Impairment of assets	(R'000)	13 808	62 072
Remeasurement of investment property	(R'000)	(38 667)	21 972
Surplus on disposal of property, plant and equipment	(R'000)	(356)	(1 116)
Loss on disposal of property, plant and equipment	(R'000)	1 403	705
Impairment of goodwill	(R'000)	–	8 018
Surplus on sale of investments	(R'000)	–	(9 407)
Loss on sale of investments	(R'000)	–	6 015
Headline earnings/(loss)	(R'000)	100 811	(38 775)
Continuing operations		97 485	55 117
Discontinued operations		3 326	(93 892)
Diluted headline earnings/(loss)	(R'000)	100 811	(38 775)
Continuing operations		97 485	55 117
Discontinued operations		3 326	(93 892)

Notes to the condensed consolidated financial results

for the year ended 31 March

1. Basis of preparation

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

These results have been prepared under the supervision of the Financial Director, Gys Wege CA(SA). The directors take responsibility for the preparation of this report and that the information has been correctly extracted from the underlying annual financial statements.

2. Review report of the independent auditor

The condensed consolidated financial statements for the year ended 31 March 2021 have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified review conclusion. The auditor's review report is included under appendix A. The auditor's report does not necessarily report on all of the information contained in the financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office or on www.deneb.co.za.

3. Significant accounting policies and estimates

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2021.

A number of new or amended standards became applicable for the current reporting period, which did not have a material impact on the Group. Therefore, the Group did not have to change its accounting policies or make retrospective adjustments as a result of these standards.

Notes to the condensed consolidated financial results

for the year ended 31 March (continued)

4. Significant operating activities

4.1 Discontinued operations

Discontinued operations consist of Frame Knitting Manufacturers and the Brand ID division in the current year. In the prior year, the discontinued operations also included Winelands Textiles and First Factory Stores. All of these businesses have been disposed of, other than Frame Knitting Manufacturers, which is on track to be concluded by half year.

Discontinued operations fall under the Industrial Product Manufacturing and Branded Product Distribution reportable segments.

4.1.1 Results of discontinued operations

	2021 R000's	2020 R000's
Revenue	37 922	344 540
Cost of sales	(48 731)	(347 922)
Gross loss	(10 809)	(3 382)
Other income	17 587	11 293
Distribution costs	(381)	(46 469)
Administrative and other expenses	(2 874)	(22 106)
Operating loss before impairments and restructuring and retrenchment costs	3 523	(60 664)
Impairment of assets	(8 858)	(43 542)
Restructuring and retrenchment costs	–	(12 790)
Loss on sale of subsidiary	–	(6 015)
Surplus on sale of subsidiary	–	9 407
Operating loss before finance costs	(5 335)	(113 604)
Finance income	–	5
Finance expenses	(157)	(9 134)
Loss before taxation	(5 492)	(122 733)
Income tax expense	–	(8 487)
Loss for the period from discontinued operations	(5 492)	(131 220)

4.1.2 Cash flows from discontinued operations

Net cash from operating activities	1 970	40 895
Net cash from investing activities	3 080	(5 889)
Net cash from financing activities	(2 944)	(2 138)
Net cash from discontinued operations	2 106	32 868

The loss from discontinued operations is attributable entirely to equity holders of the parent.

Notes to the condensed consolidated financial results

for the year ended 31 March (continued)

4. Significant operating activities (continued)

4.2 Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities are classified as held for sale as at 31 March 2021:

	2021 R000's	2020 R000's
Assets classified as held for sale		
Property, plant and equipment	16 450	30 424
Right-of-use assets	–	64
Inventories	249	34 726
Trade and other receivables	11 270	41 476
Total assets of disposal group held for sale from discontinued operations	27 969	106 690
Other non-current assets held for sale	57 335*	510
Total assets of disposal group held for sale	85 304	107 200
Liabilities directly associated with assets classified as held for sale		
Lease liability	(88)	(3 560)
Deferred income	(8 155)	(24 638)
Trade and other payables	(1 559)	(51 155)
Total assets of disposal group held for sale from discontinued operations	(9 802)	(79 353)

* Other non-current assets held for sale consist of property totalling R55 million and plant and equipment of R2 million.

4.3 Taxation and deferred taxation

Income tax

South African normal taxation		
– current	(18 453)	(13 092)
– prior year	629	2 168
Deferred taxation	10 805	30 514
	(7 019)	19 590

Reconciliation between actual and normal taxation rates	%	%
Taxation as a percentage of profit before taxation	5,4	(7,9)
Prior period	0,5	1,5
Non-deductible items expenses	(1,8)	(0,6)
Specific tax deductible expenses	0,4	0,3
Exempt income	0,2	0,1
Capital gains tax on revaluation of investment property	2,1	(1,1)
Unrecognised tax losses	21,2	(20,3)
Normal taxation rate	28,0	(28,0)

Notes to the condensed consolidated financial results

for the year ended 31 March (continued)

5. Significant investing activities

5.1 Capital expenditure and commitments

	Capital expenditure		Contractual commitments	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Investment property	6 574	19 975	–	–
Land and buildings	1 192	410	–	645
Plant and equipment	63 152	88 310	10 262	35 156
Intangible assets	6 381	649	–	–
	77 299	109 344	10 262	35 801

The contractual commitments are expected to be incurred during the next 12 months. Commitments will be funded through banking facilities.

5.2 Properties

The Group fair values its investment property and owner-occupied property, categorised as level 3.

The fair value of properties was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's property portfolio on an annual basis.

In the prior year, the valuation as determined by the independent property valuer was completed shortly before year-end and would have resulted in a R40 million upward revaluation. However, the valuation did not consider the potential effect of Covid-19. Management analysed the portfolio on a property-by-property basis and adjusted the valuation to reflect the best estimate of the impact of the economic fallout as a result of the pandemic. On this basis, the Group valued its properties down by R41 million.

5.2.1 Owner-occupied property

The movement in owner-occupied property for the year is as follows:

	2021 R'000	2020 R'000
Opening carrying value	293 504	350 771
Additions	1 192	410
Transfer to investment property	(35 100)	(42 709)
Transfer to held for sale	(54 950)	–
Depreciation	(2 047)	(2 440)
Fair value adjustments	7 526	(12 528)
Closing carrying value	210 125	293 504

5.2.2 Investment property

The movement in investment property for the year is as follows:

Opening carrying value	1 086 964	1 056 095
Transfer from owner-occupied property	35 100	42 709
Development cost	6 574	19 975
Fair value adjustments	49 829	(28 315)
Disposals	–	(3 500)
Closing carrying value	1 178 467	1 086 964

Property type	%	%
Retail/commercial	10	10
Industrial	90	90

Notes to the condensed consolidated financial results

for the year ended 31 March (continued)

6. Significant financing activities

6.1 Significant related party transactions

During the prior year the Group disposed of its shareholding in Winelands Textiles as published on SENS on 31 January 2020. The disposal consideration payable was guaranteed by the Southern African Clothing and Textile Workers' Union, which in turn is a material shareholder of Deneb's majority shareholder, Hosken Consolidated Investment ("HCI").

All amounts owing to Deneb arising from the sale of Winelands Textiles, and which amounted to R65 million plus interest, were settled on 18 October 2020. The proceeds was utilised to settle the loan from HCI Treasury Proprietary Limited.

6.2 Interest-bearing liabilities

The carrying value of interest-bearing liabilities comprise the following:

	2021 R'000	2020 R'000
Secured		
Loans from financial institutions	770 682	785 416
Instalment sale agreements	8 365	11 243
	779 047	796 659
Unsecured		
HCI Treasury Proprietary Limited	–	72 938
Total interest-bearing liabilities	779 047	869 597
Current portion of interest-bearing liabilities	121 922	457 151*
Non-current portion of interest-bearing liabilities	657 125	412 446

* A property-backed loan of R450 million was repayable in March 2021. The Group has refinanced the loan on similar terms, with a repayment date of 28 February 2026.

Compliance with loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants for the property backed facilities:

- loan-to-property-value ratio to not exceed 60%;
- interest cover ratio for property division to not be less than 1,65; and
- rental from owner-occupied properties to not exceed 30% of total rentals.

Deneb Investments Limited has complied with the financial covenants of its borrowing facilities during the 2021 and 2020 reporting periods and based on the latest forecast it appears that this will continue to be the case. There are no covenants applicable to the working capital facilities.

Notes to the condensed consolidated financial results

for the year ended 31 March (continued)

6. Significant financing activities (continued)

6.3 Working capital facilities

	2021 R'000	2020 R'000
Available facility	600 000	581 000
Net utilised	(50 008)	(139 727)
Bank overdraft	(29 804)	(109 034)
Letter of credits	(20 204)	(30 693)
Unutilised balance	549 992	441 273

7. Distribution

Notice is hereby given that a final distribution of 7 cents (gross) per ordinary share in respect of the 12 months ended 31 March 2021 has been declared and approved by the board of directors out of stated capital through the reduction of contributed tax capital ("distribution").

In compliance with the requirements of Strate and the JSE Limited, the following dates are applicable:

Distribution declared	Thursday, 27 May 2021
Last day to trade cum distribution	Monday, 14 June 2021
Shares trade ex distribution	Tuesday, 15 June 2021
Record date	Friday, 18 June 2021
Payment date	Monday, 21 June 2021

Share certificates may not be dematerialised or rematerialised between Tuesday, 15 June 2021 and Friday, 18 June 2021, both days inclusive.

Additional information

The directors have determined that this capital reduction distribution will be paid out of qualifying contributed tax capital as contemplated in the definition of "contributed tax capital" in section 1 of the Income Tax Act, 1962.

As the distribution will be regarded as a return of capital and may have potential capital gains tax consequences, Deneb shareholders are advised to consult their tax advisors regarding the impact of the distribution.

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

The number of issued ordinary shares is 435 181 373 as at the date of this declaration.

8. Events after the reporting period

On 30 April 2021, the Group sold its shareholding in Officebox (Pty) Ltd to management, on 6 May 2021, the Group's board of directors approved the sale of one of its Durban properties for a purchase price of R22 million plus VAT and on 18 May 2021 approved the acquisition of a property in Port Elizabeth for a purchase price of R32 million plus VAT.

The directors are not aware of any other material fact or circumstances arising between the end of the financial year and the date of this report.

Commentary

The year under review has been quite extraordinary. The national lockdown imposed in response to the Covid-19 pandemic resulted in the Group only operating at 10% of capacity in April and 40% of capacity in May. The restrictions meant that at the end of the first quarter of this financial year, the Group had recorded a loss before taxation of R42 million. From that point on, the Group managed to perform really well and we are very pleased to report a total comprehensive profit of R128 million, a R253 million improvement from the R125 million loss in the prior period.

The Group's businesses are very diverse and interface into various sectors of the economy. The businesses that interface into the agriculture and mining sectors for instance, experienced quite strong demand post the lockdown. On the other hand, the businesses interfacing into the education, hospitality and automotive sectors faced subdued demand. On the whole, the businesses proved very resilient given the challenging environment.

The lockdowns in the first quarter, saw revenue from continuing operations down R325 million for this period. Thereafter, demand recovered somewhat and by year-end, revenue from continuing operations was down R268 million (9%). A combination of better gross margins, through rationalisation of ranges, and significant cost savings, saw the Group deliver an operating profit of R181 million, a 5% improvement on the prior year. Given the circumstances and the dramatic unplanned drop-off in revenue, we are happy with the operating performance.

Most pleasing is the fact that the Group was also strongly cash generative and reduced its net interest-bearing debt by R201 million during the current year. Over the past two financial years, on the back of a deliberate plan, the Group's net interest bearing debt has reduced by some R474 million. We believe that the Group's debt is now at a far more manageable level and leaves it well placed to take advantage of any opportunities that may arise in the future. The reduced debt levels and lower interest rates saw net finance expense reduce by R50 million.

The above factors have allowed us to increase the distribution to shareholders to 7 cents per share.

At the prior year end, the outlook for the economy in general was very uncertain and thus we revalued the property portfolio downwards by R41 million. We reported at the time, that this was our best estimate of the impact of the response to the virus on our property portfolio. As it transpired, the property portfolio held up well, with nearly all rentals due having been collected and no significant deterioration in occupancy rates. Revenue is up R7 million (4%) and operating profit is up R7 million (5%). The property portfolio as valued by our external independent valuer has been revalued up by R57 million. This is split R50 million on investment properties and R7 million on owner occupied properties.

The Branded Products Segment has found the environment challenging, reflective of the pressures on consumer spending and the fact that most of the businesses in this segment were unable to operate for the first two months of the financial year. Revenue from continuing operations is down R303 million (22%) but a good turnaround in the Toy business in particular, helped this segment deliver a profit of R23 million as opposed to a loss of R29 million in the prior period.

Our manufacturing businesses also had a very difficult first quarter with most businesses only able to operate from June and even then, at reduced capacity due to social distancing requirements. The automotive segment saw revenue decline by R87 million (16%). This was on the back of lower demand for automobiles globally due to Covid-19 and latterly by a shortage of computer chips which has disrupted international supply chains in the sector. Faced with the reduced turnover, the management team in this business has done extremely well to report an operating profit of R32 million.

The Industrial Product segment saw revenue decline by R193 million (16%), but improved margins and very strict cost controls saw operating profit increase to R43 million, up 50% on the R29 million recorded in the prior year.

We estimate that the restrictions put in place due to the Covid-19 pandemic resulted in turnover being down some R400 million. As reported on in the prior year report, the Group had insurance in place for business interruption subject to a limit of R100 million. The Group's insurers have indicated that the circumstances around the Covid-19 lockdown fell outside of our policy. The Group took advice on the matter and we have a contradictory viewpoint, supported by the rulings in various recent court cases on the matter. The Group is currently engaged in constructive discussions with the insurers and will keep shareholders informed as and when it is appropriate to do so.

Commentary

(continued)

During the period under review, two of our Executive Directors announced their retirements. Amon Ntuli and Dave Duncan had both served the group for over 40 years and their respective contributions to the Group's success have been immense. Dave Duncan has remained on the board in a non-executive capacity so his input will not be entirely lost to the Group. We are very sad to report that subsequent to his retirement for health reasons, Amon Ntuli passed away. We miss his input into the Group.

On behalf of the board

Stuart Queen

Chief Executive Officer

Gys Wege

Financial Director

Cape Town

27 May 2021



INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Deneb Investments Limited

We have reviewed the condensed consolidated financial statements of Deneb Investments Limited, contained in the accompanying provisional report, which comprise the condensed consolidated statement of financial position as at 31 March 2021 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements, 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

PricewaterhouseCoopers Inc.,
5 Silo Square, V&A Waterfront, Cape Town 8002, P O Box 2799, Cape Town 8001
T: +27 (0) 21 529 2000, F: +27 (0) 21 814 2000, www.pwc.co.za

Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Deneb Investments Limited for the year ended 31 March 2021 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: J.A Hugo
Registered Auditor
Cape Town
26 May 2021

Corporate information



DENE INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

("Deneb" or "the Group" or "the company")

The company's shares are listed under the Financial Services – Diversified Financial Services.

Registration number: 2013/091290/06

JSE share code: DNB

ISIN: ZAE000197398

**Income tax
registration number:** 9844426156

Registered office: 5th Floor, Deneb House, Cnr Main and Browning Roads, Observatory 7925, Cape Town
PO Box 1585, Cape Town 8000

Contact details: info@deneb.co.za
www.deneb.co.za

Directors: J A Copelyn* (Non-executive Chairperson), M H Ahmed*^ (Lead Independent Director),
D Duncan*, T G Govender*, N Jappie*^, K F Mahloma*^, S A Queen (Chief Executive Officer),
Y Shaik*, G D T Wege (Financial Director)
(* Non-executive ^ Independent)
(Amon Ntuli passed away on 8 January 2021)

Company Secretary: C Philip

Transfer Secretaries: Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank 2196
Private Bag X9000, Saxonwold 2132

Auditors: PricewaterhouseCoopers Inc.

Sponsors: PSG Capital Proprietary Limited

Announcement date: 27 May 2021

www.deneb.co.za