



**Reviewed condensed consolidated financial results
for the year ended 31 March 2023**

Financial highlights

for the year ended 31 March 2023

- ✖ Revenue from continuing operations ▲ R410 million (14%) to R3 290 million
- ✖ Profit ▲ R11 million (9%) to R135 million
- ✖ Earnings per share ▲ 2 cents (7%) to 31 cents
- ✖ Adjusted earnings per share ▼ 10 cents (34%) to 19 cents
- ✖ Headline earnings per share ▼ 5 cents (15%) to 28 cents
- ✖ Adjusted headline earnings per share ▼ 15 cents (45%) to 18 cents
- ✖ Net asset value per share ▲ 21 cents (5%) to 406 cents
- ✖ Distribution per share ▲ 1 cent (11%) to 10 cents

Condensed consolidated statement of financial position

as at 31 March

	Notes	Reviewed 2023 R000's	Audited 2022 R000's
ASSETS			
Non-current assets		2 164 232	2 049 272
Plant and equipment	5.1	563 246	410 535
Right-of-use assets		87 754	63 912
Owner-occupied properties	5.2	280 346	247 545
Investment properties	5.2	1 063 513	1 125 386
Intangible assets		20 536	26 558
Goodwill		21 911	22 760
Financial asset at fair value through other comprehensive income		6 236	4 237
Long-term receivables		5 072	7 955
Deferred tax assets		115 618	140 384
Current assets		1 318 570	1 239 658
Inventories		644 970	596 406
Trade and other receivables		564 400	563 270
Current tax assets		11 402	6 490
Cash and cash equivalents		97 798	73 492
Non-current assets held for sale	4.2	132 500	43 010
Total current assets		1 451 070	1 282 668
Total assets		3 615 302	3 331 940
EQUITY AND LIABILITIES			
Total equity		1 781 152	1 678 902
Stated capital		1 465 203	1 462 143
Reserves		316 354	216 759
Equity attributable to owners of the company		1 781 557	1 678 902
Non-controlling interest		(405)	–
Non-current liabilities		1 105 541	782 523
Deferred tax liabilities		17 415	11 201
Post-employment medical aid benefits		69 437	74 974
Deferred income		94 949	81 033
Interest-bearing liabilities	6.2	818 999	528 757
Lease liabilities	6.2	104 741	86 558
Current liabilities		728 609	870 515
Current tax liabilities		2 093	13 382
Post-employment medical aid benefits		7 670	7 600
Deferred income		10 103	13 974
Interest-bearing liabilities	6.2	66 766	219 118
Lease liabilities	6.2	18 784	14 738
Trade and other payables		555 843	587 205
Bank overdraft	6.1	67 350	14 498
Total liabilities		1 834 150	1 653 038
Total equity and liabilities		3 615 302	3 331 940
Net asset value		1 781 557	1 678 902
Net asset value per share	(cents)	406	385

Condensed consolidated statement of profit or loss and other comprehensive income

for the year ended 31 March

	Notes	Reviewed 2023 R000's	Audited* 2022 R000's
Continuing operations			
Revenue		3 289 787	2 879 541
Cost of sales		(2 502 994)	(2 101 844)
Gross profit		786 793	777 697
Other income		112 187	50 817
Selling and distribution expenses		(303 998)	(275 361)
Administrative and other expenses		(315 897)	(296 263)
Operating profit before finance costs, impairments and revaluation of properties		279 085	256 890
Revaluation of properties		8 395	(17 133)
Impairments		(6 143)	–
Profit before finance costs		281 337	239 757
Finance income		1 624	1 574
Lease finance expenses		(12 894)	(12 987)
Finance expenses		(77 146)	(52 483)
Profit before taxation		192 921	175 861
Income tax expense	4.3	(52 112)	(48 170)
Profit after tax		140 809	127 691
Discontinued operations			
Loss from discontinued operations, net of tax	4.1	(5 708)	(3 298)
Profit		135 101	124 393
Other comprehensive income, net of related tax			
Items that will not be reclassified to profit or loss			
Revaluation of land and buildings		(1 138)	634
Revaluation		(1 451)	(232)
Related tax		313	866
Post-employment medical benefit – actuarial gain		3 848	2 337
Actuarial gain		5 271	3 208
Related tax		(1 423)	(871)
Items that may be reclassified to profit or loss			
Fair value adjustment on financial asset at fair value through other comprehensive income		(280)	–
Foreign operations – foreign currency translation differences		4 877	248
Other comprehensive income, net of tax		7 307	3 219
Total comprehensive income for the year		142 408	127 612
Profit attributable to:			
Owners of the company		135 506	124 393
Non-controlling interest		(405)	–
		135 101	124 393
Total comprehensive income attributable to:			
Owners of the company		142 813	127 612
Non-controlling interest		(405)	–
		142 408	127 612
Basic earnings per share	(cents)	31,01	28,56
Basic earnings per share from continued operations		32,32	29,32
Basic loss per share from discontinued operations		(1,31)	(0,76)
Diluted earnings per share	(cents)	30,26	27,93
Diluted earnings per share from continued operations		31,53	28,67
Diluted loss per share from discontinued operations		(1,27)	(0,74)

* Restated, refer to note 8.

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 reserves R000's	Non- controlling interest R000's	Total R000's
Balance at 31 March 2021	1 459 386	287 786	(169 378)	118 408	(1 237)	1 576 557
Total comprehensive income	–	882	126 730	127 612	–	127 612
Profit	–	–	124 393	124 393	–	124 393
Other comprehensive income, net of tax	–	882	2 337	3 219	–	3 219
Foreign operations – foreign currency translation differences	–	248	–	248	–	248
Revaluation of land and buildings, net of tax	–	634	–	634	–	634
Post-employment medical benefit – actuarial gain, net of tax	–	–	2 337	2 337	–	2 337
Transactions with owners of the company	2 757	–	(29 261)	(29 261)	1 237	(25 267)
Share buy-back	(1 410)	–	–	–	–	(1 410)
Share scheme – expense	–	–	5 369	5 369	–	5 369
– options exercised	4 167	–	(4 167)	(4 167)	–	–
Effects of change in holdings	–	–	–	–	1 237	1 237
Distribution to shareholders	–	–	(30 463)	(30 463)	–	(30 463)
Balance 31 March 2022	1 462 143	288 668	(71 909)	216 759	–	1 678 902
Total comprehensive income	–	3 459	139 354	142 813	(405)	142 408
Profit	–	–	135 506	135 506	(405)	135 101
Other comprehensive income, net of tax	–	3 459	3 848	7 307	–	7 307
Fair value adjustment on financial asset at fair value through other comprehensive income	–	(280)	–	(280)	–	(280)
Foreign operations – foreign currency translation differences	–	4 877	–	4 877	–	4 877
Revaluation of land and buildings, net of tax	–	(1 138)	–	(1 138)	–	(1 138)
Post-employment medical benefit – actuarial gain, net of tax	–	–	3 848	3 848	–	3 848
Transactions with owners of the company	3 060	–	(43 218)	(43 218)	–	(40 158)
Share buy-back	(9 090)	–	–	–	–	(9 090)
Share scheme – expense	–	–	8 142	8 142	–	8 142
– options exercised	12 150	–	(12 150)	(12 150)	–	–
Effects of change in holdings	–	–	–	–	–	–
Distribution to shareholders	–	–	(39 210)	(39 210)	–	(39 210)
Balance 31 March 2023	1 465 203	292 127	24 227	316 354	(405)	1 781 152

Condensed consolidated statement of cash flows

for the year ended 31 March

	Notes	Reviewed 2023 R000's	Audited 2022 R000's
Net cash flows from operating activities		132 478	126 382
Cash generated from operating activities before working capital changes		344 625	313 175
Cash outflow from working capital changes		(98 164)	(112 523)
Inventories		(70 853)	(164 677)
Trade and other receivables		11 393	(84 675)
Trade and other payables		(38 704)	136 829
Finance costs		(88 416)	(63 772)
Taxes paid		(35 567)	(10 498)
Government grants		10 000	–
Net cash flow from investing activities		(232 359)	(28 584)
Acquisition of property, plant and equipment	5.1	(229 695)	(143 214)
Proceeds from sale of assets held for sale		709	56 992
Proceeds from sale of intangible assets		368	36
Proceeds from sale of property, plant and equipment		4 245	46 722
Development cost of investment property	5.2.2	(17 325)	(27 352)
Proceeds on sale of investment property		–	20 800
Acquisition of investments		(2 279)	–
Acquisition of intangible assets	5.1	(1 866)	(1 298)
Investment income		145	–
Disposal of interest in subsidiary companies	5.3	1 229	18 730
Government grants		12 110	–
Net cash flow from financing activities		71 334	(80 696)
Proceeds from borrowings	6.2	217 966	30 221
Repayment of borrowings	6.2	(79 570)	(60 857)
Principal elements of lease payments	6.2	(18 762)	(18 187)
Share buy-back		(9 090)	(1 410)
Distribution to shareholders		(39 210)	(30 463)
Net (decrease)/increase in cash and cash equivalents		(28 547)	17 102
Cash and cash equivalents at the beginning of the year		58 994	41 892
Cash and cash equivalents at the end of the year		30 447	58 994

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
2023						
Segment revenue						
Gross revenue	175 015	1 363 965	653 823	1 222 370	–	3 415 173
Less: Inter-segment sales	(34 191)	(15 026)	–	(54 621)	–	(103 838)
	140 824	1 348 939	653 823	1 167 749	–	3 311 335
Less: Revenue attributable to discontinued operations	–	(21 548)	–	–	–	(21 548)
Revenue as per statement of comprehensive income	140 824	1 327 391	653 823	1 167 749	–	3 289 787
Primary geographical market						
South Africa	175 015	1 311 958	648 457	1 183 791	–	3 319 221
Other African countries	–	23 371	–	38 579	–	61 950
Asia	–	7 215	–	–	–	7 215
Europe	–	12 776	1 281	–	–	14 057
South America	–	786	4 085	–	–	4 871
North America	–	7 859	–	–	–	7 859
	175 015	1 363 965	653 823	1 222 370	–	3 415 173
Major products/service lines						
Woven, knitted and non-woven products	–	–	–	903 588	–	903 588
Pressed, roll-formed steel products	–	–	653 823	153 324	–	807 147
Speciality chemicals	–	–	–	165 458	–	165 458
Rentals	175 015	–	–	–	–	175 015
Toys, electronic games and sports goods	–	985 065	–	–	–	985 065
Stationery, publishing and office supplies	–	378 900	–	–	–	378 900
	175 015	1 363 965	653 823	1 222 370	–	3 415 173
Timing of revenue recognition						
At a point in time	175 015	1 363 965	573 897	1 222 370	–	3 335 247
Over time	–	–	79 926	–	–	79 926
	175 015	1 363 965	653 823	1 222 370	–	3 415 173
Segment results						
Operating profit before finance costs, impairments and revaluation of properties	107 910	73 545	44 798	90 844	(38 012)	279 085
Revaluation of properties	8 395	–	–	–	–	8 395
Impairments	–	(2 743)	–	(3 400)	–	(6 143)
Profit from continuing operations before finance cost	116 305	70 802	44 798	87 444	(38 012)	281 337
Finance expenses						(88 416)
Profit before taxation						192 921
Total segment assets	1 509 276	625 088	575 689	749 499	155 750	3 615 302
Total segment liabilities	32 477	228 096	425 387	305 742	842 448	1 834 150

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
2022*						
Segment revenue						
Gross revenue	165 962	1 236 314	490 988	1 141 862	–	3 035 126
Less: Inter-segment sales	(33 695)	(24 733)	–	(72 215)	–	(130 643)
	132 267	1 211 581	490 988	1 069 647	–	2 904 483
Less: Revenue attributable to discontinued operations	–	(24 413)	–	(529)	–	(24 942)
Revenue as per statement of comprehensive income	132 267	1 187 168	490 988	1 069 118	–	2 879 541
Primary geographical market						
South Africa	165 962	1 187 279	482 085	1 115 894	–	2 951 220
Other African countries	–	20 795	–	25 968	–	46 763
Europe	–	28 240	842	–	–	29 082
South America	–	–	8 061	–	–	8 061
	165 962	1 236 314	490 988	1 141 862	–	3 035 126
Major products/service lines						
Woven, knitted and non-woven products	–	–	–	838 072	–	838 072
Pressed, roll-formed steel products	–	–	490 988	163 253	–	654 241
Speciality chemicals	–	–	–	140 537	–	140 537
Rentals	165 962	–	–	–	–	165 962
Toys, electronic games and sports goods	–	943 149	–	–	–	943 149
Stationery, publishing and office supplies	–	293 165	–	–	–	293 165
	165 962	1 236 314	490 988	1 141 862	–	3 035 126
Timing of revenue recognition						
At a point in time	165 962	1 236 314	425 572	1 141 862	–	2 969 710
Over time	–	–	65 416	–	–	65 416
	165 962	1 236 314	490 988	1 141 862	–	3 035 126
Segment results						
Operating profit before finance costs, impairments and revaluation of properties	109 995	69 296	50 706	73 514	(46 621)	256 890
Revaluation of properties	(17 133)	–	–	–	–	(17 133)
Profit from continuing operations before finance cost	92 862	69 296	50 706	73 514	(46 621)	239 757
Finance expenses						(63 896)
Profit before taxation						175 861
Total segment assets	1 437 374	594 075	475 560	675 128	149 803	3 331 940
Total segment liabilities	25 439	234 665	277 724	296 869	818 341	1 653 038

* Restated, refer to note 8.

Statistics per share

for the year ended 31 March

		Reviewed 2023	Audited 2022
Number of shares in issue (refer to note 7)	('000)	438 324	435 643
Weighted average number of shares in issue	('000)	436 994	435 552
Diluted weighted average number of shares in issue	('000)	447 848	445 403
Basic earnings	(cents)	31,01	28,56
Continuing operations		32,32	29,32
Discontinued operations		(1,31)	(0,76)
Headline earnings	(cents)	28,02	32,54
Continuing operations		29,33	31,27
Discontinued operations		(1,31)	1,27
Diluted earnings	(cents)	30,26	27,93
Continuing operations		31,53	28,67
Discontinued operations		(1,27)	(0,74)
Diluted headline earnings	(cents)	27,34	31,82
Continuing operations		28,61	30,58
Discontinued operations		(1,27)	1,24
Reconciliation between profit and headline earnings			
Profit attributable to equity holders of the parent	(R'000)	135 506	124 393
Impairment of assets	(R'000)	5 225	7 352
Remeasurement of properties	(R'000)	(6 582)	13 295
Changes in the deferred tax balance resulting from the corporate tax rate change that relates to previous remeasurements of investment property	(R'000)	–	(4 088)
Surplus on disposal of property, plant and equipment	(R'000)	(1 027)	(1 506)
Loss on disposal of property, plant and equipment	(R'000)	77	954
Surplus on disposal of non-current assets held for sale	(R'000)	(145)	–
Insurance claim for capital asset	(R'000)	(10 601)	(150)
Loss on disposal of intangible assets	(R'000)	–	9
Loss on sale of subsidiary	(R'000)	–	1 467
Headline earnings	(R'000)	122 453	141 726
Continuing operations		128 161	136 205
Discontinued operations		(5 708)	5 521
Adjusted basic earnings*	(cents)	19,15	28,56
Continuing operations		20,46	29,32
Discontinued operations		(1,31)	(0,76)
Adjusted headline earnings*	(cents)	18,02	32,54
Continuing operations		19,33	31,27
Discontinued operations		(1,31)	1,27

* Basic and headline earnings on the adjusted basis excludes the net proceeds received from insurance claims for business interruption and flood damage. As these proceeds are non-recurring, we are of the opinion that providing earnings on an adjusted basis is meaningful disclosure to shareholders.

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 preliminary reports and the requirements of the Companies Act of South Africa. The Listings Requirements require preliminary 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 2023 have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified review conclusion. The auditor's review report is included under appendix A.

3. Significant accounting policies and estimates

The reviewed condensed consolidated results have been prepared under the historical cost convention, except for the revaluation of certain properties and financial instruments. The accounting policies adopted are in terms of IFRS and consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2023.

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 comprise the online furniture business which was sold on 1 March 2023 (refer to note 5.3) and operated under the Branded Product Distribution reportable segment. In the prior year the discontinued operations consisted of Frame Knitting Manufacturers operating under the Industrial Product Manufacturing reportable segment and have been restated to include the sold online furniture business. The results have been disclosed separately on the face of the statement of profit or loss and other comprehensive income.

4.1.1 Results of discontinued operations

	2023 R000's	2022* R000's
Revenue	21 548	24 942
Cost of sales	(14 531)	(16 752)
Gross profit	7 017	8 190
Other income	(15)	9 274
Distribution costs	(11 109)	(10 081)
Administrative and other expenses	(1 601)	(1 986)
Operating (loss)/profit before finance costs and impairments	(5 708)	5 397
Impairment of assets	–	(7 352)
Loss on sale of subsidiary	–	(1 467)
Operating loss before finance costs	(5 708)	(3 422)
Finance income	–	124
Loss before taxation	(5 708)	(3 298)
Income tax expense	–	–
Loss for the period from discontinued operations	(5 708)	(3 298)

* Restated, refer to note 8.

4.1.2 Cash flows from discontinued operations

Net cash from operating activities	15 464	6 570
Net cash from investing activities	815	9 598
Net cash from in financing activities	–	88
Net cash from discontinued operations	16 279	16 256

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

	2023 R000's	2022 R000's
Assets classified as held for sale		
Carrying value at 31 March 2022	43 010	57 335
Transfer from investment property (note 5.2.2)	90 500	42 500
Disposals	(510)	(56 825)
Revaluation adjustment	(500)	–
Carrying value at 31 March 2023	132 500	43 010

The directors of Vega Properties, a division of Sargas Proprietary Limited have decided to dispose of a Cape Town and Durban property. The Worcester property that was classified as held for sale in the prior year is still on the market due to a protracted negotiation process between those party to the sales transaction. These sales are expected to be completed within the next six months.

Proceeds from sale of assets classified as held for sale in the prior year amounted to R0,7 million.

The segmental classification of non-current assets held for sale is Properties.

4.3 Taxation and deferred taxation

Income tax

South African normal taxation		
– current	(19 366)	(10 202)
Deferred taxation		
– normal tax	(32 746)	(32 196)
– change in corporate tax rate	–	(5 772)
	(52 112)	(48 170)

Reconciliation between actual and normal taxation rates

	%	%
Taxation as a percentage of profit before taxation	27,0	27,3
Rate change	–	(3,3)
Non-deductible items expenses*	(2,9)	(1,1)
Specific tax deductible expenses**	1,4	0,6
Exempt income	–	0,2
Capital gains tax on revaluation of Investment property	0,2	(0,6)
Foreign entities with different tax rate	–	0,3
Unrecognised tax losses	(3,5)	–
Utilisation of previously unrecognised tax losses	–	1,1
Capital losses	3,5	3,5
Government grants***	1,3	–
Normal taxation rate	27,0	28,0

* In calculating the tax expense for the current period, the Group has treated R12,1 million (2022: R4,2 million) as being non-deductible expenses for tax purposes. Non-deductible expenses relate to options exercised under the Group's share incentive scheme.

** In calculating the tax expense for the current period, the Group has treated R16,7 million (2022: R2,3 million) as being specific tax-deductible expenses for tax purposes. Specific tax-deductible expenses relate to options exercised under the Group's share incentive scheme.

*** During the year the Group received interest-free loans from the Industrial Development Corporation of South Africa Limited ("IDC"). The difference between the present value of the loans and the capital amount constitutes a deemed government grant. The interest accrued on the loans and the deemed grant are not taxable.

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	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Investment property	17 325	27 352	–	–
Land and buildings	38 546	39 448	–	10 200
Plant and equipment	191 149	103 766	46 962	160 894
Intangible assets	1 866	1 298	–	–
	248 886	171 864	46 962	171 094

The capital commitments are expected to be incurred during the next 12 months.

5.2 Properties

The Group fair values its investment properties 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 review the fair value of the Group's investment property portfolio on a bi-annual basis.

The directors confirm that there have been no material changes to the information used and assumptions applied by the registered valuer in the prior year.

5.2.1 Owner-occupied property

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

	2023 R'000	2022 R'000
Opening carrying value	247 545	210 125
Additions	38 546	39 448
Depreciation	(2 007)	(1 796)
Fair value adjustments	(3 738)	(232)
Closing carrying value	280 346	247 545

5.2.2 Investment property

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

	2023 R'000	2022 R'000
Opening carrying value	1 125 386	1 178 467
Development cost	17 325	27 352
Fair value adjustments	11 302	(17 133)
Transfer to held for sale	(90 500)	(42 500)
Disposal	–	(20 800)
Closing carrying value	1 063 513	1 125 386

Property type (% of value)	%	%
Retail/commercial	9,7	8,3
Industrial	90,3	91,7

Notes to the condensed consolidated financial results

for the year ended 31 March (continued)

5. Significant investing activities (continued)

5.3 Business combinations

2023

Subsidiaries disposed of

Disposal of CLM Home Proprietary Limited ("CLM Home")

The Group disposed of its interest in its online furniture business, CLM Home, on 1 March 2023 for a consideration equal to net asset value.

The following table summarises proceeds on disposal, including an analysis of assets and liabilities disposed.

	Branded product distribution R'000
Non-current assets	
Property plant and equipment	142
Goodwill	849
Intangible asset	673
Current assets	
Inventories	5 152
Trade and other receivables	974
Cash and cash equivalents	771
Current liabilities	
Trade and other payables	(688)
Net asset value disposed of	7 873
Deferred disposal proceeds	(5 873)
Cash and cash equivalents disposed of	(771)
Net cash inflow on disposal	1 229

Notes to the condensed consolidated financial results

for the year ended 31 March (continued)

5. Significant investing activities (continued)

5.3 Business combinations (continued)

2022

Subsidiaries disposed of

Disposal of Frame Knitting Manufacturers Proprietary Limited ("Frame Knitting")

The Group disposed of its assets in Frame Knitting by December 2021.

Disposal of OfficeBox Proprietary Limited ("OfficeBox")

The Group disposed of its interest in OfficeBox on 30 April 2021 for a consideration of R500 000.

The following table summarises proceeds on disposal, including an analysis of assets and liabilities disposed.

	Total R'000	Industrial product manufacturing R'000	Branded product distribution R'000
Non-current assets			
Property plant and equipment	9 685	9 098	587
Goodwill	670	–	670
Intangible asset	886	–	886
Current assets			
Inventories	992	249	743
Trade and other receivables	13 050	11 102	1 948
Cash and cash equivalents	573	–	573
Non-current liabilities			
Lease liability	(88)	(88)	–
Interest-bearing liabilities	(377)	–	(377)
Current liabilities			
Interest-bearing liabilities	(159)	–	(159)
Trade and other payables	(5 699)	(1 559)	(4 140)
Net asset value disposed of	19 533	18 802	731
Non-controlling interest	1 237	–	1 237
Loss on disposal of subsidiary	(1 467)	–	(1 467)
Cash and cash equivalents disposed of	(573)	–	(573)
Net cash inflow on disposal	18 730	18 802	(72)

Notes to the condensed consolidated financial results

for the year ended 31 March (continued)

6. Significant financing activities

6.1 Working capital facilities

	2023 R'000	2022 R'000
Maximum available facilities	573 000	573 000
Net utilised	78 220	28 989
Bank overdraft	67 350	14 498
Letter of credits	10 870	14 491
Unutilised balance	494 780	544 011

6.2 Interest-bearing liabilities

	Opening carrying value R'000	Proceeds R'000	Repay- ments R'000	New instalment sales agreements R'000	Other*	Closing carrying value R'000
Secured loans – leases	101 296	–	(18 762)	–	40 991	123 525
– other	747 875	217 966	(79 570)	9 474	(9 980)	885 765
	849 171	217 966	(98 332)	9 474	31 011	1 009 290

* The movement in lease liabilities relates to new leases entered into during the year. For other loans, the movement relates to deemed government grants on interest-free loans received from the IDC.

6.3 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 on property division to not be less than 1,65; and
- if rentals from owner-occupied properties exceed 30% of total rentals received, the excess will be disregarded in calculating the interest cover ratio.

The Group has complied with the financial covenants of its borrowing facilities during the year ending 31 March 2023 and is not close to breach. Based on the latest forecast there appears to be no risk of not adhering to the loan covenants for the year 31 March 2024.

7. Shares in issue

	2023 ('000)	2022 ('000)
Balance at the beginning of the year	435 643	435 181
Share buy-back during the year*	(4 288)	(738)
Issued during the year	6 969	1 200
	438 324	435 643

* During the year, the Group repurchased and cancelled shares from the open market on the JSE.

Notes to the condensed consolidated financial results

for the year ended 31 March (continued)

8. Change in comparatives

8.1 Discontinued operations

The results of discontinued operations have been separately disclosed on the face of the statement of profit or loss and other comprehensive income. Where practical these results for the prior year have been restated.

Refer to note 4.1 for further information.

8.2 Correction of prior period error relating to recognition of revenue

During the prior year, Gold Reef Speciality Chemicals discontinued its manufacturing arm and changed its business model to outsourced toll manufacturing. In accordance with IFRS 15, revenue is recognised when the performance obligations are satisfied and control of goods transfers to the customers.

In the prior period, raw materials sold to toll manufacturers were incorrectly reported as revenue and it was concluded, as prescribed by IFRS 15, that control did not transfer with the sale of raw materials to the toll manufacturers and that revenue should only be recognised when finished goods are sold to the end customer. Therefore, revenue and cost of sales is restated as set out below.

The effect of the above restatements on the prior period results for the year ended 31 March 2022 is as follows:

	Previously reported R000	IFRS 5 restatement R000	Prior period error R000	Restated R000
Revenue	2 992 568	(24 413)	(88 614)	2 879 541
Cost of sales	(2 202 510)	12 052	88 614	(2 101 844)
Gross profit	790 058	(12 361)	–	777 697
Other income	50 817	–	–	50 817
Selling and distribution expenses	(285 421)	10 060	–	(275 361)
Administrative and other expenses	(298 100)	1 837	–	(296 263)
Operating profit before finance costs, impairments and revaluation of properties	257 354	(464)	–	256 890
Revaluation of investment properties	(17 133)	–	–	(17 133)
Profit before finance costs	240 221	(464)	–	239 757
Finance income	1 698	(124)	–	1 574
Lease finance expenses	(12 987)	–	–	(12 987)
Finance expenses	(52 483)	–	–	(52 483)
Profit before taxation	176 449	(588)	–	175 861
Income tax expense	(48 170)	–	–	(48 170)
Profit after tax	128 279	(588)	–	127 691
Loss from discontinued operations, net of tax	(3 886)	588	–	(3 298)
Profit	124 393	–	–	124 393

There is no impact on profit, total comprehensive income and cash flows for the twelve-month period ended 31 March 2022.

The restatement impacts revenue for the Industrial Product Manufacturing and Branded Product Distribution segments for the twelve-month period ended 31 March 2022, as disclosed on pages 6 and 7.

9. Events after the reporting period

A distribution of 10 cents per share was declared subsequent to the financial year. Refer to note 10.

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.

Notes to the condensed consolidated financial results

for the year ended 31 March (continued)

10. Distribution

Notice is hereby given that a final distribution of 10 cents (gross) per ordinary share in respect of the 12 months ended 31 March 2023 has been declared and approved by the board of directors out of capital reserves 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, 25 May 2023
Last day to trade cum distribution	Monday, 12 June 2023
Shares trade ex distribution	Tuesday, 13 June 2023
Record date	Thursday, 15 June 2023
Payment date	Monday, 19 June 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 13 June 2023 and Thursday, 15 June 2023, 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 438 323 673 as at the date of this declaration. The company's income tax registration number is 9844426156.

Commentary

The year to March 2023 has been interesting and challenging in equal measure. On the face of it, the Group grew profit after tax by R13 million (10%) to R141 million. However, it should be noted that the results are significantly influenced by the finalisation of a Covid-19 business interruption insurance settlement, relating to the March 2021 financial year. This settlement was finalised, and the benefits brought to book in the period under review. The net benefit included in this period, after adjusting for associated costs and net of taxation, is R44 million. If one excludes this insurance benefit, then profit after tax is down R31 million (24%) to R97 million. The Group was only down R7 million on the prior period in the interim results, so most of the underperformance, compared to last year, happened in the second half which has been a challenging period.

On a positive note, revenue grew by R410 million (14%) to just under R3.3 billion. The revenue growth largely came from an expansion in product ranges and growing market share. In most areas of our business the market is not growing and thus we need to continually find new opportunities for growth through new products, new distribution channels or growth in market share. Our management teams do a good job of finding these opportunities and this year was no different.

Although revenue grew nicely, gross profit only grew by R10 million (1%). This reflects the quite severe contraction in gross margins from 27% in the prior year to 24% in the current year. The current year's margins were under pressure for the following reasons:

1. Raw material price reductions. Certain of our larger manufacturing businesses have an automatic price adjustment mechanism in terms of which, monthly selling prices are adjusted for movements in the base raw material prices. As prices rise, our margins benefit as the supply chain is filled with cheaper raw materials but when prices drop, it has the opposite effect. Raw material prices (steel and various polymers) have been very volatile over the past 24 months. In the prior year, raw material prices rose significantly, doubling in some instances. In the current period, these raw materials have given up their previous gains, which has seen price reductions of up to 30% in a short space of time. This benefited margins in the prior year but weighed on margins in the current year. It is normal for prices to fluctuate from month to month and normally these fluctuations have little overall effect, but the severe volatility over the past 24 months has impacted the gross margins. Raw material pricing has been more stable in the last few months, Rand volatility excepted, which has seen margins return to normal levels.
2. This year was also an expansionary year, with the Group investing R250 million on property plant and equipment with a further R47 million to be spent shortly after year end. All direct expenditure is capitalised, but there are also indirect expenses being incurred. For example, extra space would have been let in anticipation of the machinery arriving and while it is being commissioned, likewise there are people employed and being trained in anticipation of the increased demand. Until the assets are brought into production in the new financial year, these costs are "unproductive" and weigh on the margin.
3. Most of the revenue growth came from supplying new products. There are certain inefficiencies that come with the introduction of new products. As volumes grow, and production is bedded down, these inefficiencies will be worked out of the system.
4. Load shedding has also weighed on margins through the extra costs of running diesel generators as well as quite significantly higher repairs and maintenance costs due to power surges and interruptions.

What is important to note, is that the Group has not chased volume at the expense of margin. Other than the last point on load shedding, which will continue to affect results in the new year, the other points should resolve themselves and all things being equal, margins should improve. Admittedly, "all things being equal" is a big assumption in the current environment.

Administration and selling costs were up R48 million (8%). The cost increases were the result of increased sales activity, inflationary adjustments, and rising fuel costs.

Finance expenses were up by R25 million (47%) due to rising interest rates and increased debt levels as we invested in expansion capex.

Commentary

(continued)

After a few years of strong cash generation and debt reductions, in the two years prior to this year we managed to reduce interest bearing debt by R250 million, this year has been an investment year with R250 million being invested in property, plant and equipment. As a result, interest bearing debt climbed by R123 million. There is another R47 million to be spent in the new financial year to finish off these projects. There will be some benefit from these capital projects in the first half of the new financial year, but the full benefits are only likely to flow in the second half and into the financial years thereafter.

On behalf of the board

Stuart Queen

Chief Executive Officer

Gys Wege

Financial Director

Cape Town

25 May 2023



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, set out on pages 2 to 17 of the preliminary report, which comprise the condensed consolidated statement of financial position as of 31 March 2023 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 preliminary 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.

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5 Silo Square, V&A Waterfront, Cape Town 8002, P O Box 2799, Cape Town 8000
T: +27 (0) 21 529 2000, F: +27 (0) 21 529 3300, 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 2023 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary 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: R Jacobs
Registered Auditor
Cape Town
25 May 2023

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)

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: 25 May 2023

www.deneb.co.za