

DENEB INVESTMENTS LIMITED  
Registration number: 2013/091290/06  
(Incorporated in the Republic of South Africa)  
JSE share code: DNB ISIN: ZAE000197398  
("Deneb" or the "Company")



## TRADING STATEMENT

In terms of para 3.4(b) of the JSE Listings Requirements, listed companies are required to publish a trading statement as soon as the board of directors is satisfied that a reasonable degree of certainty exists that the financial results for the period to be reported on next will vary by 20% or more when compared to those of the prior reporting period.

Shareholders are advised that the Group's results contain a prior year adjustment and that comparative balances accordingly differ to those previously reported. In addition, the financial results have been retrospectively adjusted for discontinued operations.

The prior year adjustment relates to a change in the accounting treatment of Government Grants:

- During the prior periods, the grants were deemed to be earned through compliance with their conditions and meeting the envisaged obligations. Where the qualifying conditions gave rise to future envisaged obligations, the benefits were allocated against the historic costs of complying with the conditions as well as the future related obligations. Where no envisaged obligations were identified, the grants were recognized in other income when there was reasonable assurance that the entity will comply with all the conditions attached to the grants and that the grants will be received.
- During the current financial year, the Group's new auditors believe that the relevant statement should be interpreted differently and that the above accounting treatment was incorrect. It is their view that if the benefit derived from the grant is used to acquire a depreciable asset, the benefit should be matched against the depreciation expense related to those assets, with the balance being reflected as deferred income in the statement of financial position.

Accordingly, the results for the comparative period ending 31 March 2017 have been restated as follows:

	Previously reported	Restated
<b>Basic earnings per share</b>	<b>15 cents</b>	<b>10 cents</b>
Continuous operations		15 cents
Discontinued operations		(5) cents

<b>Headline earnings per share</b>	<b>10 cents</b>	<b>5 cents</b>
Continuous operations		10 cents
Discontinued operations		(5) cents

Deneb shareholders are advised that the results for the year ended 31 March 2018 are expected to be within the following range:

	<b>Restated 31 March 2017</b>	<b>31 March 2018 expected range</b>
<b>Basic earnings per share (EPS)</b>	<b>10 cents</b>	<b>0 cents to 2 cents</b>
Continuous operations	15 cents	19 cents to 22 cents
Discontinued operations	(5) cents	(19) cents to (20) cents
<b>Headline earnings per share (HEPS)</b>	<b>5 cents</b>	<b>(2) cents to (4) cents</b>
Continuous operations	10 cents	13 cents to 16 cents
Discontinued operations	(5) cents	(15) cents to (20) cents

The financial results have been impacted by the following material items:

- Discontinued operations

In September 2017 we communicated to stakeholders our intention to restructure the office automation business and Winelands Textiles. In all material aspects, these restructures have been completed. Costs of R83 million relating to these businesses have been debited to the statement of profit and loss.

- Deferred taxation

The Group recognized R87m of deferred tax credits in the statement of profit and loss for certain businesses where performances have improved to the extent that we now expect them to record taxable profits for the foreseeable future.

Further details will be included in our results announcement scheduled for release on SENS by end of May 2018.

The financial information on which this trading statement have been based has not been reviewed or reported on by the Group's external auditors.

Cape Town

21 May 2018

Sponsor

PSG Capital

