

# Directors' report

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The directors have pleasure in submitting their report on the activities of the business together with the consolidated financial statements for the year ended 31 March 2016.

## Nature of business

Deneb Investments Limited is a diverse investment company operating in southern Africa and listed on the JSE Limited under the Financial Services – Speciality Finance sector.

## General review of operations

The results of the Group are set out in the Integrated Annual Report and consolidated financial statements of which this report forms part.

## Share capital

During the year under review, 677 746 shares were exercised in terms of the Group's share incentive scheme.

## Holding company

The company's ultimate holding company is Hosken Consolidated Investments Limited.

## Dividends/Distribution

The directors resolved not to declare a dividend for the year ended 31 March 2016 (2015: 0,3 cents distribution).

## Subsequent events

Events subsequent to year-end are disclosed in note 33 of the financial statements.

## Going concern

The directors have made an assessment of the ability of the Group to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

## Directorate

The directors of the company appear on pages 8 to 10. There were no changes to the directorate during the year.

## Directors' emoluments

Directors' emoluments for the year ended 31 March 2016 are set out in the Remuneration report and in note 27 of the consolidated financial statements.

## Secretary's and administrative details

The secretary of the company is HCI Managerial Services Proprietary Limited. There was no change in the office of the company secretary during the year under review. The

administrative and contact detail of the company is published on the inside back cover.

## Material change

There has been no material change in the financial or trading position of the company since the publication of its provisional results for the year ended 31 March 2016.

## Special resolutions

The following special resolutions were passed by subsidiaries of Deneb Investments Limited since the date of the previous Directors' report:

1. Authorising the board of directors of subsidiary companies to grant financial assistance as contemplated in section 45 of the Companies Act to other group companies: Brand ID Ignite Proprietary Limited, Brand ID International Proprietary Limited, Brits Nonwoven Proprietary Limited, Clever Little Monkey Proprietary Limited, Custom Extrusion Proprietary Limited, First Factory Shops Proprietary Limited, Frame Knitting Manufacturers Proprietary Limited, Gold Reef Speciality Chemicals Proprietary Limited, Integrated Polypropylene Products Proprietary Limited, Limtech Proprietary Limited, Prima Toy and Leisure Group Proprietary Limited, Prima Toy and Leisure Trading Proprietary Limited, Romatex Home Textiles Proprietary Limited, Sargas Proprietary Limited, Seartec Trading Proprietary Limited, Winelands Textiles Proprietary Limited.
2. Authorising the boards of Sargas Proprietary Limited and Prima Toy and Leisure Trading Proprietary Limited to conclude counter indemnity agreements with a Security SPV in terms of which, inter alia, the companies indemnify the Security SPV against any liability or claim paid or payable by the Security SPV under a debt guarantee with Standard Bank of South Africa Limited.
3. Changing the names of the following subsidiary companies: Seardel Brand ID Proprietary Limited to Brand ID International Proprietary Limited; Deneb Invest 142 Holdco Proprietary Limited to Explorius 151 Proprietary Limited Proprietary Limited; Easywear Proprietary Limited to Explorius Proprietary Limited; Seardel Group Trading Proprietary Limited to Sargas Proprietary Limited.
4. Adopting a new memorandum of incorporation ("MOI") for The Kid Zone Proprietary Limited.
5. Approving the issue of 143 ordinary shares to Deneb Investments Limited in accordance with a Share Subscription and Call Option Agreement between Deneb, Daru Holdings Proprietary Limited ("Daru") and OfficeBox Proprietary Limited. The subscription resulted in Deneb increasing its shareholding in OfficeBox from 51% to 79,8%.