



Integrated annual report 2015

About this report

Deneb Investments Limited (Deneb) or (the Group) is proud to present its first Integrated Annual Report. As a newly listed company on the JSE this report aims to provide an understanding of Deneb's underlying investments, how we manage the Group from a corporate governance perspective, its social and environmental impact and our financial performance for the year under review.

Deneb listed on the JSE on 1 December 2014. Before the listing Deneb was a subsidiary of Seardel Investment Corporation Limited. The Group, in its current legal format, has only been in existence since 1 October 2014. To provide our stakeholders with meaningful numbers we have elected to prepare the results as if the Group had been in existence in its current format since the beginning of the prior reporting period.

The Group strives to be an exemplary corporate citizen, commits itself to the highest standards of corporate governance and endorses the King Code of Governance Principles (King III).

Scope and boundary

The 2015 Integrated Annual Report covers the activities and performances of the Group for the financial year 1 April 2014 to 31 March 2015. The Group operates principally in South Africa and generates the majority of its revenue from South Africa.

The report has been prepared in accordance with International Financial Reporting Standards (IFRS), and International Financial Reporting Interpretations Committee

(IFRIC) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Announcements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act (71 of 2008), as amended, and the Listings Requirements of the JSE. The Group has implemented the recommendations of King III, except where noted to the contrary.

It has further applied the principle of materiality in determining the content and levels of disclosure throughout the Integrated Annual Report.

Approval of the Integrated Report

The integrity of the report is the responsibility of the board of directors. The directors confirm that the report is a fair representation of the integrated performance of the Group.

External assurance

The board, assisted by the audit and risk committees, is ultimately responsible for overseeing the integrity of the Integrated Annual Report. The Group's external auditors have assured the financial statements and accredited specialist agencies have verified the disclosure on broad-based black economic empowerment, property valuations and carbon emissions. The Group has implemented a combined assurance framework which considers the assurance provided by all independent assurance providers.

Additional information

Our 2015 Integrated Annual Report is available online at www.deneb.co.za. A printed copy of the financial statements is available on request from info@deneb.co.za.



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Profile

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

Properties



Keith Robson

Vega Properties owns and manages a portfolio of industrial and commercial properties situated in KwaZulu-Natal, the Western Cape and Gauteng with a market value in excess of R1 billion.

Branded product distribution



Ian Morris, Wayne Bebb, Mark McClery

The segment is responsible for the sourcing and distribution of branded products. The businesses operating in this segment include Prima Toys, Prima Interactive, The Empire Group, Seartec, Limtech, Office Box, FuzeCloud, Clever Little Monkey and Brand ID. These enterprises supply an extensive selection of prestigious brands to the South African consumer, such as Leapfrog, Columbia, Slazenger, Dunlop, Canterbury, Microsoft X-Box, Butterfly stationery, Sharp electronics, Speedo and a large variety of well-known toys and games.



Gross revenue (R000's)

R129 114

R1 408 968

Operating profit (R000's)

R153 082



Executive directors

Stuart Queen
(Chief Executive Officer)

Gys Wege
(Financial Director)

Dave Duncan
(Chief Operating Officer)

Amon Ntuli
(Human Resources)

Industrial manufacturing



Desmond Beemah, Cliff van Niekerk, Werner Peter

Manufacturers of specialised industrial products for the mining, agricultural, construction and automotive industries. The businesses operating in this segment are Gold Reef Speciality Chemicals, Brits Nonwoven, Custom Extrusion and Integrated Polypropylene Products.

Textile manufacturing



Piet van Wyk, Mike McGeever, Jerry Govender, Garry Milne

Manufacturers of high-quality home textiles and cotton, worsted and polyester fabrics predominantly for the South African medical, hospitality and retail markets. The businesses operating in this segment are Winelands Textiles, Frame Knitting Manufacturers, Romatex Home Textiles and First Factory Shops.



R451 033

R718 310

R19 576

R24 618

R40 614

Financial highlights

Rand thousands, unless otherwise indicated	2015	2014*
Revenue	2 665 399	2 140 324
Profit before taxation from continued operations	152 192	172 828
Loss before taxation from discontinued operations, net of tax	(17 284)	(165 053)
Profit before taxation	134 908	7 775
Profit attributable to shareholders	208 750	12 674
Equity attributable to equity holders	1 870 979	1 488 169
Total tangible assets (excluding cash)	2 858 186	2 581 198
Return from continued operations on total tangible assets	(%) 7,0	8,5
Return on shareholders' interest	(%) 11,2	0,9
Ratio of borrowings to capital and reserves	(%) 31	37

Statistics per share

In cents	2015	2014*
Headline earnings	27,55	4,36
Headline earnings – continued operations	30,35	29,37
Headline loss – discontinued operations	(2,80)	(25,01)
Basic earnings	38,14	2,35
Basic earnings – continued operations	41,30	32,93
Basic loss – discontinued operations	(3,16)	(30,58)
Operating cash flow	(28)	5
Net asset value	334	276

Revenue, total tangible assets (excluding cash and deferred tax) and return on total tangible assets

Segment	Revenue				Total tangible assets (excluding cash)				Return on total tangible assets	
	2015		2014*		2015		2014*		Continued operations	
	Rm	%	Rm	%	Rm	%	Rm	%	2015	2014*
Branded product distribution	1 408	52	954	45	786	27	542	20	2	7
Properties	95	4	71	3	1 130	40	1 075	42	14	10
Textiles	711	27	690	32	521	18	478	19	8	7
Industrials	451	17	425	20	253	9	246	10	10	14
Discontinued operations	–	–	–	–	4	–	165	6	–	–
Head office	–	–	–	–	164	6	75	3	(24)	11
	2 665	100	2 140	100	2 858	100	2 581	100	7	9

* Restated, refer to note 32.



Two-year review

	2015 R000's	2014* R000's
Operations		
Revenue	2 665 399	2 140 324
Continued operations		
Operating profit before finance costs	199 079	219 842
Net finance costs	(46 887)	(47 014)
Profit before taxation	152 192	172 828
Taxation income	72 405	4 899
Profit from continued operations for the year	224 597	177 727
Loss from discontinued operations for the year	(17 284)	(165 053)
Profit	207 313	12 674
Cash flow		
Cash generated from operating activities before working capital changes	161 117	83 801
Cash (utilised by)/generated from operations	(154 832)	28 521
Net cash outflow from investing activities	(47 831)	(50 921)
Operating cash flow per share (cents)	(28)	5
Financial position		
Capital and reserves	1 870 979	1 488 169
Net interest-bearing borrowings	577 305	554 055
Other non-interest-bearing debt (excluding deferred liabilities)	475 222	481 975
Net working capital	254 552	93 537
Total tangible assets (excluding cash)	2 858 186	2 581 198
Total property portfolio	1 050 370	1 005 337

* Restated, refer to note 32.

Two-year review (continued)

		2015 R000's	2014* R000's
Ratios			
Profitability			
Operating profit as percentage of revenue – continued operations	(%)	7,5	10,3
Profit for the period as percentage of revenue	(%)	8,4	8,3
Return on total tangible assets – continued operations	(%)	7,0	8,5
Return on investments	(%)	7,3	0,5
Return on shareholders' interest	(%)	11,2	0,9
Leverage			
Ratio of borrowings to capital and reserves	(%)	31	37
Ratio of debt to capital and reserves	(%)	56	70
Liquidity			
Current ratio	(times)	1,2	1,1
Solvency ratio	(%)	15,2	1,4
Finance charges cover	(times)	4,2	4,7
Productivity			
Total assets turn		0,9	0,8
Number of employees (continued operations)		2 904	2 689
Revenue per employee	(Rand)	917 837	795 955
Operating profit per employee	(Rand)	68 553	81 756
Assets per employee	(Rand)	984 224	959 910
Cash value-added factor	(%)	30	46
Share statistics (Refer to page 127 for analysis of shareholders)			
Weighted average number of shares issued	('000)	547 315	539 776
Headline earnings per share	(cents)	27,6	4,4
Earnings per share	(cents)	38,1	2,4
Proposed dividend	(cents)	3,0	–
Headline earnings yield at period-end	(%)	16,2	n/a
Dividend yield at period-end	(%)	1,8	n/a
Proposed dividend cover	(times)	9,2	–
Net asset value per share	(cents)	334	276

* Restated, refer to note 32.



Directors' profile

Executive directors



**Stuart Alexander Queen
(43)**

CHIEF EXECUTIVE OFFICER

BCompt (Hons), CA (SA)

Mr Queen was appointed to the board on 21 June 2013. Prior to joining the Group he was chief executive officer of Seardel Investment Corporation Limited and held various directorships within both Hosken Consolidated Investments and Seardel Investment Corporation. He is a member of the executive and risk committees.



**Gysbert du Toit Wege
(41)**

FINANCIAL DIRECTOR

BCompt (Hons), CA (SA)

Mr Wege was appointed to the board as financial director on 21 June 2013. Prior to joining the board he served in various senior financial roles within the automotive logistics industry and was financial director of Seardel Investment Corporation Limited. Mr Wege is a member of the executive, risk, and the social and ethics committees.



**Amon Malencane Ntuli
(57)**

HUMAN RESOURCES

Mr Ntuli was appointed to the board on 10 October 2014. He was the president of the Southern African Clothing and Textile Workers Union from 1985 to 2003 and an executive director of Seardel Investment Corporation Limited until September 2014. He holds various directorships in investment companies, including SACTWU Investment Group, and is chairman of the social and ethics committee.



**David Duncan (British)
(61)**

CHIEF OPERATING OFFICER

BCompt

Mr Duncan was appointed to the board on 10 October 2014 as chief operating officer. His career includes more than 30 years of experience in the manufacturing sector and he serves as a member of the Group's executive committee.

Directors' profile (continued)

Non-executive directors



John Anthony Copelyn (65)

BA Hons, BProc

Chairman: Mr Copelyn was appointed to the board on 10 October 2014. He joined Hosken Consolidated Investments as chief executive officer in 1997. Prior to this he was a member of parliament and general secretary of the Southern African Clothing and Textile Workers Union. He holds various directorships and is chairman of Tsogo Sun Holdings Limited, Niveus Investments Limited and Seardel Investment Corporation Limited.



Kevin Govindsamy Govender (45)

BCompt (Hons)

Mr Govender was appointed to the board on 10 October 2014. He joined Hosken Consolidated Investments in 1997 and was appointed to its board as an executive director in 2009. He holds various directorships within the HCI group of companies and serves on the board of Seardel Investment Corporation Limited. He is acting chief executive officer of e.tv.



Yunis Shaik (56)

BProc

Mr Shaik was appointed to the board on 10 October 2014. Mr Shaik is an executive director of Hosken Consolidated Investments Limited. Prior to his appointment at HCI he was an attorney of the High Court and served as a senior commissioner to the CCMA in KwaZulu-Natal. He serves on the boards of Tsogo Sun Holdings Limited and Niveus Investments Limited.



Independent non-executive directors



Rachel Watson (56)

Ms Watson was appointed to the board on 10 October 2014. She has 33 years' operational experience within the manufacturing sector. During her last 14 years within the industry Ms Watson served as a trade union representative in various organisational positions. She currently holds a position as an executive at a regional broadcaster. She serves on the board of Hosken Consolidated Investments Limited and Sear del Investment Corporation Limited. She is a member of the audit, risk, and social and ethics committees.



Loganathan Govender (68)

BComm, CTA, CA (SA)

Mr Govender was appointed to the board on 11 March 2015. He is the sole proprietor of the auditing firm, Logie Govender & Co. He has over 40 years' experience as a practising auditor and serves on the board of Sear del Investment Corporation Limited.



Naziema Jappie (55)

*Master in Social Science,
Diploma in Higher Education*

Ms Jappie was appointed to the board on 10 October 2014 and brings with her a distinguished and varied background in fields which includes, inter alia, education, labour law, conflict resolution, and performance and project management. She is a non-executive director of Golden Arrow Bus Services and Montauk Energy. She has served as an executive director at the Durban University of Technology and Dean of Students at Wits University, and is currently the Director: Centre for Educational Testing for Access and Placement at UCT. Ms Jappie is a member of the Institute of Directors SA and a member of the risk and audit committees.

Mohamed Haroun Ahmed (51)

BCompt

Mr Ahmed was appointed to the board on 10 October 2014. He previously held directorships in Hosken Consolidated Investments, Sear del Investment Corporation Limited, MTN and Real Africa Holdings. He is the chairman of the audit, risk and remuneration committees and the lead independent non-executive director.

Chief executive officer's report



The businesses that comprise Deneb are the non-media businesses that were unbundled out of Seardel Investment Corporation Limited (Seardel) and separately listed on the JSE effective 1 December 2014.

Although the Deneb Group has only been in existence in its current formation since October 2014, the common control principle allows us to report the numbers for the 12 months ended 31 March 2015 and the comparative period as if the Group had been in its current form for the entire period. We believe that reporting the numbers in this way is the most meaningful for users of the information.

The results to March 2015 reflect the two main themes that have been recurring in the results for the past few years.

- The first is that the economic environment, particularly for the manufacturing businesses, remains challenging. Indeed, the past financial year, with the industrial action that took place within our own businesses as well as those of our customer and supplier bases, coupled with inconsistent electricity supply, has proven to be particularly challenging.
- The second is that we have been working diligently to make incremental changes to the businesses so that they become more resilient to adversity. These incremental changes take the form of discontinuing unprofitable businesses or product lines whilst, on the other hand, looking to enter new growth areas and diversify and deepen quality revenue streams.

The above factors have meant that we were able, despite the tough conditions, to report an attributable profit of R209 million, albeit with the assistance of some once-off items.

Although details of the underlying factors affecting the results are dealt with in the commentary under the various segments, it should be noted that the attributable profit as reported contains the following notable items:

- (1) R72 million of tax income was recorded in the current year through the recognition of a deferred tax asset arising from historic assessed losses;
- (2) investment properties were revalued up by R70 million in the current period against R21 million in the prior period;

- (3) R17 million of losses from discontinued operations were recorded relating to the closure of the Group's factory stores. This business was the last remnant of the Group's apparel manufacturing business which was disposed of in the prior financial period; and
- (4) the comparative financial results included R39 million of once-off income relating to the settlement of a legal claim.

Overall we view the current year's results as mixed. On the one hand, we are pleased to report the strong attributable profit, however, as is explained in the segmental commentary below, the year was not without its challenges. That being said, the fact that the Group is quite strongly profitable in a challenging year is testament to the improving resilience of the various businesses.

Much work has gone into improving the balance sheet over the past few years. To this end, interest-bearing debt stands at 19% of total asset value at year-end, down from 21% a year ago. We believe that the quality of assets reflected on the balance sheet has also improved over the last few years, with properties now representing 37% of the R3 billion total asset value.

Property segment

The value of Deneb's total property portfolio increased by 4% to just over R1,1 billion. This growth is after accounting for R68 million of disposals during the period, countered by development expenditure of R43 million.

Revenue increased 9% to R129 million whilst revenue from external tenants increased by 34% to R96 million and now represents 74% of the total revenue for this segment.

Operating profit before finance costs increased by 48% to R153 million, up from R104 million in the prior period. However, it should be noted that the current year's profit number includes a R70 million upwards revaluation of investment properties against R21 million in the prior period.



The upward revaluations are testament to the success of the New Germany and Mobeni Industrial Park developments.

Branded product segment

The branded product segment recorded revenue growth of 47% to R1,4 billion, however, operating profit before finance costs declined 52% to R20 million.

The performance of this segment was affected by our decision to invest heavily in Seartec, our office automation and electronics distribution business. This investment included strengthening the management structures, expanding the product profile, improving the facilities by moving into higher profile properties in a number of the major centres, spending on the IT backbone of the business and increasing its exposure by upping the marketing spend. These interventions increased the cost base quite significantly, but we are confident that the investments made will see enduring benefits over the medium term.

The performance of this segment was also affected by a relatively poor year in the toy business, notwithstanding continued turnover growth. The rapid depreciation of the Rand leading up to the busy Christmas season put pressure on margins and this, coupled with an increased level of returns post-Christmas, saw operating profits fall below those achieved in the prior period.

On the positive side, the distribution of interactive gaming delivered a strong performance, with operating profits up year on year on the back of securing the rights to distribute Electronic Arts games.

In addition, the acquisition of the sports brands, mentioned in the prior year report, saw Brand ID's performance improve markedly. This start-up business has now reached breakeven, in line with expectation, and we anticipate that it will become a contributor going forward.

As a more general point on this segment, we have previously mentioned that we were continuing to invest in marketing and distribution platforms, with much of this investment being ahead of expected future revenue growth. In the main, these investments have been completed and we would anticipate that, in the absence of any new acquisitions, the operating cost base will remain more stable over the next few years. Should the anticipated turnover growth materialise, we should see an improvement in operating margins.

Textile segment

Trading conditions for the businesses within this sector remained challenging throughout the period under review.

Although operating profit is up 15%, this year's profit includes an impairment reversal of R13 million. Adjusting for this non-recurring item saw operating profit fall by 21% to R28 million. The performance of this segment was influenced by a reduction in the value of public procurement tenders awarded, which directly affected revenues, resulting in them being down 3%. Rising energy costs, downtime as a result of loadshedding and a strike at one of the operations in this segment, as well as industrial action in the customer and supplier base, all combined to negatively affect the result.

Having said that, given the problems experienced, we are pleased at how well the textile businesses withstood the tough year and this reflects the work that the management teams within these entities have done to improve the quality of revenue and operating efficiencies.

Operating margins remain wafer-thin and are weighed down by the last of the loss-making businesses in our manufacturing space. Progress is being made on a number of new initiatives that will look to address the margin concern.

Industrial segment

Although revenue was up 6%, operating profit was down 30% to R25 million. However, the current year's profit includes an asset impairment of R3 million relating to an asset that is surplus to requirements and is to be sold to free up property space for external rental. Adjusting for the once-off impairment saw operating profit falling by 20%.

The decline in profitability within this segment is for the same reasons as those mentioned for the textile segment. As with the textile businesses, we are pleased that the initiatives taking place within this segment resulted in relatively stable results in spite of the headwinds experienced.

Stuart Queen

Chief Executive Officer

Cape Town

22 September 2015

Corporate governance report

Deneb is committed to a high standard of corporate governance and endorses the recommendations contained in the King Code of Governance Principles for South Africa 2009 (King III). Sound corporate governance principles are viewed as pivotal to delivering the Group's strategic and sustainability objectives.

This report provides our stakeholders with insight as to how the board and its underlying committees are overseeing and guiding the Group's performance and strategy. It further outlines our corporate structure which is responsible to ensure compliance with internal policies and external regulation.

Board of directors

Deneb's board of directors is tasked with both leading and controlling the Group's strategy and operations. The basis for good governance at Deneb is laid out in the board charter, which sets out the division of responsibilities between the board and executive management. The collective experience and diversity of the directors bring a broad perspective and insight. Their knowledge comes from a diverse array of backgrounds and specialist skills across a range of sectors including law, accounting, manufacturing, logistics, education and industrial relations.

Board composition

The board of directors comprises eleven members, seven non-executive directors and four executive directors. Four of the seven non-executive directors are independent. The composition of the board is a reflection of the demographics of the Group's diversified investments and attempts to ensure a representative voice of all relevant stakeholders. The composition of the board is regularly reviewed to ensure a balance of power and authority, negate individual dominance in the decision-making processes and promote objectivity.

Board appointment

The appointment to the board of directors is governed by a formal board-approved mandate regulating the terms of reference and incorporates the provisions of the Companies Act of 2008, as amended, the mandatory

provisions as stipulated in paragraph 3.84 of the JSE Listings Requirements, recommendations of the King Code and the MOI of the company. There is a distinct division of responsibilities at board level so that not one individual has unfettered powers of decision-making. The board as a whole, within its powers and in a formal and transparent manner, is responsible for the selection and appointment of directors. Directors do not have a fixed term of appointment and there is no mandatory retirement age for non-executive directors.

Mr J A Copelyn has been appointed by the board as the non-executive chairman. The roles of chairman and chief executive officer are separate with a clear division of responsibilities.

The company's ultimate controlling shareholder is Hosken Consolidated Investments Limited (HCI). Four of the non-executive directors, namely Messrs J A Copelyn, K Govender, Y Shaik and Ms R D Watson also serve on the HCI board.

The company's memorandum of incorporation provides that at the annual general meeting held each year 1/3 (one-third) of the non-executive directors, or if their number is not a multiple of 3 (three), then the number nearest to, but not less than 1/3 (one-third) shall retire from office. A retiring director shall be eligible for re-election and, if re-elected, shall be deemed not to have vacated office.



Independence of directors

Deneb's non-executive directors acknowledge the need for their independence, while recognising the importance of good communication and close co-operation with executive management. The directors are entitled to seek independent professional advice at the company's expense concerning the company's affairs and have access to any information they may require in discharging their duties as directors. Deneb has appointed Mr M H Ahmed as the company's lead independent director and is responsible for verifying on an annual basis the continuing independence and objectivity of the independent non-executive directors. This is done by assessing any circumstance or relationships that could affect such independence.

Board attendance

The board meets at least four times a year and additional meetings can be convened to consider specific business issues which may arise between scheduled meetings. Directors are provided with substantive board papers to enable them to consider the issues on which they are requested to make decisions. The following table details each director's board meeting attendance during the year under review:

	10 November 2014	2 February 2015	11 March 2015
M H Ahmed	√	√	√
J A Copelyn	√	√	√
D Duncan	√	√	√
L Govender	–	–	√
T G Govender	√	√	√
N Jappie	√	√	√
A M Ntuli	√	√	√
S A Queen	√	√	√
R D Watson	√	√	√
G D T Wege	√	√	√

√ In attendance.

– Not a member of the board.

Company secretary

Deneb has appointed HCI Managerial Services Proprietary Limited as the company secretary. The company secretary provides support and guidance to the board in matters

relating to governance, ethical conduct and their fiduciary duties. Where required representatives of the company secretary facilitate induction and training for directors tailored to their individual needs and co-ordinate the annual board and committee evaluation process. Directors have unrestricted access to the advice and services of the company secretary. The company secretary, or any representatives of the company secretary, do not fulfil any executive management function and maintain an arm's length relationship with the board and its directors. The company secretary is responsible for the functions as set out in section 88 of the Companies Act of 2008 (as amended). The board has assessed the directors and the designated staff of the company fulfilling the role of the company secretariat and is satisfied that they have the competence, qualifications and experience to fulfil the role of company secretary. All board, committee and shareholders' meetings are properly recorded as per the requirements of the Companies Act.

Application of King III

The JSE Limited Listings Requirements made adherence to selected King III requirements compulsory. The directors assessed Deneb's compliance to the recommendations of King III and confirmed that, except where indicated, the company complied with all material aspects of these corporate governance principles. With reference to the remainder of the King III requirements, where the directors' assessment has indicated that certain practices are not in the best interest of Deneb, we explain the reasons for our alternative approach as follows:

Principle 2.16 recommends that the board should elect a chairman who is an independent non-executive director. The board has appointed a non-executive chairman and, in terms of the definition provided, he is not regarded as independent as he is a director of the company's ultimate shareholder. The board is of the opinion that the experience and specialist knowledge of the industry sectors in which Deneb operates, makes it appropriate for him to hold this position. The board has appointed Mr M H Ahmed as lead independent non-executive director.

Principle 2.26 recommends that the remuneration of each individual director and the three most highly paid employees

Corporate governance report (continued)

who are not directors in the company be disclosed. The remuneration report discloses the remuneration of the three most highly paid employees, however the names of the employees who are not directors have not been disclosed as the board is of the opinion that such information is private to the individuals concerned and adds no value to stakeholders.

Principle 4.6 recommends that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks. It is the view of the risk committee that the existing governance principles and levels of risk tolerance embedded within Deneb provide sufficient coverage of the risks associated with the probability of anticipated unpredictable risks.

Principles 4.9 and 9.3 recommends that the effectiveness of the risk management process and sustainable reporting and disclosure should be independently assured. Deneb's external auditors have assured the financial statements and accredited specialist agencies have verified the disclosure on broad-based black economic empowerment, property valuations and carbon emissions. The Group has implemented a combined assurance framework which considers the assurance provided by all independent assurance providers. The extent of the independent assurance received is deemed to be sufficient.

Detailed disclosure of Deneb's adherence to the King III principles is published on our website, www.deneb.co.za.

Dealings in the company's securities

Deneb complies with the continuing obligations of the Listings Requirements of the JSE. The company's directors, executives and senior employees are prohibited from dealing in Deneb securities during prescribed restricted periods. The company secretary regularly disseminates written notices to inform them of the insider trading legislation and advise them of closed periods. All directors and senior executives are required to obtain clearance from the company secretary prior to dealings in the company's securities. All dealings in the company's securities are disclosed in terms of the applicable Listings Requirements.

Whistle-blower "hotline"

A whistle-blower hotline has been implemented in all the businesses of the Group. This service, operated by an independent service provider, enables all stakeholders to anonymously report environmental, safety, ethics, accounting, auditing, control issues or other concerns. It is the responsibility of all employees and stakeholders to report known or suspected unethical or illegal conduct. The follow-up on all reported matters is co-ordinated by internal audit and reported to the social and ethics committee.

Governance of information technology

The board of directors are responsible for information technology (IT) governance. The board tasks the Group head of IT to ensure IT governance compliance within the Deneb Group. The Group head of IT further provides oversight and direction on business level IT strategy, IT investment and the efficiency and effectiveness of IT. IT risk management is aligned with the Group risk management structure and is channelled by way of the risk management committee. The committee receives feedback on critical risk issues, the solutions proposed and progress reports.

Board committees

Deneb's board has established committees to assist it to discharge its duties. The committees play a pivotal role in guiding and overseeing strategy, enhancing high standards of governance and achieving increased effectiveness within the Group. The committees comprise members of the board and executive officers of the Group.

Board committees are free to take independent, outside professional advice within the scope of their terms of reference and as deemed necessary to carry out their duties. The Group's chief executive officer and other members of the executive management whose presence is required for such committees' effective performance of their responsibilities are invited to be in attendance at committee meetings. The board has established five committees to assist in discharging its responsibilities:



Executive committee

Chairman: Mr S Queen

Role: The executive committee is responsible for controlling the day-to-day operational activities of the Group, and the development and implementation of the board strategy.

The Deneb executive committee comprises Messrs S Queen (Chairman, Group Chief Executive Officer), G Wege (Group Financial Director), D Duncan (Chief Operating Officer), K Robson (Properties, Corporate and Legal Services) and I Morris (Branded Product Distribution).

The executive committee meets formally once a week and executive committee members attend the monthly operational meetings of each operating entity within the Group. Such formal weekly and monthly meetings include the review of strategic, operational and financial results. The board is apprised of progress through reporting at board meetings and regular communication with management.

Audit committee

Chairman: Mr M Ahmed

Role: The audit committee oversees the Group's financial statements and reporting processes, including the system of internal financial controls. The committee's report is presented on pages 36 and 37.

Risk committee

Chairman: Mr M Ahmed

Chief Risk Officer: Mr D Levin

Role: The risk committee is primarily responsible for the governance of risk in accordance with the framework of the Group's risk management policy. The committee's report is presented on pages 24 and 25.

Remuneration committee

Chairman: Mr M Ahmed

Role: The remuneration committee ensures that the Group's directors and senior management are fairly rewarded for their individual contribution to overall performance and aligned with the Group's strategy and performance goals. The committee's report is presented on pages 26 to 32.

Social and ethics committee

Chairman: Mr A Ntuli

Role: The social and ethics committee monitors activities relating to ethics, stakeholder engagement and the social impact of the company on communities within which it operates. The committee also monitors progress across all areas of strategic empowerment as well as compliance with transformation codes. The committee's report is presented on pages 19 to 23.



Corporate governance report (continued)

Adherence to King III principles checklist

Principle No.	Principle	
Ethical leadership and corporate citizenship		
1.1	Effective leadership based on an ethical foundation	√
1.2	Responsible corporate citizen	√
1.3	Effective management of Group's ethics	√
Boards and directors		
2.1	The board is the focal point for and custodian of corporate governance	√
2.2	Strategy, risk, performance and sustainability are inseparable	√
2.3	The board should provide effective leadership based on an ethical foundation	√
2.4	The board should ensure that the Group is and is seen to be a responsible corporate citizen	√
2.5	The board should ensure that the Group's ethics are managed effectively	√
2.6	The board should ensure that the Group has an effective and independent audit committee	√
2.7	The board should be responsible for the governance of risk	√
2.8	The board should be responsible for information technology (IT) governance	√
2.9	The board should ensure that the Group complies with applicable laws and considers adherence to non-binding rules, codes and standards	√
2.10	The board should ensure that there is an effective risk-based internal audit	√
2.11	The board should appreciate that stakeholders' perceptions affect the Group's reputation	√
2.12	The board should ensure the integrity of the Group's Integrated Report	√
2.13	The board should report on the effectiveness of the Group's system of internal controls	√
2.14	The board and its directors should act in the best interests of the company	√
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the Group is financially distressed as defined in the Act	√
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	x √
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	√
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	√
2.19	Directors should be appointed through a formal process	√
2.20	The induction of and ongoing training and development of directors should be conducted through a formal process	√
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	√
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	√
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	√
2.24	A governance framework should be agreed between the Group and its subsidiary boards	√
2.25	Companies should remunerate directors and executives fairly and responsibly	√
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	#
2.27	Shareholders should approve the company's remuneration policy	√



Principle No.	Principle	
Audit committee		
3.1	Effective and independent	√
3.2	Suitably skilled and experienced independent non-executive directors	√
3.3	Chaired by an independent non-executive director	√
3.4	Oversees integrated reporting	√
3.5	A combined assurance model is applied to improve efficiency in assurance activities	√
3.6	Satisfies itself of the expertise, resources and experience of the Group's finance function, chief financial officer and company secretary	√
3.7	Oversees internal audit	√
3.8	Integral to the risk management process	√
3.9	Oversees the external audit process	√
3.10	Reports to the board and shareholders on how it has discharged its duties	√
The governance of risk		
4.1/4.2	The board is responsible for the governance of risk and setting levels of risk tolerance	√
4.3	The audit committee assists the board in carrying out its risk responsibilities	√
4.4	The board delegates the risk management plan to management	√
4.5	The board ensures that risk assessments and monitoring are performed on a continual basis	√
4.6	Frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	x
4.7	Management implements appropriate risk responses	√
4.8	The board ensures continual risk monitoring by management	√
4.9	The board receives assurance of the effectiveness of the risk management process	x
4.10	Sufficient risk disclosure to stakeholders	√
The governance of information technology		
5.1	The board is responsible for information technology (IT) governance	√
5.2	IT is aligned with the performance and sustainability objectives of the Group	√
5.3	Management is responsible for the implementation of an IT governance framework	√
5.4	The board monitors and evaluates significant IT investments and expenditure	√
5.5	IT is an integral part of the Group's risk management	√
5.6	IT assets are managed effectively	√
5.7	The audit committee assists the board in carrying out its IT responsibilities	√
Compliance with laws, codes, rules and standards		
6.1	The board ensures that the Group complies with relevant laws	√
6.2	The board has a working understanding of the relevance and implications of non-compliance	√
6.3	Compliance risk forms an integral part of the Group's risk management process	√
6.4	The board has delegated to management the implementation of an effective framework and processes	√

Corporate governance report (continued)

Principle No.	Principle	
Internal audit		
7.1	Effective risk-based internal audit	√
7.2	Follow risk-based approach to its plan	√
7.3	Written assessment of the effectiveness of the Group's system of internal controls and risk management	√
7.4	Be responsible for overseeing internal audit	√
7.5	Internal audit is strategically positioned to achieve its objectives	√
Governing stakeholder relationships		
8.1	Appreciation that stakeholders' perceptions affect the Group's reputation	√
8.2	Management proactively deals with stakeholder relationships	√
8.3	There is an appropriate balance amongst the Group's various stakeholder groupings	√
8.4	Equitable treatment of stakeholders	√
8.5	Transparent and effective communication to stakeholders	√
8.6	Disputes are resolved effectively and timeously	√
Integrated reporting and disclosure		
9.1	Ensures the integrity of the Group's Integrated Report	√
9.2	Sustainability reporting and disclosure is integrated with the Group's financial reporting	√
9.3	Sustainability reporting and disclosure is independently assured	x

KEY

√ Compliant.

Partially compliant.

x Non-compliant.



Social and ethics committee report

Deneb's social and ethics committee is the custodian of the Group's corporate culture and sustainability philosophies. At Deneb we believe business has an important role to play in providing solutions to the numerous sustainability challenges of a fast-changing world. This report aims to provide our stakeholders with insight into the Group's culture and the manner in which it conducts its day-to-day business.

The Group's social, ethics and sustainability objectives are as follows:

- the transformation of the Group's human capital;
- preserving natural resources; and
- the socio-economic development of the communities in which we operate.

The Deneb social and ethics committee was constituted on 10 October 2014, is a formal committee of the board and functions within its documented terms of reference.

Members

The members of the committee consist of Mr A Ntuli (executive director), Ms R Watson (independent non-executive director), Mr S Rubidge (Group IR executive) and Mr G Wege (executive director). The members were appointed by the board and at the inaugural meeting held on 27 March 2015 Mr A Ntuli was appointed as chairman.

Meetings

The committee holds a minimum of two meetings per annum. Additional meetings are convened on request of any of the members. The table below records the attendance of committee members at meetings:

	27 March 2015
A M Ntuli	√
S Rubidge	√
R D Watson	√
G D T Wege	√

√ In attendance.

Functions

The committee fulfilled the following functions:

- monitored the Group's progress on transformation of human capital, including:
 - broad-based black economic empowerment and employment equity;
 - prevention of corruption;
 - adherence to the Group's code of ethics;
 - prevention of discrimination;
 - promotion of equality;
 - consumer relations; and
 - labour and skills development;
- monitored the Group's activities in relation to social activities and socio-economic development of communities in which it operates and adherence to the principles of the United Nations Global Compact;
- monitored the company's practices pertaining to environmental impacts of its operations and preservation of natural resources; and
- draw matters within its mandate to the attention of the board.

Transformation of human capital

Transformation is imperative to the sustainability of the business and the Group's transformation efforts are aligned with the principles and objectives of broad-based black economic empowerment (B-BBEE) as envisaged by the Department of Trade and Industry.

We are proud to have retained our Level 2 contributor status for B-BBEE.

Our verification audit returned excellent results with the Group either maintaining the maximum points or exceeding the previous year's points in each element, other than employment equity.

Social and ethics committee report (continued)

Deneb's B-BBEE profile is summarised below:

B-BBEE	Max.	2015	2014
Ownership	20,00	23,00	23,00
Management control	10,00	6,50	5,39
Employment equity	15,00	8,17	11,18
Skills development	15,00	8,34	7,33
Preferential procurement	20,00	20,00	20,00
Enterprise development	15,00	15,00	15,00
Socio-economic development	5,00	5,00	5,00
Total %	100,00	86,01	86,90
		Level 2	Level 2

Ownership and management control

Deneb's majority shareholder is Hosken Consolidated Investments Limited (HCI) which, in turn, is a black-owned and controlled company with 34,5% exercisable voting rights by black women. The Group's ownership element remained exemplary, with the Group achieving three bonus points in the ownership category. Changes to the board of directors contributed towards the improved management control element.

Employment equity

During the comparative period the Group's apparel manufacturing business was disposed of, resulting in the reduction of the Group's employee numbers and, consequently, a decline in the employment equity score.

Strategies have, however, been developed to achieve internal employment equity targets. These include the implementation of in-house learning and development plans which focus on increasing the representation of designated groups, mainly in the senior management and professionally qualified areas.

The Group has also implemented a management trainee programme whereby graduates are employed and given the opportunity to work in the Group, enabling the graduates to gain exposure across various business functions which will equip them with the skills for a successful career.

Skills development

During the year under review Deneb continued to invest in training and development of its employees, with a wide range of skills programmes being offered, both internally and externally.

These training interventions have been across all levels of operator training, quality training, mentoring, experiential training, engineering (fitter and electrical) apprenticeships, information technology, IR and disciplinary handling, world-class manufacturing, employment equity, supervisory and team leader training, root cause analysis/risk management training and ISO 14000/ISO 9000 training. In addition to the aforementioned, the Group continued with the NQF Level 2 learnership programmes in the respective businesses. Statutory training to ensure that we provide a safe workplace for our employees continued during the reporting period. This training includes first-aid, hyster drivers, employees operating lifting equipment, health and safety representatives and fire-fighters. Whilst statutory training is required to ensure compliance with the provisions of the Occupational Health and Safety Act, the company also believes that such training is critical to ensure a safe working environment for our employees.

The Group continues to participate in industry cluster programmes and to ensure that employees are exposed to world-class manufacturing principles and processes. These clusters provide participating companies with training and exposure programmes directed at middle and junior management levels as well as operator and technically skilled employees. These programmes include peer reviews, site visits and specific topical presentations related to manufacturing.

The Group mentorship programme continued during the reporting period. Management in the respective divisions participate in the programme on a voluntary basis and give their time and expertise to mentor and assist students who participate in the Group bursary programs.

The mentees are full-time students at recognised tertiary institutions in South Africa. The programme has been in operation for four years and was initially introduced as an intervention to improve the success/pass rate of students participating in the Group bursary programme. We are proud



of the positive results that have been achieved through the mentorship programme and the pass rate of students since the inception of the programme has been 91,5%, 93,9%, 89,4% and 87% respectively. These statistics are encouraging and confirm that the programme has made a meaningful contribution to the mentees' studies.

The Group has maintained its close association with the Fibre Processing and Manufacturing (FP&M) Seta. We have also been actively involved and participated in the FP&M Seta Project Team for the development of 26 operator qualifications at a NQF Level 2. This involvement has been from both a technical and an HR/training perspective. We recognise and are appreciative of the assistance, guidance and funding provided by the Seta for the training and development of our employees.

Deneb recognises the importance of training and development of employees and will continue to place great emphasis on this important aspect of our business.

Preferential procurement

The Group procured in excess of 91% of its total qualifying spend from black-owned companies. This reaffirms the Group's commitment to source merchandise and services from empowered local suppliers and, consequently, we obtained all available points in this category.

Enterprise development

Enterprise development presents an opportunity to stimulate sustainable economic growth by assisting the development and sustainability of black-owned small and medium businesses in South Africa. The support is mainly in the form of favourable payment terms to support cash flow of these operations.

Environmental management

Deneb continued to embed environmental management into its business operations to ensure sustainable business conduct. During the year under review the Group engaged with leading accredited industry organisations to assist its energy – intensive businesses in reducing the usage of energy, optimising water usage and to implement changes to existing business processes to reduce wastage.

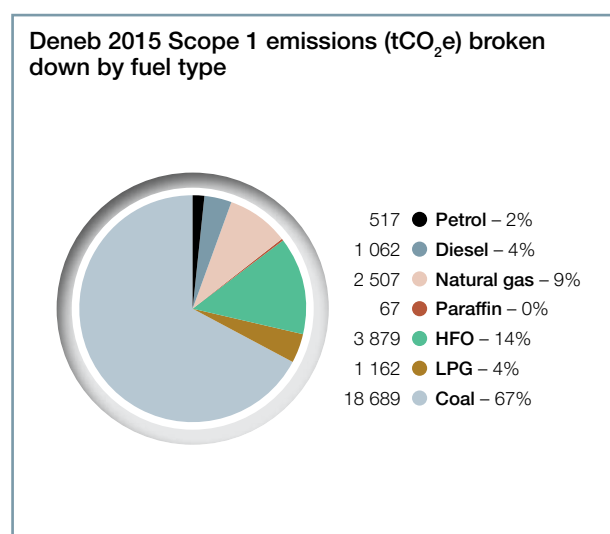
The Group reduced its carbon footprint by 17% compared to the prior year. The majority of this reduction is as a result of reduced production activity at the Group's textile manufacturing businesses, however, at least 4% of the reduction can be attributed to the implementation of energy, optimisation measures.

Carbon footprint

The Group's carbon footprint was calculated according to the World Resources Institute's and the World Business Council for Sustainable Development's (WRI/WBCD) Greenhouse Gas Protocol (a widely used corporate GHG accounting and reporting standard) applying the operational control approach, whereby the businesses report on activities over which they have operational control.

Scope 1 and 2 carbon emissions were 61 783 tCO₂e in 2014/15, compared to 74 486 tCO₂e in 2013/14.

Of the total 61 783 tCO₂e Scope 1 and 2 emissions, 27 917 tCO₂e (45%) were emissions resulting from the mobile and stationary combustion of diesel, stationary combustion of petrol, the use of LPG, natural gas, HFO, coal, paraffin, oils and lubricants, and fugitive emissions from refrigerants. Coal, HFO and natural gas make up the majority of Deneb's Scope 1 footprint, as illustrated below:



Social and ethics committee report (continued)

Scope 2 emissions from purchased electricity and steam totalled 33 866 tCO₂e (55%) in 2015, with electricity, comprising 99,6% of Scope 2 emissions.

Deneb Scope 1 and 2 emissions compared to prior year

Scope 1 + Scope 2 emissions (tCO₂e)	
2014	74 486
2015	61 783
% change	(17%)

Water management

Deneb's water consumption for the year under review was 730,3 megalitres compared to 885,4 megalitres in 2014. All the water withdrawals are from municipal water supplies, with the exception of Brits Nonwoven where 1,6 megalitres is sourced from groundwater supplies.

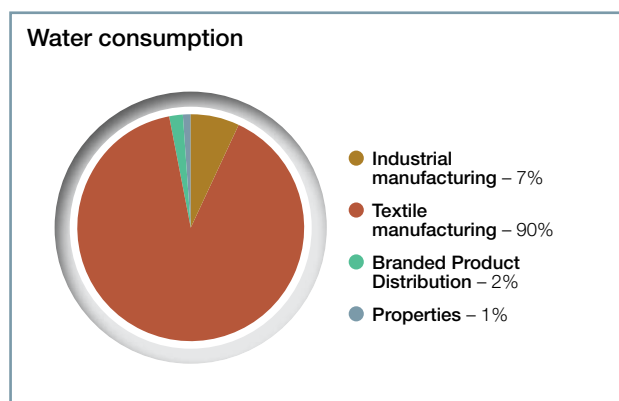
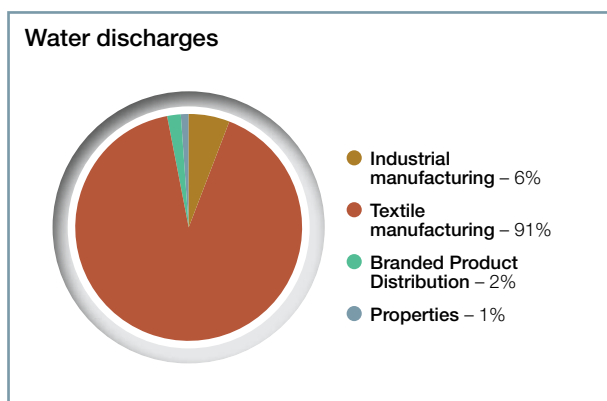
The main proportion of Deneb's water withdrawals are from the textile manufacturing operations, being Winelands Textiles (61%) and Frame Knitting Manufacturers (28%).

The reduction in water consumption is mainly attributable to a reduction in economic activity at the Group's textile manufacturing plants.

Water discharges

The definition of "discharges" excludes rainwater and domestic sewage and covers discharge of effluents generated by the operations of the businesses.

Deneb's effluent discharges in 2014/15 totalled 364 megalitres. The majority of discharges come from Frame Knitting (50%) and Winelands Textiles (36%). All discharges go to municipal treatment plants, with the exception of Brits Nonwoven where water is discharged into a private treatment plant. A split of discharges by company is provided below:





Socio-economic development

In partnership with the HCI Foundation the Group has been involved in various community projects. These projects have covered a diverse spectrum, from supporting orphaned and abandoned children, people with disabilities, to HIV/AIDS rehabilitation centres.

Socio-economic development projects have been focused on education, women, children and environmental/wildlife-related organisations. In order to create awareness and direct involvement and ownership of projects, the various divisions within the Group are encouraged to adopt a charitable organisation in the area in which they operate. This results in the management and employees in the division taking a direct interest in the organisation and, in addition to financial support, giving freely of their own time and expertise. This direct involvement adds great value to the Group's development projects.

The following charitable organisations have received support from the Group during the year under review:

Lavender Hill Secondary School

We continued our support and involvement in the Lavender Hill Development Trust Project. Better known as Y.E.S (Youth Encouragement through School Project), this has been a joint project with the HCI Foundation which has, over and above Deneb's involvement, provided substantial additional support. The project has been very rewarding and resulted in great success for the Lavender Hill Secondary School. Pupils have been given renewed hope of an education and a future. Furthermore, they have become involved in school and extramural activities, which ensure they are kept off the streets and limits exposure to drugs and undesirable activities. Through the Y.E.S. Project and other activities undertaken by Lavender Hill Development Trust, the school has made massive strides to improve its facilities and infrastructure. The newly built school hall was completed during the period under review.

KZN Cerebral Palsy Reunion

Gold Reef Speciality Chemicals continued its involvement in the KZN Cerebral Palsy Reunion School. We have provided much-needed assistance and made a difference in the lives

of these severely handicapped children. With our support the school was able to commission a new, furnished classroom block.

Cape Town Society for the Blind and Bella Maria Home for abused women and children

Seartec continued its support of the Cape Town Society for the Blind and the Bella Maria Home for abused women and children in Johannesburg. The Cape Town Society for the Blind provides employment as well as training and support for people with visual impairments. We are well aware of the large number of people who suffer with various degrees of disabilities, which makes it difficult for them to secure employment.

Wildlife Action Campaign

Prima Toys, in association with HCI Foundation and Pick n Pay, supported the Wildlife Action Campaign which were involved in a number of projects to protect and save endangered species. These projects included tracking collars for the endangered African painted wild dogs and relocation of rhinos to undisclosed and safer reserves in South Africa. The support provided by the Group, in collaboration with Pick n Pay, resulted in excess of R200 000 being raised towards this worthy cause.

Ncedolwethu Edu-care Centre

The Group provides support to the Ncedolwethu Edu-care Centre to enable it to feed the children seeking shelter at the facility. The Ncedolwethu Edu-care Centre is located in Mfuleni in the Western Cape. It was founded by Florence Ndlovu in 1994, where she cared for nine abandoned children. The educare centre has grown and now provides crèche/day-care facilities for in excess of 35 children. Deneb Head Office staff have given freely of their time and have raised funds to provide numerous items and appliances to this worthy cause.

St Vincent's Children's Home for abandoned and orphaned children

St Vincent's Children's Home for abandoned and orphaned children in Marianhill Durban, is supported by First Factory Shops. St Vincent's supports 100 children, providing them with a shelter and a home.

Risk committee report

The Group strives to maintain an appropriate balance between risk and reward, recognising that certain risks need to be taken to achieve sustainable growth and returns while at the same time protecting the Group and its stakeholders against avoidable risks.

Responsibility

The board is responsible for the governance of risk and has appointed a risk committee to review the risk management progress of the company, the effectiveness of risk management activities, the key risks facing the company and the responses to the risk. This process is managed in accordance with the Group's risk management charter.

Members of the risk committee

The risk committee formally convenes twice a year and consists of the members of the audit committee, the chief executive officer, chief financial officer and the chief risk officer. The composition of the committee ensures a good balance of executive and independent input.

Members: Mr M Ahmed (chairman), Ms R Watson, Ms N Japie, Mr S Queen, Mr G Wege and Mr D Levin (chief risk officer).

Risk management application

In fulfilling its duties, the committee reviews:

- the treasury function covering liquidity, credit risk and foreign exchange risks;
- the Group's safety, health and environmental risk control programme which entails the continual auditing of all sites on an annual basis by the Group's operational compliance officer, and in terms of which selected sites are reviewed by independent risk consultants on a rotational basis;
- the insurance programme in terms of which Group assets are insured subject to specific policy conditions, limits and deductibles;
- any fraud matters identified either by internal audit and/or via the independently managed ethics whistle-blowing hotline;
- information technology risks as identified by the Group head of IT through continual assessment and monitoring; and
- material legal disputes.

The chairman of the committee reports to the board on the most significant risks derived from the above. This continual emphasis on risk management assists the board to foster a culture in the Deneb Group that emphasises and demonstrates the benefits of a risk-based approach to internal controls and management of the Group.

Internal controls and combined assurance framework

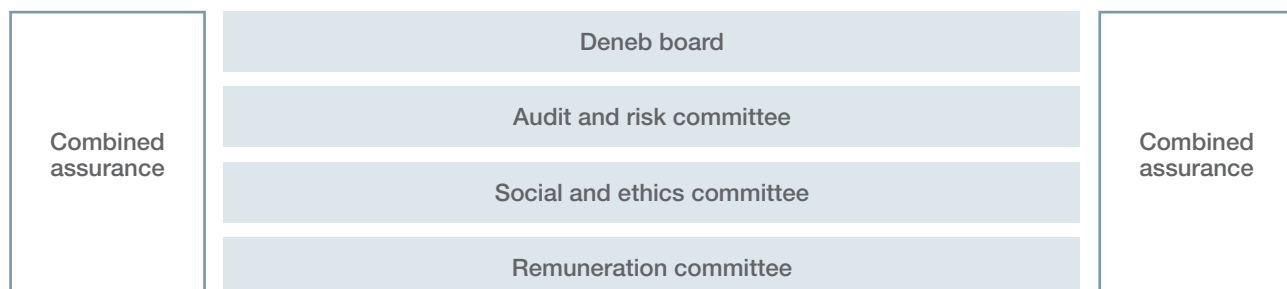
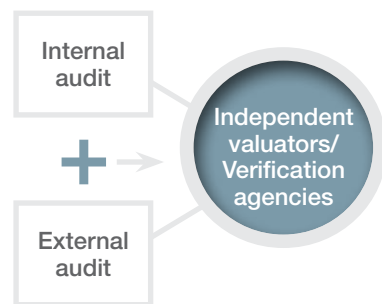
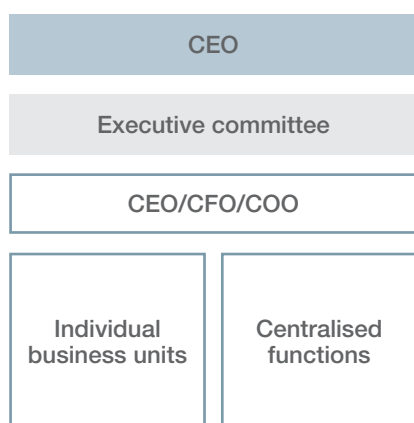
Deneb operates a combined assurance framework, which aims to optimise the assurance coverage obtained from management, internal assurance providers and external assurance providers, on the risk areas affecting the Group.

The combined assurance framework is integrated with the Group's risk management approach. Risks facing the Group are identified, evaluated and managed by implementing risk mitigations, such as insurance, strategic actions or specific internal controls.

The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial and operational management information that assets are adequately safeguarded against material loss and that transactions are properly authorised and recorded. Internal controls also provide assurance that the Group's resources are utilised efficiently and that the activities of the Group comply with applicable laws and regulations.

The assurance obtained informs executive management and the audit committee about the effectiveness of the Group's internal controls in respect of significant risks. The risk committee, which is responsible for the oversight of risk management at Deneb, considers the risks and the assurance provided through the combined assurance framework and advises the board on the state of risks and controls in Deneb's operating environment. This information is used as the basis for the board's review, sign-off and reporting to stakeholders, via the Integrated Report, on risk management and the effectiveness of internal controls within Deneb.

Deneb's combined assurance framework is based on Enterprise Risk Management best practice, as set out alongside:



Remuneration report

Remuneration policies and remuneration philosophy

The Group's remuneration policies strive to reward employees in a fair and responsible way, which ensures a culture of high performance to deliver returns to shareholders through employees who are motivated, engaged and committed. The Group's remuneration policies and philosophies are contained in this report and their intended consequences are to attract, retain and develop employees with scarce and critical skills who contribute to building sustainable businesses.

Members

Members: Mr M Ahmed (Chairman, independent non-executive director) and Mr J A Copelyn (non-executive director).

On request of the committee members the chief executive officer attends the meetings, but recuses himself from the meetings before any decisions are made in which he is affected.

Governance

The board delegates responsibility for the oversight of the Group's remuneration practices to the remuneration committee. The committee ensures that the Group has a competitive remuneration structure which is aligned with the Group's strategy and performance goals. The key duties of the committee include:

- ensuring the Group upholds its entrenched remuneration philosophy that promotes the achievement of its strategic objectives;
- determining on an annual basis:
 - the remuneration of non-executive directors;
 - the total remuneration package of each executive director including, where appropriate, annual

increases, short-term performance bonuses and long-term incentives; and

- the remuneration packages of senior management and employees who report directly to the chief executive officer;
- ensuring the combination of fixed and variable pay is appropriate when benchmarking remuneration levels;
- reviewing and recommending to the board all proposals for executive share-based incentives and other short and long-term incentive schemes;
- determining targets for any performance-related pay schemes and requesting the board, when required, to seek shareholder approval for any share-based and other long-term incentive schemes; and
- producing a report for inclusion in the company's Integrated Annual Report.

The committee meets at least annually and seeks advice and guidance from external experts, as deemed appropriate.

Shareholder engagement

The remuneration committee report, which provides insight into the Group's remuneration practices, will be tabled for a non-binding advisory vote of shareholders at the annual general meeting.

Composition of remuneration

Non-executive directors

Non-executive directors receive fees for their services as directors and for serving on board committees. These fees reward the directors fairly for the time, service and expertise that they provide to the Group. Non-executive directors do not participate in the Group's short-term or long-term incentive schemes.



The fees to be paid to the non-executive directors of the company for services as directors are tabled below and are to be approved by shareholders at the annual general meeting:

	Board fees R000's	Audit committee fees R000's	Remuneration committee fees R000's	Total R000's
M H Ahmed	112 000	46 000	46 000	204 000
J A Copelyn	112 000	–	46 000	158 000
L Govender	112 000	–	–	112 000
T G Govender	112 000	–	–	112 000
N Jappie	112 000	46 000	–	158 000
Y Shaik	112 000	–	–	112 000
R D Watson	112 000	46 000	–	158 000

Mr J A Copelyn, Mr K Govender, Mr Y Shaik and Ms R Watson are directors of Deneb's ultimate holding company, Hosken Consolidated Investments Limited (HCI) and the following table reflects the remuneration received by these directors from HCI and its subsidiaries for the year ended 31 March 2015:

Director	Board fees R000's	Salary R000's	Other benefits R000's	Share option expense R000's	Bonus R000's	Total 31 March 2015 R000's	Total 31 March 2014 R000's
J A Copelyn	–	5 763	1 404	3 497	3 242	13 906	14 634
T G Govender	–	3 000	502	1 424	1 463	6 389	5 878
Y Shaik	–	2 978	8 543	1 157	1 452	14 130	652
R D Watson	376	–	–	–	–	376	125

Executive directors

The remuneration packages of executive directors comprise:

- a guaranteed remuneration package (structured on a cost-to-company basis);
- access to retirement fund and medical aid benefits funded from the guaranteed remuneration package; and
- short-term discretionary cash-based incentive bonus based on business and individual performance and participation in the Deneb Share Incentive Scheme.

The remuneration structure of executive directors is linked to the Group's medium- to long-term business objectives and is therefore aligned to shareholder interests. The performance of the chief executive officer is evaluated by the chairman, while the performance of the other executive directors is evaluated by the chief executive officer. The annual pay increases of the executive directors are aligned to the annual

increase parameters as determined by the remuneration committee.

Executive directors participate in the annual short-term cash-based incentive scheme. To qualify for the incentive, minimum financial targets, based on the Group's return on equity (ROE), are set by the remuneration committee. The financial targets to qualify for the incentive were achieved and executive directors qualified for short-term cash-based incentives as set out below.

The sustainability of the Group's business is critical in determining remuneration and the board is satisfied that the performance targets do not encourage excessive risk taking by the executives. The Deneb Share Incentive Scheme in which executive directors may participate consists of a share option scheme, the details of which are disclosed in this report.

Remuneration report (continued)

Details of the executive directors' remuneration for the year ended 31 March 2015:

Executive directors	Salary R000's	Short-term bonus R000's	Retirement and medical aid contri- butions R000's	Share option expense R000's	Directors' fees R000's	Total March 2015 R000's	Total March 2014 R000's
S A Queen	3 551	3 201	–	3 190	–	9 942	5 399
A M Ntuli	886	75	172	–	–	1 133	1 069
G D T Wege	1 657	1 711	248	1 052	–	4 668	2 224
D Duncan	2 565	1 581	312	11	–	4 469	2 978
	8 659	6 568	732	4 253	–	20 212	11 670

Management and non-bargaining unit employees

Senior management receives an annual guaranteed salary and participate in the short-term incentive bonus scheme. Guaranteed remuneration for senior executives is set at levels to retain and recruit management talent. Each senior executive position is graded, based on the business's turnover, number of employees, assets under management, locations and the degree of complexity involved in the business. The associated package is benchmarked against an external market survey for a similar job rating. As the Group's philosophy is to reward performance, the salary benchmark is set at the 50th percentile median which allows a lower fixed cost, but higher incentive structure.

The annual review of the performance of senior management is undertaken by the chief executive officer who provides

a recommendation to the committee on any adjustments or incentive payments. Key senior managers participate in the Deneb Share Incentive Scheme, with selection based on their strategic contribution. Under the guidance of the remuneration committee the Group has introduced a uniform appraisal and evaluation process for all non-bargaining council employees. This process has been applied to all employees of the Group and is used as a guideline to determine remuneration adjustments.

The average salary increase parameter set by the remuneration committee for the year under review was 6% (2014: 6%) and the annual increase date is 1 July.

Bargaining unit employees

Collective salary increases are negotiated each year with the representatives of recognised trade unions.



Incentive schemes

Discretionary short-term incentive scheme

Key employees in each business unit participate in an annual discretionary short-term incentive scheme, which rewards the achievement of performance in excess of predetermined performance targets. The performance target is based on the business unit's core operating profit after interest, adjusted by an imputed interest charge at a hurdle rate. The imputed interest charge is calculated on the higher of net asset value or the average working capital level utilised by each business unit. In addition to the quantitative performance targets, the scheme includes predetermined qualitative performance targets.

The Deneb Share Incentive Scheme

The Deneb Share Incentive Scheme was established on 10 October 2014 and adopted by the company and the employer companies on 13 October 2014.

The scheme was implemented to more closely align executive directors' and senior management's objectives with those of the shareholders' so as to ensure that those employees are encouraged and motivated to pursue sustainable growth and profitability. The aggregate number of shares which any participant may acquire in terms of the scheme may not exceed 10 769 729 ordinary shares.

Participants are entitled to exercise options based on a minimum service period criteria and a performance target,

and are subject to the participant's continued employment on the date of which the option is exercised;

The required period of service is as follows:

- 10% from the first anniversary date;
- 20% from the second anniversary date;
- 30% from the third anniversary date; and
- 40% from the fourth anniversary date.

The performance targets are linked to the individual business units' and/or the Group's profitability.

Employees, who were previously holders of unvested share options granted by Sear del Investment Corporation Limited (Sear del) at 30 September 2014, and whose Sear del share options were forfeited under the Sear del scheme further to the restructuring of Deneb prior to its unbundling and separate listing on the JSE on 1 December 2014, were granted an initial tranche of first allocation options in accordance with the scheme which recognises both service and performance criteria conditions met under the Sear del scheme.

During the year under review 32 914 664 Deneb share options were granted to employees. 3 264 288 share options were exercised during the financial year.

Remuneration report (continued)

Option holder	Grant date	Options issued	Strike price (cents)	Vesting conditions	Life of option
S A Queen	14 October 2014	–	0	Immediately	3 years
	14 October 2014	546 457	53	Immediately	3 years
	14 October 2014	1 382 584	96	Continued employment	4 years
	14 October 2014	1 713 759	139	Continued employment	5 years
	27 January 2015	1 091 401	184	2 years' profitability and continued employment	8 years
Total for S A Queen		4 734 201			
G D T Wege	14 October 2014	413 539	0	Immediately	3 years
	14 October 2014	227 691	53	Immediately	3 years
	14 October 2014	576 077	96	Continued employment	4 years
	14 October 2014	594 286	139	Continued employment	5 years
	27 January 2015	865 413	184	2 years' profitability and continued employment	8 years
Total for G D T Wege		2 677 006			
D Duncan	14 October 2014	–	0	Immediately	3 years
	14 October 2014	159 383	53	Immediately	3 years
	14 October 2014	403 254	96	Continued employment	4 years
	14 October 2014	499 846	139	Continued employment	5 years
	27 January 2015	1 564 245	184	2 years' profitability and continued employment	8 years
Total for D Duncan		2 626 728			
Other, not being directors	14 October 2014	3 532 655	0	Immediately	3 years
	14 October 2014	1 086 316	53	Immediately	3 years
	14 October 2014	3 195 569	96	Continued employment	4 years
	14 October 2014	3 252 512	139	Continued employment	5 years
	27 January 2015	7 041 945	184	2 years' profitability and continued employment	8 years
Total other		18 108 997			
Total options in issue		28 146 932			



Reconciliation of movements in options

	2015	2014
Number of options		
Opening balance	–	–
Awarded during the period	32 914 664	–
Exercised during the period	(3 264 288)	–
Lapsed/forfeited during the period	(1 503 444)	–
Closing balance	28 146 932	–

Number of options 2015

Further details pertaining to the share incentive scheme is disclosed in note 35 of the financial statements.

Employee benefits

Retirement funds

The majority of the Group's subsidiaries have defined contribution pension and provident fund arrangements in place. The assets of such retirement funds are managed separately from the Group's assets and are administered by independent trustees and administrators within an umbrella fund. In addition to the independent administrators, each fund has elected a management committee with 50% employee and 50% employer representation.

Medical aid

The majority of the Group's subsidiaries offer membership of approved medical aid funds to employees. The Group

carries a liability totalling R109 million for post-employment medical aid benefits. Certain employees who joined the Group before 1 July 1996 are eligible for a 50% retirement subsidy of their total medical scheme contributions. Note 19 of the financial statements provide further detail of the post-employment medical aid benefits.

Top three executive management earners

In accordance with the recommendation of disclosure of King III the top three earners in the Group, excluding executive directors, during the year under review were remunerated as follows:

	Salary R000's	Incentives R000's	Retirement fund contri- butions R000's	Medical aid contri- butions R000's	Total R000's
Exec 1	1 742	3 799	128	80	5 749
Exec 2	1 596	3 211	54	105	4 966
Exec 3	1 542	2 779	136	–	4 457

The names of the three most highly paid employees who are not directors have not been disclosed. The committee is of the opinion that such information is private to the individuals concerned and adds no value to stakeholders.

Remuneration report (continued)

Employment equity statistics

31 March 2015	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Occupational levels											
Top management	1	-	1	12	-	-	-	-	-	-	14
Senior management	-	-	2	37	-	1	-	12	-	-	52
Professionally qualified, experienced specialists and mid-management	12	16	17	23	7	9	6	4	-	-	94
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	127	154	94	184	55	141	43	124	7	-	929
Semi-skilled and discretionary decision-making	400	256	27	21	447	316	16	14	3	1	1 501
Unskilled and defined decision-making	94	64	2	3	84	64	1	-	2	-	314
Total from continued operations	634	490	143	280	593	531	66	154	12	1	2 904
Discontinued operations	3	4	-	-	5	19	2	1	-	-	34
Grand total	637	494	143	280	598	550	68	155	12	1	2 938
31 March 2014											
Total from continued operations	618	454	145	226	514	505	67	150	9	1	2 689
Discontinued operations	147	18	81	16	1 109	127	174	30			1 702
Grand total	765	472	226	242	1 623	632	241	180	9	1	4 391



Value-added statement

	2015 R000's	2014* R000's
Cash derived from revenue	2 574 937	2 913 540
Paid to suppliers for materials and services	1 984 677	2 001 342
Cash value added	590 260	912 198
Interest received	11 271	2 146
Total wealth created	601 531	914 344
Distributed as follows:		
Employees		
Administration	139 066	183 465
Production	203 579	279 338
Sales	102 100	151 252
	444 745	614 055
Providers of capital		
Interest paid on borrowings	58 158	62 908
Dividend to shareholders	43 434	7 164
	101 592	70 072
Monetary exchanges with government		
Taxation (including customs and excise duty)	149 227	114 748
PAYE	56 298	83 537
VAT	34 750	42 867
Incentives	(30 249)	(39 456)
	210 026	201 696
(Utilised in operations)/retained to develop future growth	(154 832)	28 521
Total wealth distributed	601 531	914 344

Value added is a measure of the wealth that the Group has created in its letting, manufacturing and distribution operations by adding value to the cost of its raw materials and services purchased.

The statement above shows how that wealth was created, and also how it was shared between employees and the providers of funds to the Group.

The statement takes into account the amounts retained and reinvested in the Group for the replacement of assets and the development of future operations.

Distribution of wealth		2015	2014*
Employees	(%)	73,9	67,1
Government	(%)	34,9	22,1
(Utilised)/Retained	(%)	(25,7)	3,1
Lenders	(%)	9,7	6,9
Shareholders	(%)	7,2	0,8
		100,0	100,0

* Restated, see note 32.



Consolidated financial statements

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The financial statements of Deneb Investments Limited have been audited in terms of section 30 of the Companies Act and were prepared under the supervision of the Group Financial Director, Mr G Wege CA (SA).

Audit committee report

The Deneb audit committee was constituted on 10 October 2014, is a formal committee of the board and functions within its documented terms of reference. This report is presented to shareholders and constitutes the report of the audit committee in respect of the past financial year as required by section 94 of the Companies Act 2008 (the Companies Act).

Primary role and responsibility of the committee

The audit committee fulfils an independent oversight role regarding the Group's consolidated financial statements and the reporting process, including the system of internal financial control, with accountability to both the board and to shareholders. The committee's responsibilities include the statutory duties prescribed by the Companies Act, recommendations by King III and additional responsibilities assigned by the board.

Composition of the audit committee and meetings

The committee comprises three independent, non-executive directors – Mr M Ahmed (chairman), Ms R Watson and Ms N Jappie. The members were appointed by the board on 10 October 2014 and are proposed to shareholders for election to the committee at the forthcoming annual general meeting. By invitation, the chief executive officer, the financial director, KPMG Inc., external auditors of the Group, and the Group's head of internal audit have attended all the committee meetings.

Each committee meeting includes a confidential discussion between the members, internal auditors and the external auditors, without members of executive management being present.

The committee meets twice annually, with special meetings called as required. The committee held one meeting during the financial year under review and a further meeting subsequent to year-end. The attendance was as follows:

	14/05/2015	10/11/2014
M H Ahmed	√	√
R D Watson	√	√
N Jappie	√	√

√ In attendance.

Audit committee fees

Fees paid to the committee members are disclosed in the Remuneration Report.

Evaluation of committee

The effectiveness of the committee is assessed as part of the annual board and committee self-evaluation process and the chairman of the committee attends all statutory shareholder meetings to answer any questions on the committee's activities.

Functions and responsibilities of the audit committee

The audit committee has discharged the functions in terms of its charter and ascribed to it in terms of the Act as follows:

Reporting

- Reviewed the interim report, preliminary results announcement, annual financial statements and integrated report, culminating in a recommendation to the board to adopt them
- Reviewed and approved the appropriateness of the accounting policies and practices
- Ensured compliance with International Financial Reporting Standards, including consistent application to all periods as presented in the consolidated financial statements
- Evaluated and determined the effectiveness of the Group's internal control systems
- Reviewed legal matters that could have a significant impact on the Group's consolidated financial statements
- Reviewed the requirements of King III and instances where the King III requirements have not been applied, have been explained in the Corporate Governance Report

External audit

- Reviewed the external audit reports on the consolidated financial statements
- Nominated the external auditor for appointment by the shareholders
- Monitored and reported on the independence of the external auditor

- Approved the budgeted audit fees, audit plan and engagement terms of the external auditor
- Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditor
- Determined that the audit firm and designated auditor is accredited as such on the JSE list of auditors and advisers

Finance function

- Considered the expertise and resources of the finance function, as well as the experience of the senior members of management responsible for the financial function
- Considered the expertise and experience of the Group financial director

Internal audit

- Oversaw the functioning of the internal audit department and performance assessment of the head of internal audit
- Approved the annual internal audit plan and monitored the progress thereof

External audit

The audit committee reviewed a representation by the external auditor and, after conducting its own review, confirmed the expertise and objectivity of KPMG Inc. as the external auditor and noted the appointment of Mr Pierre Conradie as the designated auditor. The external auditor has unrestricted access to the Group's records and management and furnishes a written report to the committee on significant findings arising from the annual audit. The committee is satisfied that the external auditor is independent of the Group.

Internal audit and internal control

The internal audit function is an independent and objective assurance and consulting function that adds value and improves the operations of the Group. It helps to accomplish Group objectives by evaluating and improving the adequacy and effectiveness of risk management, internal control and governance processes. The internal audit function reports functionally to the chairman of the audit committee, but administratively to the Group financial director.

A risk-based approach has been applied to develop the annual internal audit plan. The internal audit plan:

- Is formally approved by the audit committee
- Is formulated by considering key risk factors as identified through ongoing risk assessments, but also incorporating any additional matters identified by management and the audit committee
- Considers the evaluation of governance processes, operational and financial processes and associated controls in accordance with the combined assurance model
- Assesses the Group's internal financial controls
- Is reviewed to consider new risk areas as the business evolves

Any material or significant control weaknesses are brought to the attention of management and the audit committee.

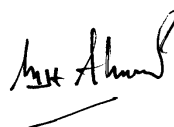
Expertise and financial experience of financial director and finance function

The audit committee is satisfied that the expertise and experience of the Group financial director is appropriate to meet the responsibilities of the position. This is based on the qualifications, continuing professional education and the committee's assessment of the financial knowledge and levels of experience of the Group financial director.

The committee has reviewed the resources of the finance function, the experience of the senior members of management responsible for the financial function and has concluded that the function is performing adequately in terms of the requirements of the audit committee.

Approval of the Audit Committee Report

The committee confirms that it has functioned in accordance with its terms of reference for the 2015 financial year and complied with all statutory and regulatory responsibilities.



M Ahmed
Chairman

Cape Town
22 September 2015

Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the consolidated financial statements of Deneb Investments Limited, which comprise the consolidated statement of financial position at 31 March 2015, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 126. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards, the Listings Requirements of the JSE and the requirements of the Companies Act, 2008 (as amended) and Companies Regulations, 2011. In addition, the directors are also responsible for preparing the Directors' Report.

The directors are also responsible for such internal control as they determine as necessary to facilitate the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the ability of the company and its subsidiaries 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.

The auditors are responsible for reporting on whether the consolidated financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the consolidated financial statements

The consolidated financial statements of Deneb Investments Limited, as identified in the first paragraph, were approved by the board of directors on 22 September 2015 and signed on its behalf by:



Stuart Queen
Chief Executive Officer



Gys Wege
Group Financial Director

Cape Town
22 September 2015

Declaration by company secretary

We certify that Deneb Investments Limited has lodged with the Companies and Intellectual Property Commission, for the financial year ended 31 March 2015, all such returns as are required by a public company in terms of the Companies Act of South Africa and that such returns are true, correct and up to date.

*HCI Managerial Services
Proprietary Limited*

HCI Managerial Services Proprietary Limited
Company Secretary

Cape Town
22 September 2015



Directors' report

The directors have pleasure in submitting their report on the state of affairs of the business together with the consolidated financial statements for the year ended 31 March 2015.

Nature of the 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 the operations

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

Share capital

The following shares were issued by Deneb Investments Limited during the year:

- 539 776 349 shares on 1 October 2014 to Seardel Investment Corporation Limited (Seardel) as part of an internal restructure in terms of which the non-media subsidiaries of Seardel were acquired by Deneb Investments Limited in anticipation of its unbundling from Seardel and separate listing on the JSE Limited;
- 18 115 848 shares on 10 November 2014 to Seardel for R52,5 million in cash to ensure that Deneb is appropriately capitalised prior to its unbundling and listing;
- 64 shares were cancelled on 1 December 2014 on its unbundling and listing; and
- 2 919 619 shares were issued in terms of the Group's share incentive scheme.

Holding company

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

Distribution

The directors resolved to declare a distribution of three cents per ordinary share for the year ended 31 March 2015 (2014: RNil).

Subsequent events

Subsequent to year end the Group acquired a property situated at 11B Riley Road, Bedfordview for R22,6 million.

A property situated at 1 Moorsom Avenue, Epping, Cape Town, which was disclosed under assets held for sale in the current period, has been sold for R42,3 million.

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 7 and 9.

The following directors were appointed during the year:

- Mr M H Ahmed – 10 October 2014
- Mr J A Copelyn – 10 October 2014
- Mr D Duncan – 10 October 2014
- Mr T G Govender – 10 October 2014
- Mr L Govender – 11 March 2015
- Ms N J Jappie – 10 October 2014
- Mr A Ntuli – 10 October 2014
- Mr Y Shaik – 10 October 2014
- Ms R D Watson – 10 October 2014

Directors' emoluments

Directors' emoluments for the year ended 31 March 2015 are set out in the Remuneration Report on page 26 and in note 32 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. 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 2015.

Special resolutions

There were no special resolutions passed by the subsidiaries of Deneb Investments Limited since the date of the previous Directors' Report.

Independent auditor's report

To the shareholders of Deneb Investments Limited

We have audited the consolidated financial statements of Deneb Investments Limited, which comprise the consolidated statement of financial position at 31 March 2015, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 42 to 126.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated financial position of Deneb Investments Limited at 31 March 2015, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 March 2015, we have read the Directors' Report, the Audit Committee's Report and the Declaration by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.



KPMG Inc.
Registered Auditor

Per P J Conradie
Chartered Accountant (SA)
Registered Auditor
Director

22 September 2015

MSC House
1 Mediterranean Street
Foreshore
Cape Town
8001



Statement of profit or loss and other comprehensive income

for the year ended 31 March

		Group	
	Note	2015 R000's	2014* R000's
Continuing operations			
Revenue		2 665 399	2 140 324
Cost of sales		(2 059 555)	(1 596 652)
Gross profit		605 844	543 672
Other income		130 291	122 792
Selling and distribution expenses		(271 297)	(226 139)
Administrative and other expenses		(271 313)	(220 483)
Operating profit before impairment reversal	3	193 525	219 842
Net impairment reversal of assets	5	5 554	–
Operating profit before finance costs		199 079	219 842
Finance income	6	11 271	2 080
Finance expenses	6	(58 158)	(49 094)
Profit before taxation		152 192	172 828
Income tax income	7	72 405	4 899
Profit from continuing operations		224 597	177 727
Discontinued operations			
Loss from discontinued operations, net of tax	8	(17 284)	(165 053)
Profit		207 313	12 674
Other comprehensive income, net of related tax			
Items that will never be reclassified to profit or loss			
Revaluation of land and buildings		7 095	19 193
Post-employment medical benefit – actuarial loss		(6 875)	(4 295)
Items that are or may be reclassified to profit or loss			
Fair value adjustment on available-for-sale financial assets		3 370	12 260
Other comprehensive income, net of tax		3 590	27 158
Total comprehensive income for the year		210 903	39 832
Profit attributable to:			
Owners of the company		208 750	12 674
Non-controlling interest	37	(1 437)	–
		207 313	12 674
Total comprehensive income attributable to:			
Owners of the company		212 340	39 832
Non-controlling interest	37	(1 437)	–
		210 903	39 832
Basic profit per share from continuing operations (cents)	9	41,30	32,93
Diluted profit per share from continuing operations (cents)	9	40,86	32,93

* Restated, see note 32.



Statement of financial position

at 31 March

	Note	Group	
		2015 R000's	2014* R000's
ASSETS			
Non-current assets		1 723 603	1 544 389
Property, plant and equipment	10	595 931	622 082
Plant and equipment		312 365	286 364
Owner-occupied property		283 566	335 718
Investment property	11	766 804	669 619
Intangible assets and goodwill	12	41 032	23 401
Intangible assets		23 761	9 197
Goodwill		17 271	14 204
Other investments	13	3 644	43 709
Long-term receivables	14	182 040	126 840
Deferred tax assets	7	134 152	58 738
Current assets		1 310 204	1 122 528
Assets held for sale	15	57 933	54 536
Inventories	16	610 214	536 471
Trade and other receivables	17	640 855	527 838
Current tax assets		765	103
Cash and cash equivalents		437	3 580
Total assets		3 033 807	2 666 917
EQUITY AND LIABILITIES			
Total equity		1 868 727	1 488 169
Stated capital	18	1 716 713	1 496 346
Reserves		154 266	(8 177)
Equity attributable to owners of the company		1 870 979	1 488 169
Non-controlling interest	37	(2 252)	–
Non-current liabilities		109 428	149 757
Deferred tax liabilities	7	3 009	6 047
Post-employment medical aid benefits	19	102 694	91 180
Share-based liabilities	35	–	35 631
Interest-bearing liabilities	20	2 800	16 658
Operating lease accruals		925	241
Current liabilities		1 055 652	1 028 991
Current tax liabilities		868	151
Post-employment medical aid benefits	19	6 413	6 280
Interest-bearing liabilities	20	45 063	3 193
Trade and other payables	21	473 429	458 467
Provisions	23	–	23 116
Bank overdraft		529 879	537 784
Total liabilities		1 165 080	1 178 748
Total equity and liabilities		3 033 807	2 666 917
Net asset value		1 870 979	1 488 169
Net asset value per share after treasury shares (cents)		334	276

* Restated, see note 32.

Statement of changes in equity

for the year ended 31 March

	Note	Issued stated capital R000's	Common control stated capital** R000's	Stated capital Total R000's
Group				
Restated balance 31 March 2013*			1 477 489	1 477 489
Total comprehensive income		-	-	-
Profit		-	-	-
Other comprehensive income, net of tax		-	-	-
Fair value adjustment on available-for-sale financial assets		-	-	-
Revaluation of land and buildings		-	-	-
Post-employment medical benefit – actuarial loss		-	-	-
Transfers to other reserves		-	-	-
Reclassification of revaluation surplus		-	-	-
Transactions with owners of the company		-	1 749	1 749
Share scheme – expense		-	-	-
– recharge revaluation		-	-	-
Shares issued to acquire entities under common control		-	-	-
Loan capitalisation		-	1 749	1 749
Distribution in specie		-	-	-
Changes in ownership interest				17 108
Acquisition of subsidiary	24	-	17 108	17 108
Balance 31 March 2014*		-	1 496 346	1 496 346
Total comprehensive income		-	-	-
Profit/(loss)		-	-	-
Other comprehensive income, net of tax		-	-	-
Fair value adjustment on available-for-sale financial assets		-	-	-
Revaluation of land and buildings		-	-	-
Post-employment medical benefit – actuarial loss		-	-	-
Transfers to other reserves		-	-	-
Reclassification of revaluation surplus		-	-	-
Transactions with owners of the company		-	-	220 367
Shares issued to acquire entities under common control		1 496 346	(1 496 346)	-
Loan capitalisation		140 577	-	140 577
Share issue		50 029	-	50 029
Share incentive receivable capitalised	35	24 532	-	24 532
Share scheme – expense		-	-	-
– recharge revaluation		-	-	-
– options exercised		5 229	-	5 229
Distribution in specie		-	-	-
Changes in ownership interest				-
Acquisition of subsidiary with non-controlling interests	24	-	-	-
Balance 31 March 2015		1 716 713	-	1 716 713

* Refer to note 32, Change in comparatives.

** Refer to note 18, Stated capital.

Note: All figures from 1 October 2014 are consolidated. Figures for earlier periods are presented on a book value (carry-over) basis. For further information see "Basis of preparation" in note 1 of the accounting policy.

	Group	
	2015 R000's	2014 R000's
Composition of other reserves		
Revaluation of investments	-	32 186
Surplus on revaluation of land and buildings†	265 370	305 058
	265 370	337 244

† There is no restrictions on the Group to distribute these funds once realised.



Other reserves R000's	Common control reserves R000's	Retained income R000's	Total R000's	Non-controlling interest R000's	Total R000's
307 741	(7 452)	(316 947)	1 460 831	–	1 460 831
31 453	–	8 379	39 832	–	39 832
–	–	12 674	12 674	–	12 674
31 453	–	(4 295)	27 158	–	27 158
12 260	–	–	12 260	–	12 260
19 193	–	–	19 193	–	19 193
–	–	(4 295)	(4 295)	–	(4 295)
(1 950)	–	1 580	(370)	–	(370)
(1 950)	–	1 580	(370)	–	(370)
–	–	(22 531)	(20 782)	–	(20 782)
–	–	4 511	4 511	–	4 511
–	–	(19 878)	(19 878)	–	(19 878)
–	–	–	–	–	–
–	–	–	1 749	–	1 749
–	–	(7 164)	(7 164)	–	(7 164)
–	(8 450)	–	8 658	–	8 658
–	(8 450)	–	8 658	–	8 658
337 244	(15 902)	(329 519)	1 488 169	–	1 488 169
10 465	–	201 875	212 340	(1 437)	210 903
–	–	208 750	208 750	(1 437)	207 313
10 465	–	(6 875)	3 590	–	3 590
3 370	–	–	3 370	–	3 370
7 095	–	–	7 095	–	7 095
–	–	(6 875)	(6 875)	–	(6 875)
(82 339)	–	82 339	–	–	–
(82 339)	–	82 339	–	–	–
–	–	(49 897)	170 470	–	170 470
–	–	–	–	–	–
–	–	–	140 577	–	140 577
–	–	–	50 029	–	50 029
–	–	–	24 532	–	24 532
–	–	(1 140)	(1 140)	–	(1 140)
–	–	(94)	(94)	–	(94)
–	–	(5 229)	–	–	–
–	–	(43 434)	(43 434)	–	(43 434)
–	–	–	–	(815)	(815)
–	–	–	–	(815)	(815)
265 370	(15 902)	(95 202)	1 870 979	(2 252)	1 868 727

Surpluses arising on the disposal of subsidiary and associated companies are classified as other reserves until such time as management determines that they be included in distributable reserves at which time they are reclassified as retained income. Reserves are created to prevent the distribution of unrealised profits arising through the revaluation of certain assets. Upon realisation reserves are maintained at management's discretion.

Statement of cash flows

as at 31 March

		Group	
		2015 R000's	2014* R000's
Net cash flows from operating activities	Notes	(154 832)	28 521
Profit		207 313	12 674
Adjustments for:			
– Depreciation	10	35 434	40 394
– Amortisation of intangible asset	12	5 044	4 287
– Revaluation of investment property	11	(70 187)	(20 726)
– Net foreign exchange gain – unrealised		(4 033)	(4 187)
– Property received as part of settlement	11	–	(38 703)
– Loss on disposal of plant and equipment from discontinued operations	8	–	31 260
– Net loss/(surplus) on disposal of property, plant and equipment from continued operations		159	(2 524)
– Impairment reversal of property, plant and equipment	5	(12 771)	–
– Impairment on property, plant and equipment – continued operations	5	3 410	–
– Impairment on property, plant and equipment – discontinued operations	5	2 647	–
– Impairment of assets held for sale	5	3 807	–
– Impairment of intangible assets – discontinued operations	5	–	4 617
– Post-employment medical benefit	19	2 098	2 062
– Share incentive scheme – expense	35	6 261	1 860
– Inventory write-down		7 453	10 672
– Net finance costs		46 887	47 014
– Tax income	7	(72 405)	(4 899)
Cash generated from operating activities before working capital changes		161 117	83 801
Changes in:			
– Inventories		(80 495)	89 026
– Trade and other receivables		(105 771)	(5 783)
– Trade and other payables		6 889	(12 877)
– Non-current receivables		(55 200)	(11 022)
– Non-current receivables from the disposal of discontinued operations	8	–	(76 631)
– Lease accrual		684	123
– Provisions	23	(23 116)	22 761
Cash (outflow)/generated from working capital changes		(257 009)	5 597
Net finance costs		(46 887)	(47 014)
Taxes paid		(12 053)	(13 863)
Net cash flow from investing activities		(47 831)	(50 921)
Acquisition of property, plant and equipment		(57 189)	(29 451)
– Acquisition of plant and equipment	10	(57 189)	(29 255)
– Acquisition of owner-occupied properties	10	–	(196)
Proceeds from sale of property, plant and equipment		55 778	24 419
Development cost of investment property	11	(42 387)	(37 499)
Proceeds on sale of investment property		15 600	1 850
Interest capitalised to investment property		(211)	–
Acquisition of subsidiary, net of cash acquired	24	186	(5 169)
Acquisition of intangible assets	12	(19 608)	(5 071)
Net cash flow from financing activities		207 425	(9 356)
Change in borrowings		28 012	(1 144)
Loan capitalised		140 577	1 749
Share issue		50 029	–
Share-based liability settled		(11 193)	(9 961)
Net change in cash and cash equivalents		4 762	(31 756)
Cash and cash equivalents at the beginning of the year		(534 204)	(502 448)
Cash and cash equivalents at the end of the year		(529 442)	(534 204)
Cash and cash equivalents comprise the following			
Cash and cash equivalents		437	3 580
– Bank balances		437	2 404
– Cash floats and petty cash		–	1 176
Bank overdrafts		(529 879)	(537 784)
		(529 442)	(534 204)

* Refer to note 32, Change in comparatives.



Notes to the financial statements

for the year ended 31 March (continued)

I Accounting policies

Deneb Investments Limited (the company) is a company domiciled in South Africa. The consolidated financial statements of the company for the year ended 31 March 2015 and comparative figures for the year ended 31 March 2014 comprise the company and its subsidiaries (together referred to as the Group). The company's registered office is on the 5th Floor, Deneb House, 368 Main Road, Observatory, 7925, Cape Town.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and International Financial Reporting Interpretations Committee (IFRICs), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the South African Companies Act.

Background

The Group was established during the current reporting period where Deneb acquired the property, branded product distribution, textiles manufacturing and industrial manufacturing businesses from Sear-del Investment Corporation Limited (Sear-del) through an internal reorganisation that occurred on 1 October 2014. Deneb unbundled from Sear-del on 1 December 2014 and listed on the JSE Limited (JSE) under the Financial Services – Speciality Finance sector.

Although the Group was only established in the current reporting period, the comparative period information has been presented as if the internal reorganisation occurred before the start of the earliest period presented. This was done to reflect that the entities within this Group were in existence in the comparative period, albeit held directly by Sear-del. The comparatives presented were audited. Refer to "Basis of Preparation" for further information.

Basis of preparation

The consolidated financial statements are presented in South African Rand, which is the company's functional currency, rounded to the nearest thousand.

They have been prepared on the going concern and historical cost bases under IFRS, except for those assets and liabilities which are stated at fair value as disclosed in the notes to the financial statements.

The Group has consistently applied the accounting policies set out here to all periods presented in these consolidated financial statements.

The internal reorganisation of the Group represents a common control transaction as Hosken Consolidated Investment Limited (HCI) is the ultimate controlling entity before and after the transaction. Common control transactions fall outside the scope of IFRS 3 and IFRIC 17, and are not specifically addressed in IFRS. Deneb has therefore chosen the book value accounting policy, in accounting for the transaction, using the hierarchy for the selection of accounting policies allowed in IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors). This accounting policy choice will be applied consistently to all transactions of a similar nature.

Book value accounting and comparatives

The book value accounting method requires the assets acquired and the liabilities assumed through the internal reorganisation to be accounted for using the book values within the financial statements of the transferor (Sear-del). The comparatives presented were audited. Refer to note 32 for further details on the comparatives presented.

As the Group was established in the current reporting period it did not prepare separate financial statements in accordance with IFRS for the periods up to and including 30 September 2014. The book value accounting method allows for comparative information to be presented as if the common control transaction had taken place at the start of the first reporting period presented in the set of consolidated financial statements. Accordingly, the comparative figures were prepared on a carve-out basis by extracting the historical assets, liabilities, revenues and expenses reflected in the consolidated financial statements of Sear-del.

Notes to the financial statements

for the year ended 31 March (continued)

Common control reserve

IFRS 3 excludes from its scope business combinations between entities under common control. As included on page 47 the Group has therefore made the policy choice to apply book value accounting.

The principles of book value accounting are that no assets or liabilities are restated to their fair values. The Group incorporates the transferor's carrying values.

The transaction is not seen as a change of control from the date of the reorganisation, therefore no goodwill beyond that recorded by Seardel in relation to the acquiree can arise.

The result is that the difference between the consideration paid and the capital of the acquirer is recognised in the equity under a common control reserve.

Judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The assumptions and estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving information about significant areas of estimation, uncertainty and critical judgements are given in note 2, Use of judgements and estimates.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The accounting policies of subsidiaries have been changed, where necessary, to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity it is not remeasured and settlement is accounted for within equity. Otherwise subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future services.



Goodwill and bargain purchase

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. Goodwill is subsequently measured at cost less accumulated impairment losses.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Loss of control

Upon the loss of control over a subsidiary the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary.

Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Accounting for acquisitions of non-controlling interests

The Group applies IFRS 10: Consolidated Financial Statements in accounting for acquisitions of non-controlling interests.

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Property, plant and equipment

Recognition and measurement

Owner-occupied buildings are initially recognised at cost and are subsequently revalued to approximate fair value. When an item of property, plant and equipment is revalued any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Other items of property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow to the Group and its cost can be measured reliably.

Where an item of property, plant and equipment is comprised of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

Depreciation

Land is not depreciated while buildings are depreciated on a straight-line basis over their estimated useful lives. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Estimates of useful lives, residual values and methods of depreciation are reviewed annually. Any changes are accounted for prospectively as a change in accounting estimate. If the expected residual value of an asset is equal to or greater than its carrying value, depreciation on that asset is ceased. Depreciation is resumed when the expected residual value falls below the asset's carrying value.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/ other expenses in profit or loss. When revalued assets are sold any related amounts included in the revaluation reserve is transferred to retained earnings.

Notes to the financial statements

for the year ended 31 March (continued)

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. The Group's intentions regarding the property is the primary criterion in considering classifications. Property that is being constructed for future use as investment property is accounted for at fair value. Any gain arising on remeasurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognised immediately in profit or loss.

Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for resale in the ordinary course of business, use in the production or supply of goods or services or administrative purposes. Investment property is measured at fair value with any change therein recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. Property interests held under operating leases are not treated as investment properties.

Costs include expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on the disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.



Impairment

Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset, that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred, but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in other reserves from equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

The carrying amounts of the Group's non-financial assets, except for investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

Notes to the financial statements

for the year ended 31 March (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss that are recognised in profit or loss.

Interest income is recognised as it accrues in profit or loss using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss, and impairment losses recognised on financial assets that are recognised in profit or loss. All borrowing costs not capitalised in terms of IAS 23 are recognised in profit or loss using the effective interest method.

Income tax

Income tax comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI, in which case it is recognised in equity or OCI.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future and the Group is able to control the timing of the reversal of the temporary differences. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are off-set if there is a legally enforceable right to off-set current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.



A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Dividends withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2013. The company withholds dividends tax on behalf of its shareholders at a rate of 15% on dividends declared. Amounts withheld are not recognised as part of the company's tax charge but rather as part of the dividend paid recognised directly in equity.

Where withholding tax is withheld on dividends received the dividend is recognised at the gross amount, with the related withholdings tax recognised as part of tax expense, unless it is otherwise reimbursable, in which case it is recognised as an asset.

Inventory

Raw materials and consumables, work in progress and finished goods are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined on the first-in, first-out principle and includes direct material costs together with appropriate allocations of labour and overheads, based on normal operating capacity.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are determined by discounting the expected future cost. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are reviewed at each reporting date and adjusted to reflect the current or best estimate.

Financial instruments

Initial recognition

Financial instruments are initially recognised at fair value for those instruments not measured at fair value through profit and loss, directly attributable transaction costs are included on initial measurement. Subsequent to initial recognition financial instruments are measured as described below.

Measurement

Subsequent to initial recognition these instruments are measured as follows:

Investments

Listed investments classified as available-for-sale financial assets are carried at fair value, which is calculated by reference to stock exchange quoted selling prices at the close of business at the reporting date. Unlisted investments are classified as available for sale and are shown at fair value, unless their fair value cannot be reliably determined, in which case they are shown at cost less accumulated impairment losses. Gains and losses are recognised in OCI in other reserves except for impairment losses, which are expensed in profit or loss.

Trade, long-term and other receivables

Trade and other receivables originated by the Group are stated at amortised cost less impairment losses using the effective interest rate method (see accounting policy on impairment).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits and are measured at amortised cost. Bank overdrafts that are payable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

Notes to the financial statements

for the year ended 31 March (continued)

Financial liabilities, trade and other payables

Non-derivative financial liabilities are recognised at amortised cost using the effective interest rate method, comprising original debt less principal payments and amortisations.

Derivative instruments

Derivative instruments are measured at fair value. Changes in the fair value are recognised in profit or loss.

Offset

In the instance that the Group has a legal right to apply an amount due from a third party against the amount due to a creditor, provided that there is an agreement among the two parties that clearly establishes the contractual right to set-off, and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously, the related amounts are off-set and the net amounts reported in the statement of financial position.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities are measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

Lease income

Revenues from finance leases are recognised using the effective yield method. Revenues from operating leases are recognised on a straight-line basis over the lease term.

Dividend income

Dividend income from investments is recognised when the right to receive payment is established.

Earnings per share

Basic earnings per share is based on earnings attributable to shareholders and is calculated on the weighted average number of shares in issue during the financial year. Headline earnings per share is based on earnings attributable to shareholders, excluding any non-trading capital items and the tax effect thereon, and is calculated as above. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

These potentially dilutive shares relate to the options issued in terms of the share incentive scheme.

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into South African Rand at rates of exchange ruling at the reporting date. Translation gains and losses, whether realised or unrealised, are taken to profit or loss.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest rate and payments during the year, and amortised cost in foreign currency translated at the exchange rate at the end of the year.



Leases

Finance leases

The Group as lessee

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the Group are classified as finance leases.

Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and depreciated over the estimated useful life of the asset. The capital element of future obligations under the leases is included as a liability in the statement of financial position. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged against income over the lease period, and the capital repayment, which reduces the liability to the lessor.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group enters into finance leasing arrangements for its copiers, data panels and point-of-sale equipment. All leases are denominated in South African Rands. The average term of finance leases entered into is four to five years.

Operating leases – Group is the lessee

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the period of the lease. The leased assets are not recognised in the Group's statement of financial position.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit medical aid

Where the Group has an obligation to provide post-retirement medical aid benefits to employees, the Group recognises the costs of these benefits in the year in which the employees render the service.

Actuarial gains or losses in respect of the defined benefit medical plan are recognised directly in OCI in the year in which they arise.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Notes to the financial statements

for the year ended 31 March (continued)

Share-based payment transactions

Seardel Investment Corporation Limited (Seardel) granted rights to its equity instruments to employees of subsidiaries. With effect from 1 October 2014 the participants of the Seardel Share Incentive Scheme have no further rights under the scheme and all unvested share options issued in terms of the scheme have lapsed. This is as a result of the change in control of the relevant employer company which came about as a result of an internal restructure. The Deneb Investments Long Term Incentive Plan was established on 10 October 2014 and adopted by the company and the employer companies on 13 October 2014. An initial tranche of first allocation Deneb options totalling 22 531 660 have been granted to selected participants who were holders of unvested Seardel share options at 30 September 2014.

Seardel required the subsidiaries to make payment of the rights. This type of intra-group payment arrangement is commonly referred to as a “recharge arrangement”, noted below.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expenses in profit or loss.

Equity compensation benefits

The Group granted share options to certain employees under an employee share plan.

The fair value of the employee share options are measured using an actuarial binomial model. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility (based on an evaluation of the company’s historic volatility, particularly over the historic period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behaviour), expected dividends and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Equity compensation benefits before 10 October 2014 relates to the Seardel Investment Corporation Limited Scheme. The scheme is administered through a trust which acts as an agent of the sponsor, the sponsor being Seardel Investment Corporation Limited.

Equity compensation benefits after 10 October 2014 relates to the Deneb Investments Limited Scheme.

Recharge arrangement

IFRS does not provide any guidance on the accounting for recharge arrangements.

The policy adopted by the Group for the Seardel share options is to make use of the guidance in IFRS 2 relating to cash-settled share-based payments (by analogy). This means that the Group will determine the fair value of the recharge liability at the date that the recharge arrangement is entered into, and will recognise this value over the vesting period. At each reporting date, the recharge liability is remeasured taking into account items such as the time value of money, expected vesting and changes in the estimated future cash flows under the arrangement. The revised liability is recognised over the remaining vesting period.

The recharge was recognised through equity as a share-based liability recharge.



Dividends to shareholders

Dividends are accounted for in the period in which the dividends are declared.

Segmental reporting

The Group follows the management approach to segmental reporting with segment financial information being disclosed as it is being used internally by the entity's chief operating decision-maker (CODM) in order to assess performance and allocate resources.

Segments are determined on the basis of products and services offered.

Inter-segment pricing is determined on an arm's length basis.

The segment report has been presented on page 60.

Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred. Intangible assets with indefinite useful lives are tested for impairment annually regardless of whether there is an impairment indicator.

The gain or loss arising from the derecognition of an intangible asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It shall be recognised in profit or loss when the asset is derecognised.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Government grants

Government grants are recognised as other income when there is a reasonable assurance that the Group will comply with the relevant conditions attached to them and that the grant will be received.

Export incentives

Duty credit certificates used to procure foreign goods serve to adjust the total cost of imported goods. Where these are not required for own import, they are sold and the resulting income is recognised as other income.

Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of a qualifying asset are capitalised.

2 Use of judgements and estimates

In preparing these consolidated financial statements management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 1 – Accounting policies: basis of preparation

The Deneb Group was established on 1 October 2014 where Deneb, a wholly-owned subsidiary of Seardele Investment Corporation Limited (Seardele), acquired all the non-media assets from Seardele through a reorganisation. The reorganisation represents a common control transaction as Hosken Consolidated Investments Limited (HCI) is the ultimate controlling entity before and after the transaction. Common control fall outside the scope of IFRS 3 and IFRIC 17 and is not specifically addressed in IFRS.

Deneb has elected the book value accounting and chosen to provide comparatives as if the Group existed before 1 October 2014. Refer to Basis of preparation for more information.

Notes to the financial statements

for the year ended 31 March (continued)

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2015 is included in the following notes:

Note 5 – impairment test; key assumptions underlying recoverable amounts

Note 7 – recognition of deferred tax assets; availability of future taxable profit against which carry-forward tax losses can be used

Note 19 – measurement of defined benefit obligation; key actuarial assumptions

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values that are reviewed on an ongoing basis. Review includes significant unobservable inputs and valuation adjustments. If third-party information, such as external property valuations, is used to measure fair values, then it's assessed if the evidence obtained from the third parties supports the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group audit committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in the fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If inputs used to measure the fair value of an asset or a liability might be categorised in the different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 10 – owner-occupied land

Note 11 – investment property

Note 13 – other investments

Note 20 – financial instruments

Note 35 – share-based payment arrangements



3 Operating profit before impairments

The following items have been taken into account in determining operating profit for continuing and discontinuing operations before impairments and restructuring and retrenchment costs:

	Group	
	2015 R000's	2014* R000's
Income		
Compensation for property, plant and equipment that were impaired, lost or given up	122	347
Dividends – unlisted investments	–	228
Government grants	34 860	33 875
Finance lease income	13 141	11 833
Foreign exchange gains – realised	4 680	12 898
– unrealised	9 756	31 569
Litigation settlement***	–	38 703
Rental income from investment property	95 519	71 547
Fair value adjustments to investment property	70 187	20 726
Surplus on disposal of property, plant and equipment	352	2 958
Expenditure		
Amortisation	5 044	4 287
Bad debts – net recoveries and reversals of allowance account	5 329	1 303
Bank charges	3 757	4 192
Depreciation – buildings	2 505	2 908
– plant and machinery	22 070	24 443
– equipment and fittings	8 708	10 964
– motor vehicles	984	1 288
Total owned assets	34 267	39 603
Total leased assets	1 167	791
Total depreciation	35 434	40 394
Employment costs**	456 326	660 369
Loss on disposal of property, plant and equipment	511	31 694
Foreign exchange losses – realised	5 680	3 697
– unrealised	5 723	27 382
Operating lease charges – property	25 795	22 467
– equipment and vehicles	3 494	1 941
Technical and consulting fees	10 657	18 512
Write-down of inventory to net realisable value	7 565	12 244
Reversal of write-down of inventory to net realisable value	(112)	(1 572)

* Restated, see note 32.

** Includes contributions of R41 million (2014: R52,6 million) to medical, pension, provident and benefit funds. These contributions are also after an R8,6 million charge (2014: R8,1 million) in respect of post-employment medical benefits relating to a defined benefit obligation and an IFRS 2 charge in respect of the share option scheme of R6,3 million (2014: R1,9 million).

*** Income as a result of settlement of various litigation proceedings and claims against former directors and officers of the company and entities controlled by them.

Notes to the financial statements

for the year ended 31 March (continued)

4 Segment report

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee.

The textile and industrial segments derive their revenue from manufacturing activities. The branded product distribution segment derives its revenue from the distribution of branded toys, electronics, stationery and clothing. The property segment derives its revenue from property rental.

	Gross revenue R000's	Inter-segment revenue R000's	External revenue R000's	Operating profit/(loss) before finance costs R000's	Interest revenue R000's	Interest expense R000's
Year ended 31 March 2015						
Continued operations						
Property	129 114	(33 595)	95 519	153 082	–	–
Branded product distribution	1 408 968	(863)	1 408 105	19 576	–	–
Textiles	718 310	(7 568)	710 742	40 614	–	–
Industrials	451 033	–	451 033	24 618	–	–
Head office	–	–	–	(38 811)	11 271	(58 158)
Total continued operations	2 707 425	(42 026)	2 665 399	199 079	11 271	(58 158)
Discontinued operations						
Clothing	9 581	–	9 581	(17 284)	–	–
Total discontinued operations	9 581	–	9 581	(17 284)	–	–
Total	2 717 006	(42 026)	2 674 980	181 795	11 271	(58 158)
Year ended 31 March 2014*						
Continued operations						
Property	118 926	(47 379)	71 547	103 769	–	–
Branded product distribution	957 545	(3 622)	953 923	37 359	–	–
Textiles	736 920	(46 767)	690 153	35 306	–	–
Industrials	424 701	–	424 701	35 115	–	–
Head office	–	–	–	8 293	2 080	(49 094)
Total continued operations	2 238 092	(97 768)	2 140 324	219 842	2 080	(49 094)
Discontinued operations						
Clothing	627 651	–	627 651	(151 305)	66	(13 814)
Total discontinued operations	627 651	–	627 651	(151 305)	66	(13 814)
Total	2 865 743	(97 768)	2 767 975	68 537	2 146	(62 908)

* Restated, see note 32.



Profit or loss for the year R000's	Segment assets R000's	Segment liabilities R000's	Capital expen- diture R000's	Consi- deration paid for business combi- nations R000's	Depre- ciation R000's	Amorti- sation R000's
153 082	1 129 952	15 219	42 810	–	(2 570)	–
13 858	812 405	224 406	37 893	1 400	(6 402)	(3 930)
40 614	521 469	150 593	10 097		(14 669)	–
24 568	279 199	64 201	27 586		(10 369)	–
(7 525)	286 109	708 600	698		(684)	(1 114)
224 597	3 029 134	1 163 019	119 084	1 400	(34 694)	(5 044)
(17 284)	4 673	2 061	100		(740)	
(17 284)	4 673	2 061	100	–	(740)	–
207 313	3 033 807	1 165 080	119 184	1 400	(35 434)	(5 044)
103 769	1 075 261	10 777	37 716	–	(2 910)	–
25 995	550 763	174 271	9 911	1 286	(4 788)	(1 381)
35 306	478 092	218 251	14 787	–	(12 164)	–
31 055	271 467	89 953	6 568	25 214	(9 596)	–
(18 398)	125 816	607 280	77	–	(305)	(1 177)
177 727	2 501 399	1 100 532	69 059	26 500	(29 763)	(2 558)
(165 053)	165 518	78 216	2 962	–	(10 631)	(1 729)
(165 053)	165 518	78 216	2 962	–	(10 631)	(1 729)
12 674	2 666 917	1 178 748	72 021	26 500	(40 394)	(4 287)

Notes to the financial statements

for the year ended 31 March (continued)

4 Segment report (continued)

	Write-down of inventory R000's	Reversal of write-down of inventory R000's	Impairments R000's	Reversal of impairments R000's	Restructuring and retrenchment costs R000's	Revaluation of investment properties R000's
Year ended 31 March 2015						
Continued operations						
Property	–	–	(3 807)	–	–	70 187
Branded product distribution	(6 558)	–	–	–	–	–
Textiles	(977)	–	–	12 771	–	–
Industrials	(30)	–	(3 410)	–	–	–
Head office	–	–	–	–	–	–
Total continued operations	(7 565)	–	(7 217)	12 771	–	70 187
Discontinued operations						
Clothing	–	112	(2 647)	–	–	–
Total discontinued operations	–	112	(2 647)	–	–	–
Total	(7 565)	112	(9 864)	12 771	–	70 187
Year ended 31 March 2014*						
Continued operations						
Property	–	–	–	–	–	20 726
Branded product distribution	(5 217)	–	–	–	3	–
Textiles	(1 931)	–	–	–	(2 242)	–
Industrials	(95)	–	–	–	–	–
Head office	–	–	–	–	–	–
Total continued operations	(7 243)	–	–	–	(2 239)	20 726
Discontinued operations						
Clothing	(5 001)	1 572	(4 617)	–	(43 860)	–
Total discontinued operations	(5 001)	1 572	(4 617)	–	(43 860)	–
Total	(12 244)	1 572	(4 617)	–	(46 099)	20 726

* Restated, see note 32.



			Geographical segments based on customer location					
			Revenue from external customers			Holdings of property, plant and equipment, investment property and intangible assets		
Gain on disposal of property, plant and equipment R000's	Loss on disposal of property, plant and equipment R000's	Income tax (expense)/ income R000's	South Africa R000's	Direct exports R000's	Total R000's	Within South Africa R000's	Outside South Africa R000's	Total R000's
85	-	-	95 519	-	95 519	1 050 770	-	1 050 770
75	(137)	(5 718)	1 211 657	196 448	1 408 105	47 352	-	47 352
178	-	-	688 324	22 418	710 742	168 896	-	168 896
-	(285)	(50)	437 083	13 950	451 033	115 912	-	115 912
14	-	78 173	-	-	-	3 052	-	3 052
352	(422)	72 405	2 432 583	232 816	2 665 399	1 385 982	-	1 385 982
-	(89)	-	9 581	-	9 581	514	-	514
-	(89)	-	9 581	-	9 581	514	-	514
352	(511)	72 405	2 442 164	232 816	2 674 980	1 386 496	-	1 386 496
62	-	-	71 547	-	71 547	1 005 356	-	1 005 356
170	(174)	(11 364)	868 201	85 722	953 923	20 301	-	20 301
11	(128)	-	681 779	8 374	690 153	161 562	-	161 562
25	(132)	(4 060)	402 697	22 004	424 701	106 091	-	106 091
(14)	-	20 323	-	-	-	2 979	-	2 979
254	(434)	4 899	2 024 224	116 100	2 140 324	1 296 289	-	1 296 289
2 704	(31 260)	-	627 651	-	627 651	4 609	-	4 609
2 704	(31 260)	-	627 651	-	627 651	4 609	-	4 609
2 958	(31 694)	4 899	2 651 875	116 100	2 767 975	1 300 898	-	1 300 898

Notes to the financial statements

for the year ended 31 March (continued)

5 Net impairment reversal/(impairment) of assets

	Group	
	2015 R000's	2014* R000's
Reconciliation of carrying amount		
The following impairments were recognised during the year:		
Category of asset		
Property, plant and equipment	(6 057)	–
Assets held for sale – property, plant and equipment	(3 807)	–
Intangible assets	–	(4 617)
Total	(9 864)	(4 617)
Included in discontinued operations	2 647	4 617
Impairments from continuing operations	(7 217)	–
The following impairments were reversed during the year:		
Category of asset		
Property, plant and equipment	12 771	–
Total	12 771	–
Included in discontinued operations	–	–
Impairments reversed from continuing operations	12 771	–
Net impairments from continuing operations	5 554	–

* Restated, see note 32.

Impairment testing

The Group has performed impairment testing on:

- all cash-generating units (CGUs) where there is an indication that they may be impaired or impairment should be reversed; and
- all CGUs that contain goodwill.

For the purposes of determining the CGUs of the Group, the guidelines as per IAS 36 were followed and the below considerations were given:

- how the Group reports its financial management accounts;
- how management makes day-to-day operational decisions; and
- how management makes decisions about continuing or disposing of the entity's assets.

CGUs where there is an indication that they may be impaired or the impairment reversed

The recoverable amount of a CGU is determined based on a fair value less cost to sell or value-in-use calculation as appropriate.

Value-in-use calculations use cash flow projections approved by management. These cash flow forecasts cover four years and the cash flows after the forecast period are extrapolated into the future over the useful life of the CGU, using steady growth rates that are consistent with that of the industry and country.

In determining value in use, projected cash flows are discounted using the entity's weighted average cost of capital (WACC) adjusted for any risk that are not reflected in the underlying cash flows. WACC was calculated as 8,02% for the current period (2014: 7,41%).

Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, including production estimates, economic factors such as commodity prices, discount rates, currency exchange rates and estimates of costs to produce. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based, would not cause the carrying amounts to exceed their recoverable amount.



Fair value has been determined by independent external valuers who have taken into account the current market conditions for the nature, age and condition of the assets involved.

The events and circumstances that led to the recognition of the impairment losses are as follows:

- Poor results and/or budgeted future results triggered an assessment of realisable value.

The events and circumstances that led to the reversal of impairments are as follows:

- Internal restructuring, as well as changes in the dynamics of the market in which certain businesses within the textile segment operate, resulted in better-than-expected performances. Impairment testing of these plants resulted in the impairment losses recorded in previous reporting periods being reversed.

Impairment testing for CGUs containing goodwill

There were two CGUs containing goodwill in the current period.

Branded product distribution investment

The recoverable amount of this CGU was based on value in use, estimated using discounted cash flows.

The fair value measurement was categorised as a Level 3 fair value, based on the inputs in the valuation technique used (see note 2).

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources.

In per cent	2015
Discount rate	7,41
Terminal value growth rate	4,5
Budgeted EBITDA growth rate (average of the next five years)	6

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately R9,2 million. There are no reasonable changes in the key assumptions that will cause the carrying amount to equal or exceed the recoverable amount.

Industrials investment

The recoverable amount of this CGU was based on value in use, estimated using discounted cash flows.

The fair value measurement was categorised as a Level 3 fair value, based on the inputs in the valuation technique used (see note 2).

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources.

In per cent	2015
Discount rate	7,41
Terminal value growth rate	4,5
Budgeted EBITDA growth rate (average of the next five years)	6

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately R106,6 million. There are no reasonable changes in the key assumptions that will cause the carrying amount to equal or exceed the recoverable amount.

Notes to the financial statements

for the year ended 31 March (continued)

6 Finance income and expenses

	Group	
	2015 R000's	2014* R000's
Recognised in profit or loss		
Finance income		
Interest received from financial institutions	1 723	1 901
Interest received from connected persons	9 548	–
Other interest received	–	245
Included in discontinued operations	–	(66)
	11 271	2 080
Finance expenses		
Interest paid on finance leases and instalment sale agreements	261	620
Interest paid to financial institutions	53 071	54 244
Interest paid to connected persons	2 963	2 499
Unwinding of contingent payments on business combinations	–	943
Other interest paid	1 863	4 602
Included in discontinued operations	–	(13 814)
	58 158	49 094

The finance expenses relate to financial liabilities which are categorised as being measured at amortised cost.

* Restated, see note 32.



7 Taxation and deferred taxation

	Group	
	2015 R000's	2014* R000's
Income tax		
South African normal taxation		
– current	(12 914)	(15 203)
– prior year	806	(302)
Deferred taxation	84 513	20 404
	72 405	4 899
	%	%
Reconciliation between actual and normal taxation rates		
Taxation as a percentage of profit before taxation	(53,7)	(63,0)
Prior period	0,6	(3,9)
Specific tax deductible and non-deductible items and tax inclusions	(0,1)	(22,2)
Exempt income	7,3	130,4
Capital gains tax on asset disposals	–	20,1
Restricted recognition of tax loss	73,9	(33,4)
Normal taxation rate	28,0	28,0
	R000's	R000's
Deferred taxation		
Balance at the beginning of the year	52 691	34 313
– Asset	58 738	42 713
– Liability	(6 047)	(8 400)
Balance brought in through business combination	–	(1 023)
– Capital allowances	–	(2 774)
– Tax losses recognised during in the period	–	1 572
– Working capital differences	–	179

* Restated, see note 32.

Notes to the financial statements

for the year ended 31 March (continued)

7 Taxation and deferred taxation (continued)

	Group	
	2015 R000's	2014* R000's
Current movements recognised in profit and loss	84 513	20 404
– Capital allowances	(12 464)	(5 804)
– Provision for post-employment medical benefits	587	578
– Tax losses recognised during in the period	115 526	34 870
– Capital allowances on intangible asset	17	439
– Shares and investments	4 153	–
– Revaluations	(4 937)	(10 754)
– Share incentive scheme	(339)	126
– Working capital differences	(18 030)	949
Current movements recognised in other comprehensive income	(6 061)	(1 003)
– Provision for post-employment medical benefits	2 674	1 670
– Shares and investments	–	(2 810)
– Share incentive scheme	(7 402)	2 651
– Reclassification of revaluation surplus	–	(370)
– Revaluations	(1 333)	(2 144)
Balance at the end of the year	131 143	52 691
– Asset	134 152	58 738
– Liability	(3 009)	(6 047)
Deferred tax assets and liabilities are attributable to the following:		
– Provision for post-employment medical benefits	30 550	27 289
– Working capital allowances	(6 175)	11 856
– Shares and investments	–	(4 153)
– Share incentive scheme	2 236	9 977
– Tax losses	287 554	172 029
– Capital allowances	(87 649)	(75 185)
– Capital allowances on intangible asset	(397)	(414)
– Revaluations	(94 976)	(88 708)
Net deferred tax at the end of the year	131 143	52 691

There are estimated tax losses in respect of four subsidiary companies. The directors have considered the future profitability of these entities and on the basis that they are projected to produce taxable income in the foreseeable future, these deferred tax assets are considered fully recoverable. Tax losses have been recognised in Seardel Group Trading Proprietary Limited and Brits Automotive Systems Proprietary Limited to the extent considered recoverable.

Unrecognised tax losses, reflected at 28% of the underlying tax loss, exist in the following entity:

Seardel Group Trading Proprietary Limited	–	130 527
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* Restated, see note 32.



8 Discontinued operations

Operations classified as discontinued operations in the consolidated financial statements consist of the clothing factory stores and the apparel manufacturing businesses. The latter of which was disposed of to a related party (an associated company of SACTWU), as a going concern.

The results of the discontinued operations have been separately disclosed on the face of the statements of profit and loss and other comprehensive income. Where practical, the prior year results have been restated accordingly.

	Group	
	2015 R000's	2014* R000's
Results of discontinued operations		
Revenue	9 581	627 651
Cost of revenue	(15 903)	(548 154)
Gross loss	(6 322)	79 497
Other income	150	3 806
Distribution costs	(4 740)	(108 953)
Administrative and other expenses	(3 725)	(45 918)
Operating loss before impairments and restructuring and retrenchment costs	(14 637)	(71 568)
Impairment of assets	(2 647)	(4 617)
Restructuring and retrenchment costs	-	(43 860)
Loss on sale of plant, equipment and inventory	-	(31 260)
Operating loss before finance costs	(17 284)	(151 305)
Finance income	-	66
Finance expenses	-	(13 814)
Loss before taxation	(17 284)	(165 053)
Income tax expense	-	-
Loss for the period from discontinued operations	(17 284)	(165 053)
Cash flows from/(used in) discontinued operations		
Net cash used in operating activities	(21 985)	(46 457)
Net cash from investing activities	39 518	7 061
Net cash from financing activities	-	-
Net cash used in discontinued operations	17 533	(39 396)

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

* Restated, see note 32.

Notes to the financial statements

for the year ended 31 March (continued)

9 Profit/(loss) per share

The Group was established as part of an internal restructure on 1 October 2014. The consolidated financial statements of the Group is based on book value (carry-over) accounting, on the basis that Deneb has remained a subsidiary of the Hosken Consolidated Investments Limited (HCI) group. Comparative information in the consolidated financial statements of Deneb was restated and it adjusted its current reporting period before the date of the transaction as if the combination had occurred before the start of the earliest period presented.

For the purposes of calculating the earnings per share the number of shares in issue were restated as if the transaction occurred before 1 April 2013. Refer to note 1, Basis of preparation and note 32, Changes in comparatives for more information.

	Gross R000's	Net R000's	Number of shares 000's	Per share (cents)
2015				
Number of shares in issue				
Net number of shares in issue at 31 March 2015			560 812	
Weighted average number of shares				
Weighted average number of shares at 31 March 2015			547 315	
Shares as at 1 April 2014			539 776	
Effect of recapitalisation			7 018	
Effect of share options exercised			521	
Diluted average number of shares				
Diluted weighted average number of shares			553 242	
Weighted average number of shares			547 315	
Dilution effect of share options granted			5 927	
Earnings per share				
Basic earnings				
Profit attributable to equity holders of the parent		208 750	547 315	38,14
Earnings from continued operations		226 034		41,30
Loss from discontinued operations		(17 284)		(3,16)
Diluted earnings				
Profit attributable to equity holders of the parent		208 750	553 242	37,73
Earnings from continued operations		226 034		40,86
Loss from discontinued operations		(17 284)		(3,12)
Headline earnings				
Reconciliation between profit and headline earnings				
Profit attributable to equity holders of the parent		208 750		
Impairment of assets	9 864	7 102		
Reversal of impairment of assets	(12 771)	(9 195)		
Remeasurement of investment property	(70 187)	(56 449)		
Surplus on disposal of property, plant and equipment	(352)	(253)		
Loss on disposal of property, plant and equipment	511	368		
Gain on deemed disposals	-	-		
Loss on disposal of investment property	601	489		
Headline earnings		150 812	547 315	27,55
Earnings from continued operations		166 127		30,35
Loss from discontinued operations		(15 315)		(2,80)
Diluted headline earnings		150 812	553 242	27,26
Earnings from continued operations		166 127		30,03
Loss from discontinued operations		(15 315)		(2,77)



Issued shares

As part of the internal restructure, 539 776 349 shares were issued to Seardel Investment Corporation Limited (Seardel) on 1 October 2014 for the exchange of all Seardel's non-media investments.

Subsequent to the internal restructuring, 18 115 848 shares were issued by Deneb to Seardel on 10 November 2014 in exchange for R52,5 million in cash to ensure that Deneb is appropriately capitalised prior to the listing and unbundling.

Deneb listed on the JSE Limited on 1 December 2014 by unbundling from Seardel. Seardel shareholders were entitled to receive 12,91952 Deneb shares for every 100 Seardel shares. No fractions of shares were issued and Deneb shares was issued based on the rounding principle. Accordingly 64 shares were delisted on 1 December 2014 due to rounding.

The internal restructure transaction was accounted for as if it occurred before 1 April 2013. Refer to note 1, Basis of preparation for further information.

During the period 2 919 619 shares were issued in terms of the Group's share incentive scheme.

	Gross R000's	Net R000's	Number of shares R000's	Per share R000's
2014*				
Number of shares				
Net number of shares – 31 March 2014			539 776	
Weighted average number of shares			539 776	
Issued shares as at 1 April 2013			539 776	
Diluted average number of shares				
Diluted weighted average number of shares			539 776	
Weighted average number of shares			539 776	
Dilution effect of share options granted			–	

* Restated, see note 32.

Notes to the financial statements

for the year ended 31 March (continued)

9 Profit/(loss) per share (continued)

	Gross R000's	Net R000's	Number of shares R000's	Per share R000's
2014* (continued)				
Earnings per share				
Basic earnings				
Profit attributable to equity holders of the parent		12 674	539 776	2,35
Earnings from continued operations		177 727		32,93
Loss from discontinued operations		(165 053)		(30,58)
Diluted earnings				
Profit attributable to equity holders of the parent		12 674	539 776	2,35
Earnings from continued operations		177 727		32,93
Loss from discontinued operations		(165 053)		(30,58)
Headline loss				
Reconciliation between profit and headline loss				
Profit attributable to equity holders of the parent		12 674		
Impairment of assets	4 617	3 324		
Insurance claim for capital asset	(73)	(73)		
Remeasurement of investment property	(20 726)	(16 861)		
Surplus on disposal of property, plant and equipment	(2 958)	(2 639)		
Loss on disposal of investment property	100	81		
Loss on disposal of property, plant and equipment	31 694	26 994		
Headline earnings		23 500	539 776	4,36
Earnings from continued operations		158 547		29,37
Loss from discontinued operations		(135 047)		(25,01)
Diluted headline earnings		23 500	539 776	4,36
Earnings from continued operations		158 547		29,37
Loss from discontinued operations		(135 047)		(25,01)

Issued shares

Deneb was incorporated on 4 June 2013 as a wholly-owned subsidiary of Seardel with 120 shares.

The internal restructure transaction for 539 776 349 shares, as referred to above, was accounted for as if it occurred before 1 April 2013.

* Restated, see note 32.



10 Property, plant equipment

	Notes	Owner-occupied properties at valuation R000's	Plant and machinery at cost R000's	Equipment and fittings at cost R000's	Motor vehicles at cost R000's	Total R000's
Reconciliation of carrying amount						
Group						
2015						
Cost/valuation at 31 March 2015		283 566	533 743	100 052	16 958	934 319
Opening balance		335 718	511 082	93 677	17 383	957 860
Additions		–	34 605	20 112	2 472	57 189
Acquisition through business combinations	24	–	–	91	2	93
Revaluations		5 923	–	–	–	5 923
Reclassification to assets held for sale	15	(58 075)	(11 169)	–	–	(69 244)
Disposals		–	(775)	(13 828)	(2 899)	(17 502)
Accumulated depreciation and impairment at 31 March 2015		–	260 029	68 220	10 139	338 388
Opening balance		–	255 560	69 460	10 758	335 778
Current period depreciation		2 505	22 694	8 708	1 527	35 434
Revaluations		(2 505)	–	–	–	(2 505)
Impairment		–	3 410	2 647	–	6 057
Reversal of impairment		–	(12 771)	–	–	(12 771)
Reclassification to assets held for sale		–	(8 864)	–	–	(8 864)
Disposals and assets reclassified as held-for-sale		–	–	(12 595)	(2 146)	(14 741)
Carrying value at 31 March 2015		283 566	273 714	31 832	6 819	595 931
Rate of (straight-line) depreciation		0 – 3,5%	4 – 7%	10 – 20%	20%	
Residual values		40 – 65%	0%	0%	20%	
2014*						
Cost/valuation at 31 March 2014		335 718	511 082	93 677	17 383	957 860
Opening balance		418 605	617 514	153 783	21 330	1 211 232
Additions		196	18 980	8 457	1 818	29 451
Acquisition through business combination		–	10 621	229	1 066	11 916
Revaluations		18 429	–	–	–	18 429
Reclassification to investment property		(49 312)	–	–	–	(49 312)
Reclassification to assets held for sale		(52 200)	(551)	–	–	(52 751)
Disposals		–	(135 482)	(68 792)	(6 831)	(211 105)
Accumulated depreciation and impairment at 31 March 2014		–	255 560	69 460	10 758	335 778
Opening balance		–	327 377	114 968	14 406	456 751
Current year depreciation		2 908	24 829	10 966	1 691	40 394
Revaluations		(2 908)	–	–	–	(2 908)
Disposals and assets reclassified as held for sale		–	(96 646)	(56 474)	(5 339)	(158 459)
Carrying value at 31 March 2014		335 718	255 522	24 217	6 625	622 082

* Restated, see note 32.

Notes to the financial statements

for the year ended 31 March (continued)

10 Property, plant equipment (continued)

Owner-occupied properties – cost less accumulated depreciation

The cost less accumulated depreciation of the owner-occupied properties is provided below. The allowed alternative method as described in IAS 16 is the revaluation model, which has been adopted by the Group.

	Group	
	2015 R000's	2014* R000's
Cost	163 047	172 921
Accumulated depreciation	(2 017)	(2 017)
Carrying value	161 030	170 904
Reconciliation of cost of land and buildings:		
Opening cost at the beginning of the year	172 921	198 884
Additions	–	196
Disposals, transfers to investment property and assets reclassified as held for sale	(9 874)	(26 159)
Closing cost at the end of the year	163 047	172 921

Capitalised leased assets included in the above are:

	Plant and machinery R000's	Equipment and fittings R000's	Motor vehicles R000's	Total R000's
Group				
2015				
Cost	8 133	9 029	4 532	21 694
Accumulated depreciation	(1 031)	(8 996)	(1 234)	(11 261)
Carrying value at 31 March 2015	7 102	33	3 298	10 433
2014*				
Cost	8 133	9 029	3 452	20 614
Accumulated depreciation	(406)	(8 996)	(731)	(10 133)
Carrying value at 31 March 2014	7 727	33	2 721	10 481

* Restated, see note 32.



Impairment losses and subsequent reversal – plant and equipment

The Group has performed impairment testing on all cash-generating units (CGUs) where there is an indication that they may be impaired. The recoverable amount of a CGU is determined based on a fair value less cost to sell or value-in-use calculation as appropriate.

The value-in-use calculation uses cash flow projections approved by management. These cash flow forecasts cover four years and the cash flows after the forecast period are extrapolated into the future, over the useful life of the CGU using steady growth rates that are consistent with that of the industry and country.

In determining value in use projected cash flows are discounted using the entity's weighted average cost of capital (WACC) adjusted for any risk that are not reflected in the underlying cash flows. WACC was calculated as 8,02% for the current period (2014: 7,41%).

Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, including production estimates, economic factors such as commodity prices, discount rates, currency exchange rates and estimates of costs to produce. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amounts to exceed their recoverable amount.

Fair value has been determined by independent external valuers who have taken into account the current market conditions for the nature, age and condition of the assets involved.

Refer to note 5 for impairments and reversals.

Measurement of fair value – land and buildings

Fair value hierarchy

The fair value of owner-occupied property 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 owner-occupied property portfolio on an annual basis. The valuation was done on 31 March 2015.

The fair value measurement of owner-occupied property of R283,6 million has been categorised as a Level 3 fair value, based on the inputs to the valuation technique used (see note 2).

Level 3 fair value

The following shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	R000's
Carrying value at 31 March 2014	335 718
Acquisitions and acquisitions through business combinations	–
Disposals, depreciation and reclassification to investment property and assets held for sale	(60 580)
Revaluation straight through equity	
– Changes in fair value	8 428
Carrying value at 31 March 2015	283 566
Carrying value at 31 March 2013	418 605
Acquisitions and acquisitions through business combinations	196
Disposals, depreciation and reclassification to investment property and assets held for sale	(104 420)
Revaluation straight through equity	
– Changes in fair value	21 337
Carrying value at 31 March 2014	335 718

Notes to the financial statements

for the year ended 31 March (continued)

10 Property, plant equipment (continued)

Valuation technique and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
Capitalisation of income: The valuation model considers the net operating income of the rent collected and dividing it by the capitalisation rate (investor's rate of return), taking into account expected rental income and anticipated expenses for the next twelve months, the properties' location, structure and rental-producing capacity of similar buildings in similar locations.	<ul style="list-style-type: none"> – Capitalisation rate – Occupation rate – Projected income 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> – capitalisation rates were higher (lower) [see sensitivity analysis below]; – the occupancy rates were higher (lower); and – projected income were higher (lower).

Sensitivity analysis on the fair value of owner-occupied buildings

The capitalisation rates for the fair value of the properties varied between 9% –14,5%. The table below presents the sensitivity of the valuation on the carrying value of the owner-occupied property to changes in the capitalisation rate.

	Carrying value	
	2015 R000's	2014 R000's
Increase of 1% in the capitalisation rate	261 581	309 833
Decrease of 1% in the capitalisation rate	308 706	366 539

Securitisation of assets

Refer to note 33 which relates to the securitisation pool for the benefit of the Group's lenders.



II Investment properties

	Group	
	2015 R000's	2014* R000's
Reconciliation of carrying amount		
Opening carrying value	669 619	525 229
Additions – transfer from owner-occupied property	–	49 312
Development cost	42 387	37 499
Capitalised borrowing costs	211	–
Fair value adjustments	70 187	20 726
Additions – litigation settlement	–	38 703
Disposals/Transfers to held for sale	(15 600)	(1 850)
Closing carrying value	766 804	669 619
Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of between one and five years.		
Included in profit and loss:		
Rental income from investment property	95 519	71 547
Direct operating expenses (including repairs and maintenance) relating to rental-generating properties	20 864	10 322
Direct operating expenses (including repairs and maintenance) relating to property which did not generate income	6 368	147
Rates relating to rental-generating properties	10 314	7 431
Rates relating to property which did not generate income	2 417	805

* Restated, see note 32.

Borrowing cost

The capitalisation rate used to capitalise borrowing costs during the current year was the prime rate.

Litigation

During the prior year, the final aspect of the settlement of the litigation against former directors and officers of the company and entities controlled by them was implemented. Erf 27412, Observatory, with a market value of R38,7 million was transferred to a subsidiary of the company.

Capital commitments

There are commitments to further develop our investment properties by R39,4 million (2014: R2,15 million).

Notes to the financial statements

for the year ended 31 March (continued)

II Investment properties (continued)

Measurement of fair value – investment properties

Fair value hierarchy

The fair value of investment property 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 investment property portfolio on an annual basis.

The fair value measurement of investment property of R767 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 2).

Level 3 fair value

The following shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	R000's
Opening value at 31 March 2014	669 619
Development cost and capitalised borrowing cost	42 598
Disposal	(15 600)
Gain included in other income	
– Changes in fair value	70 187
Closing value at 31 March 2015	766 804

Valuation technique and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
Capitalisation of income: The valuation model considers the net operating income of the rent collected and dividing it by the capitalisation rate (investor's rate of return), taking into account expected rental income and anticipated expenses for the next twelve months, the properties' location, structure and rental-producing capacity of similar buildings in similar locations.	<ul style="list-style-type: none"> – Capitalisation rate – Occupation rate – Projected income 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> – capitalisation rates were higher (lower) [see sensitivity analysis below]; – the occupancy rates were higher (lower); and – projected income were higher (lower).

Sensitivity analysis on the fair value of investment buildings

The capitalisation rates for the fair value of the properties varied between 9% – 14,5%. The table below presents the sensitivity of the valuation on the carrying value of the investment property to changes in the capitalisation rate.

	Carrying value	
	2015 R000's	2014 R000's
Increase of 1% in the capitalisation rate	704 843	612 081
Decrease of 1% in the capitalisation rate	842 899	738 946

Securitisation of assets

Refer to note 33 which relates to the securitisation pool for the benefit of the Group's lenders.



12 Intangible assets and goodwill

	Notes	Brand names/ trade- marks R000's	Software R000's	Licences R000's	Goodwill R000's	Total intan- gibles R000's
Group						
Cost at 31 March 2015		10 880	6 147	19 999	17 271	54 297
Opening balance		–	5 919	11 499	14 204	31 622
Assets acquired separately		10 880	228	8 500	–	19 608
Acquired through business combinations	24	–	–	–	3 067	3 067
Accumulated amortisation and impairment at 31 March 2015		1 744	4 502	7 019	–	13 265
Opening balance		–	3 387	4 834	–	8 221
Current period amortisation		1 744	1 115	2 185	–	5 044
Carrying value at 31 March 2015		9 136	1 645	12 980	17 271	41 032
Nature of useful lives		Finite	Finite	Finite		
Amortisation method		Straight line	Straight line	Straight line		
Rate of amortisation		Period of contract	20%	Period of licence		
Residual values		0%	0%	0%		
Cost at 31 March 2014*		–	5 919	11 499	14 204	31 622
Opening balance		–	14 046	7 000	–	21 046
Assets acquired separately		–	572	4 499	–	5 071
Disposals and assets reclassified as held for sale		–	(8 699)	–	–	(8 699)
Acquired through business combinations	24	–	–	–	14 204	14 204
Accumulated amortisation and impairment at 31 March 2014*		–	3 387	4 834	–	8 221
Opening balance		–	4 563	3 453	–	8 016
Disposals and assets reclassified as held for sale		–	(8 699)	–	–	(8 699)
Impairment losses recognised in profit and loss		–	4 617	–	–	4 617
Current period amortisation		–	2 906	1 381	–	4 287
Carrying value at 31 March 2014*		–	2 532	6 665	14 204	23 401

The amortisation of intangible assets is included in the following line items in the statement of comprehensive income:

	2015 R000's	2014* R000's
Cost of revenue	–	–
Distribution costs	3 930	953
Administrative and other expenses	1 114	3 334
	5 044	4 287

* Restated, see note 32.

Notes to the financial statements

for the year ended 31 March (continued)

13 Other investments

	Group	
	2015 R000's	2014* R000's
Business Partners Limited (unlisted)	3 329	3 329
Sear del Investment Corporation Limited (listed)	–	40 065
Old Mutual (listed)	315	315
	3 644	43 709
	Number of shares	Number of shares
Business Partners Limited (unlisted)	605 220	605 220
Sear del Investment Corporation Limited (listed) ordinary shares	–	14 704 938
Sear del Investment Corporation Limited (listed) N ordinary shares	–	6 123 306
Old Mutual (listed)	8 900	8 900
	614 120	21 442 364
Investments are classified as available for sale and are reconciled as follows:	R000's	R000's
Opening balance	43 709	28 574
Distribution	(43 435)	–
Revaluations	3 370	15 135
Closing balance	3 644	43 709

Securitisation of assets

Refer to note 33 which relates to the securitisation pool for the benefit of the Group's lenders.

* Restated, see note 32.



14 Long-term receivables

	Group	
	2015 R000's	2014* R000's
Reconciliation of carrying amount		
Net investment in finance leases	58 808	50 115
Other loans	123 232	76 725
	182 040	126 840

Fair value of long-term receivables

The fair value of long-term interest-bearing receivables approximates the carrying value as market-related rates of interest are charged on these outstanding amounts. There were no impairment provisions on non-current receivable financial assets during the current or prior years.

Other loans

Included in other loans are:

	2015 R000's	2014* R000's
Loan to Hosken Consolidated Investments Limited (HCI)	55 003	–
Loan to South African Clothing & Textile Workers Union (SACTWU)	68 071	76 631
Other	158	94
Total	123 232	76 725

The loans have no fixed terms of repayment and by mutual agreement the loans will not be recalled before 31 March 2016. Net investment in finance leases is reconciled with the gross investment in leases as follows:

	Gross investment in leases R000's	Unearned finance income R000's	Net investment in leases R000's
2015			
Lease payments receivable			
– Not later than one year	39 546	8 957	30 589**
– Later than one year but not later than five years	67 841	9 033	58 808
	107 387	17 990	89 397
2014			
Lease payments receivable			
– Not later than one year	34 677	8 313	26 364**
– Later than one year but not later than five years	58 365	8 250	50 115
	93 042	16 563	76 479

* Restated, see note 32.

** Included in trade and other receivables.

Interest is charged at rates varying between 14% and 25%.

There were no contingent rents recognised as income during the year.

The Group enters into finance leasing arrangements for its copiers, data panels and point-of-sale equipment. All leases are denominated in South African Rands. The average term of finance leases entered into is three to five years.

Notes to the financial statements

for the year ended 31 March (continued)

15 Assets held for sale

The categories of property, plant and equipment are as follows:

	Group	
	2015 R000's	2014* R000's
Land and buildings	55 628	53 985
Plant and machinery	2 305	551
	57 933	54 536

The segmental classification of the non-current assets held for sale is as follows:

	Textiles R000's	Industrials R000's	Property R000's	Total R000's
2015				
Land and buildings	–	–	55 628	55 628
Plant and machinery	–	2 305	–	2 305
	–	2 305	55 628	57 933
2014*				
Land and buildings	–	–	53 985	53 985
Plant and machinery	551	–	–	551
	551	–	53 985	54 536

	Land and buildings at valuation R000's	Plant and machinery at cost R000's	Total R000's
Reconciliation of carrying amount			
Carrying value at 31 March 2014*	53 985	551	54 536
Reclassification from property, plant and equipment	58 075	11 169	69 244
Disposal	(52 625)	(9 415)	(62 040)
Impairment	(3 807)	–	(3 807)
Carrying value at 31 March 2015	55 628	2 305	57 933
Carrying value at 31 March 2013*		2 295	2 295
Reclassification from property, plant and equipment		52 200	52 751
Disposal		(510)	(510)
Carrying value at 31 March 2014*		53 985	54 536

* Restated, see note 32.



Measurement of fair value – assets held for sale

Fair value hierarchy

The fair value of land and buildings classified as assets held for sale 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 owner-occupied property portfolio on an annual basis. The valuation was done on 31 March 2015.

The fair value measurement of land and buildings of R55,6 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 2).

Valuation technique and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
Capitalisation of income: The valuation model considers the net operating income of the rent collected and dividing it by the capitalisation rate (investor's rate of return), taking into account expected rental income and anticipated expenses for the next twelve months, the properties' location, structure and rental-producing capacity of similar buildings in similar locations.	<ul style="list-style-type: none"> – Capitalisation rate – Occupation rate – Projected income 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> – capitalisation rates were higher (lower); – the occupancy rates were higher (lower); and – projected income were higher (lower).

Securitisation of assets

Refer to note 33 which relates to the securitisation pool for the benefit of the Group's lenders.

16 Inventories

	Group	
	2015 R000's	2014* R000
Raw materials and consumables	147 919	185 264
Work in progress	52 894	42 042
Finished goods	409 401	309 165
	610 214	536 471
Inventories stated at net realisable value	126 873	112 672
Inventories acquired through business combinations (refer to note 24)	701	8 401
Carrying amount of inventory pledged as security for liabilities	594 197	522 376
Write-down of inventory to net realisable value during the year	7 565	12 244
Reversals of previous write-down of inventory to net realisable value during the year**	(112)	(1 572)

* Restated, see note 32.

** This inventory was realised during the year and the earlier write-down reversed.

Securitisation of assets

Refer to note 33 which relates to the securitisation pool for the benefit of the Group's lenders.

Notes to the financial statements

for the year ended 31 March (continued)

17 Trade and other receivables

	Group	
	2015 R000's	2014* R000's
Reconciliation of carrying value		
Trade receivables	497 890	402 071
Lease receivables	30 589	26 364
Other receivables	86 112	74 700
Fair value of outstanding foreign exchange contracts	3 670	2 640
Prepayments	22 594	22 063
	640 855	527 838
Business acquisition		
Trade and other receivables acquired through business combinations (refer to note 24)	3 211	13 080
Other receivables		
Included under other receivables are:		
Income receivable from Production Incentive programme (refer to note 22)	38 486	33 875
Lease smoothing asset	16 268	12 078
VAT	10 439	10 713

* Restated, see note 32.

Securitisation of assets

Refer to note 33 which relates to the securitisation pool for the benefit of the Group's lenders.

18 Stated capital

	Group	
	2015 R000's	2014 R000's
Authorised		
10 000 000 000 (2014: 10 000 000 000) ordinary shares at no par value	–	–
Each ordinary share has the right to one vote at general meetings.		
Issued stated capital		
560 811 872 (2014: 120) ordinary shares of no par value	1 716 713	–
Balance at the beginning of the year 120 (2014: 0)	–	–
Issued during the year 560 811 752 (2014: 120)	1 716 713	–
	1 716 713	–
Common control stated capital		
Nil (2014: 539 776 469) ordinary shares at no par value	–	1 496 346



Establishment of the Group

The Group was established as part of an internal restructure on 1 October 2014. The reorganisation of the Deneb businesses into the Group is a common control transaction as Hosken Consolidated Investments Limited (HCI) is the ultimate controlling entity before and after the reorganisation.

The consolidated financial statements of the Group are based on book value (carry-over basis) accounting, on the basis that the Deneb investments have simply been moved from one part of the Group to another. In applying book value accounting, Deneb has recognised the assets acquired and liabilities assumed using the book values in the financial statements of Sear-del Investment Corporation Limited (Sear-del).

Comparative information in the consolidated financial statements of Deneb was restated and the Group adjusted its current reporting period before the date of the transaction as if the combination had occurred before the start of the earliest period presented.

However, in the separate financial statements of Deneb Investments Limited, as it is a legal entity, the legal form of the transaction guided the accounting in its financial statements.

The above authorised and issued stated capital reflects the figures of the legal entity, Deneb Investments Limited.

Issue of shares

Current period

As part of the internal restructure 539 776 349 shares were issued by Deneb to Sear-del Investment Corporation Limited (Sear-del) on 1 October 2014.

Subsequent to the internal restructure 18 115 848 shares were issued by Deneb to Sear-del on 10 November 2014 in exchange for R52,5 million in cash to ensure that Deneb was appropriately capitalised prior to the listing and unbundling.

Deneb listed on the JSE Limited on 1 December 2014 by unbundling from Sear-del. Sear-del shareholders were entitled to receive 12,91952 Deneb shares for every 100 Sear-del shares. No fractions of shares were issued and Deneb shares were issued based on the rounding principle. Accordingly 64 shares were delisted on 1 December 2014 due to rounding.

During the period 2 919 619 shares were issued in terms of the Group's share incentive scheme.

Prior period

Deneb was incorporated on 4 June 2013 with 120 ordinary shares.

Common control stated capital

The internal restructure transaction was accounted for as if it occurred before 1 April 2013. The "common control stated capital" reflect the stated capital had the shares been issued before 1 April 2013.

For further information see "Basis of preparation" in note 1 of the accounting policy.

Reserved under options – see note 35

28 146 932 ordinary shares of no par value each have been placed under the control of the directors, who are authorised to allot and issue all or any of such shares in accordance with the terms and conditions of The Deneb Share Incentive Scheme Plan and any amendments thereto.

The remainder of the unissued shares are under the control of the directors until the next annual general meeting.

Notes to the financial statements

for the year ended 31 March (continued)

19 Post-employment medical aid benefits

General description of plan

The post-employment subsidy policy is summarised below:

- Qualifying medical scheme members who joined any of the companies within the Group before 1 July 1996 are eligible for a 50% retirement subsidy of their total medical scheme contributions.
- Dependants of eligible continuation members receive a subsidy before and after the death of the principal member.
- If a member eligible for a retirement subsidy dies in service, his/her dependants are eligible for a subsidy of medical scheme contributions as described above.

	2015 000's	2014* 000's
Amounts recognised in the statement of profit or loss:		
Current service cost	444	444
Interest on the obligation	8 178	7 654
Total included in staff costs	8 622	8 098
Reconciliations in the net liability recognised in the statement of financial position are as follows:		
Liability at the beginning of the year	97 460	89 433
Net expense recognised in profit or loss	8 622	8 098
Contributions from employer	(6 524)	(6 036)
Actuarial losses/(gains) recognised in other comprehensive income – changes from financial assumptions	9 549	5 965
Liability in the statement of financial position	109 107	97 460
Represented by		
Liability due within 12 months	6 413	6 280
Liability due after 12 months	102 694	91 180
	109 107	97 460
Present value of unfunded obligations	109 107	97 460
Fair value of plan assets	–	–
Recognised liability for defined benefit obligations	109 107	97 460

No reconciliation of the opening and closing balances of the plan assets is provided as there are no plan assets.

The net cumulative actuarial loss recognised in other comprehensive income is R17,85 million.

* Restated, see note 32.



Forecast reconciliation of the plan to 31 March 2016 is as follows:

	2016 R000's
Liability at 31 March 2015	109 107
Net expense in the statement of profit or loss	9 545
Contributions	(6 673)
Forecast liability at 31 March 2016	111 979

Trend information

	2015 R000's	2014*	2013*	2012*	2011*
	R000's	R000's	R000's	R000's	R000's
Present value of obligations	109 107	97 460	89 433	79 307	71 233

		2015	2014*
The principal actuarial assumptions at the reporting date:			
Discount rate	(%)	8,30	8,70
Medical inflation	(%)	8,60	8,40
Sensitivity of results			
A 1% increase in medical aid inflation would result in:			
An increase in the accrued liability of	(R000's)	13 274	11 028
	(%)	12,20	11,30
An increase in the service and interest cost of	(R000's)	1 212	1 059
	(%)	12,70	12,30
A 1% decrease in medical aid inflation would result in:			
A decrease in the accrued liability of	(R000's)	(11 164)	(9 303)
	(%)	(10,20)	(9,50)
A decrease in the service and interest cost of	(R000's)	(1 013)	(888)
	(%)	(10,60)	(10,30)
A 1% decrease in the discount rate would result in:			
An increase in the accrued liability of	(R000's)	13 449	11 515
	(%)	12,30	11,80
A 1% increase in the discount rate would result in:			
A decrease in the accrued liability of	(R000's)	(11 098)	(9 547)
	(%)	(10,20)	(9,80)

* Restated, see note 32.

Notes to the financial statements

for the year ended 31 March (continued)

20 Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated and separate financial statements.

Risk management framework

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board has established a risk committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Interest-bearing liabilities

Interest-bearing liabilities	Final repayment dates	Average rate of interest p.a.	Group	
			2015 R000's	2014* R000's
Secured				
Instalment sale and finance lease agreements	2019	9 to 11	4 481	5 751
			4 481	5 751
Unsecured				
HCI Treasury Proprietary Limited**	2017	Prime	33 920	–
Deposit held for rentals	2021	Prime	–	4 508
Contingent payments relating to business combinations	2016	9,05	9 462	9 592
			43 382	14 100
Total interest-bearing liabilities			47 863	19 851
Current portion of interest-bearing liabilities			45 063	3 193
Non-current portion of interest-bearing liabilities			2 800	16 658

* Restated, see note 32.

** The loan has no fixed terms of repayment.



Instalment sales and finance lease agreements are payable as follows:

	Principal R000's	Interest R000's	Gross instalments R000's
2015			
Less than one year	2 148	247	2 395
Between one and five years	2 333	328	2 661
	4 481	575	5 056
2014*			
Less than one year	3 193	332	3 525
Between one and five years	2 558	306	2 864
	5 751	638	6 389

Under the terms of the lease agreements, no contingent rentals are payable. Finance leases are repayable in monthly instalments.

Foreign currency management: Operating subsidiaries undertake transactions denominated in foreign currencies and hence exposure to exchange rate fluctuations arise. Material exchange rate exposure on imported goods, trade debtors/creditors, foreign currency assets and liabilities and capital equipment is hedged through the use of forward exchange contracts. Trade exports are hedged using forward exchange contracts and customer foreign currency accounts. Forward exchange contracts (FECs) are not used for speculative purposes.

FECs act as natural hedges and formal hedge accounting is not performed.

Interest rate management: The Group is exposed to interest rate risk as it borrows and places funds on the money market. This risk is managed by maintaining an appropriate mix of fixed and daily call placements with reputable financial institutions.

Credit risk management: Financial assets, which potentially subject the Group to concentrations of credit risk, consist principally of cash and cash equivalents, investments and receivables. A significant amount of the Group's trade debt is in respect of sales to retailers, in particular Amic Trading Proprietary Limited (R60,5 million (2014: R40,4 million)), Shoprite Holdings Limited (R15,4 million (2014: R8,0 million)), Massmart Limited (R46,3 million (2014: R37,9 million)) and Clicks Group Limited (R12,4 million (2014: R7,0 million)). The risk on cash and cash equivalents is managed through dealing with established financial institutions with high credit standing.

The vast majority of trade debtors relate to sales made in the local market, with R472 million (89%) (2014: R422 million (98,5%)) being denominated in South African Rands.

Trade receivables denominated in USD accounted for 10,8% (2014: 0,8%) and those in EUR accounted for 0,1% (2014: 0,2%).

Receivables are presented net of impairment provisions. The risk arising on trade receivables is managed through a Group policy on the granting of credit limits, continual review and monitoring of these limits. The company is jointly and severally liable in respect of third-party liabilities incurred by subsidiary companies.

Capital management: The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital base of the business is viewed as being the shareholder equity and non-current liabilities amounting to R1 980,4 million (2014: R1 637,9 million).

Collateral

Finance lease receivable balances are secured over the electronic and office automation equipment leased. The Group does not hold any significant collateral other than electronic and office automation equipment securing finance lease receivable balances. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

During the period the Group did not obtain any assets by taking possession of any collateral held as security.

Repossessed electronic and office automation equipment is taken into stock and becomes available for lease or sale.

* Restated, see note 32.

Notes to the financial statements

for the year ended 31 March (continued)

20 Financial instruments (continued)

Financial risk management (continued)

	Group	
	2015 R000's	2014* R000's
Allowances for credit losses		
The movement in the allowance for impairment in respect of trade receivables during the period was as follows:		
Opening balance	3 682	5 231
Written off as irrecoverable	(303)	(2 356)
Increased through business combinations	–	385
Disposal of subsidiary	(73)	–
Increase in allowance for impairment	3 357	1 610
Decrease in allowance for impairment	(922)	(1 188)
Closing balance	5 741	3 682
Past due but not impaired financial assets		
The following analysis reflects the aging of trade receivables as at year-end, which have exceeded their credit terms, but have not been impaired.		
30+ days	55	397
60+ days	1 590	196
90+ days	16 752	6 802
120+ days	7 564	2 496
	25 961	9 891
The following analysis reflects the aging and remaining value of trade receivables as at year-end, which are considered to have been impaired and against which an impairment for non-recovery has already been made.		
30+ days	–	–
60+ days	–	–
90+ days	413	101
120+ days	3 010	2 933
	3 423	3 034
In determining the impairments, the Group considered, inter alia, disputes with customers, untraceable and slow payers, long overdue accounts and customers placed under liquidation.		
Cash flow and funding risk management		
This risk is managed through cash flow forecasts and ensures that adequate borrowing facilities are maintained. In terms of the memorandum of incorporation, the Group's borrowing powers are unlimited, but in terms of the securitisation agreement cannot raise further funds without permission. Refer to note 26 for borrowing facilities.		
Categories of financial assets		
The carrying amount of financial assets, which also represents the maximum credit exposure and reasonably approximate their fair values, are as follows:		
Loans and receivables	786 629	622 842
Fair value through profit or loss (FECs)	3 670	2 640
Available for sale	3 644	43 709
	793 943	669 191

* Restated, see note 32.



Reconciliation with line items presented in the statement of financial position:

Notes	Loans and receivables R000's	Fair value through profit or loss R000's	Available for sale R000's	Non-financial asset R000's	Total R000's
2015					
Investments	–		3 644	–	3 644
Long-term receivables	182 040		–	–	182 040
Trade and other receivables	604 152	3 670	–	33 033	640 855
Cash and cash equivalents	437		–	–	437
	786 629	3 670	3 644	33 033	826 976
2014*					
Investments	–		43 709	–	43 709
Long-term receivables	126 840		–	–	126 840
Trade and other receivables	492 422	2 640	–	32 776	527 838
Cash and cash equivalents	3 580		–	–	3 580
	622 842	2 640	43 709	32 776	701 967

Categories of financial liabilities

	Group	
	2015 R000's	2014* R000's
The carrying amounts of financial liabilities, which also reasonably approximate their fair values, are as follows:		
Measured at amortised cost	1 046 844	1 014 558
	1 046 844	1 014 558

Reconciliation with line items presented in the statement of financial position:

	Measured at amortised cost R000's	Non-financial liability R000's	Total R000's
2015			
Interest-bearing liabilities – non-current	2 800	–	2 800
– current	45 063	–	45 063
Trade and other payables	469 102	4 327	473 429
Bank overdrafts	529 879	–	529 879
	1 046 844	4 327	1 051 171
2014*			
Interest-bearing liabilities – non-current	16 658	–	16 658
– current	3 193	–	3 193
Trade and other payables	456 923	1 544	458 467
Bank overdrafts	537 784	–	537 784
	1 014 558	1 544	1 016 102

* Restated, see note 32.

Notes to the financial statements

for the year ended 31 March (continued)

20 Financial instruments (continued)

Maturity profile of financial instruments

Maturity profile of financial assets and liabilities at 31 March 2015 is summarised as follows:

	0 – 12 months R000's	1 – 3 years R000's	3 – 5 years R000's	Over 5 years R000's	Total R000's
2015					
Assets					
Investments	–	3 644	–	–	3 644
Long-term receivables	–	191 073	–	–	191 073
Trade and other receivables	607 822	–	–	–	607 822
Cash and cash equivalents	437	–	–	–	437
Total financial assets	608 259	194 717	–	–	802 976
Liabilities					
Interest-bearing borrowings	45 063	2 800	–	–	47 863
Trade and other payables	464 773	–	–	–	464 773
Bank overdrafts	529 879	–	–	–	529 879
Total financial liabilities – non-derivatives	1 039 715	2 800	–	–	1 042 515
Trade and other payables	4 329	–	–	–	4 329
Total financial liabilities – derivatives	4 329	–	–	–	4 329
Net financial (liabilities)/assets	(435 785)	191 917	–	–	(243 868)
2014*					
Assets					
Investments	–	43 709	–	–	43 709
Long-term receivables	–	126 840	–	–	126 840
Trade and other receivables	495 062	–	–	–	495 062
Cash and cash equivalents	3 580	–	–	–	3 580
Total financial assets	498 642	170 549	–	–	669 191
Liabilities					
Interest-bearing borrowings	3 193	16 658	–	–	19 851
Trade and other payables	448 901	–	–	–	448 901
Bank overdrafts	537 784	–	–	–	537 784
Total financial liabilities – non-derivatives	989 878	16 658	–	–	1 006 536
Trade and other payables	3 628	–	–	–	3 628
Total financial liabilities – derivatives	3 628	–	–	–	3 628
Net financial (liabilities)/assets	(494 864)	153 891	–	–	(340 973)

* Restated, see note 32.



Contractual undiscounted cash flows

	0 – 12 months R000's	1 – 3 years R000's	3 – 5 years R000's	Over 5 years R000's	Total R000's
2015					
Liabilities – contractual undiscounted cash flows					
Interest-bearing borrowings	49 490	3 318	–	–	52 808
Trade and other payables	464 773	–	–	–	464 773
Bank overdrafts	582 010	–	–	–	582 010
Total financial liabilities – non-derivatives	1 096 273	3 318	–	–	1 099 591
Trade and other payables	4 329	–	–	–	4 329
Total financial liabilities – derivatives	4 329	–	–	–	4 329
2014*					
Liabilities – contractual undiscounted cash flows					
Interest-bearing borrowings	3 488	18 199	–	–	21 687
Trade and other payables	448 901	–	–	–	448 901
Bank overdrafts	584 798	–	–	–	584 798
Total financial liabilities – non-derivatives	1 037 187	18 199	–	–	1 055 386
Trade and other payables	3 628	–	–	–	3 628
Total financial liabilities – derivatives	3 628	–	–	–	3 628

Fair value of financial instruments

The fair value of short-term financial assets and liabilities approximate their carrying values as disclosed in the statement of financial position.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

* Restated, see note 32.

Notes to the financial statements

for the year ended 31 March (continued)

20 Financial instruments (continued)

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Notes	Carrying value				Total R000's
		Loans and receivables R000's	Fair value through profit or loss R000's	Available for sale R000's	Measured at amortised cost R000's	
2015						
Financial assets measured at fair value						
Equity securities	13	–	–	3 644	–	3 644
Forward exchange contracts	17	–	3 670	–	–	3 670
		–	3 670	3 644	–	7 314
Financial assets not measured at fair value						
Long-term receivables	14	182 040	–	–	–	182 040
Trade and other receivables	17	604 152	–	–	–	604 152
Cash and cash equivalents		437	–	–	–	437
		786 629	–	–	–	786 629
Financial liabilities not measured at fair value						
Instalment sale and finance lease agreements		–	–	–	(4 481)	(4 481)
Unsecured loans		–	–	–	(43 382)	(43 382)
Trade and other payables	21	–	–	–	(469 102)	(469 102)
Bank overdrafts	26	–	–	–	(529 879)	(529 879)
		–	–	–	(1 046 844)	(1 046 844)
2014*						
Financial assets measured at fair value						
Equity securities	13	–	–	43 709	–	43 709
Forward exchange contracts	17	–	2 640	–	–	2 640
		–	2 640	43 709	–	46 349
Financial assets not measured at fair value						
Long-term receivables	14	126 840	–	–	–	126 840
Trade and other receivables	17	492 422	–	–	–	492 422
Cash and cash equivalents		3 580	–	–	–	3 580
		622 842	–	–	–	622 842
Financial liabilities not measured at fair value						
Instalment sale and finance lease agreements		–	–	–	(5 751)	(5 751)
Unsecured loans		–	–	–	(14 100)	(14 100)
Trade and other receivables	21	–	–	–	(456 923)	(456 923)
Bank overdrafts	26	–	–	–	(537 784)	(537 784)
		–	–	–	(1 014 558)	(1 014 558)

* Restated, see note 32.

Notes to the financial statements

for the year ended 31 March (continued)

20 Financial instruments (continued)

Reclassification of financial assets

No financial assets were reclassified from fair value to cost or amortised cost or vice versa during the year.

Pledges of financial assets

No financial assets were pledged as collateral for liabilities or contingent liabilities.

Determination of fair value for financial assets and liabilities

Receivables are impaired based on the estimated credit losses on a debtor-by-debtor basis. Receivables and liabilities denominated in foreign currencies are restated based on the year-end exchange rate. Publically traded investments are revalued to their market values on an annual basis.

Included in the Group's trade receivable balances are debtors which are past due at the reporting date for which the Group has not been impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

	Group	
	2015 R000's	2014* R000's
These "past due, but not impaired debtors" amount to:	25 961	9 891

Derecognition of financial assets

There has been no transfer by the Group of financial assets to any outside party where such financial assets do not qualify for derecognition.

Defaults and breaches on loans

There were no breaches or defaults on the repayment of any loans payable during the current or prior period.

Market risk

Market risk is the risk that changes in the market prices such as foreign exchange rates and equity prices will affect the Group's income or the value of its holding of financial instruments. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk arising on the importation of electronic equipment, toys, finished goods and raw materials; and
- interest rate caps to mitigate the risk of rising interest rates.

The fair value of the derivatives at year-end, determined by marking to market of contracts amounted to:

(660)	(988)
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Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Adequate liquidity is managed through the use of cash flow forecasts and by the maintenance of adequate borrowing facilities.

The Group is exposed to a number of risks, including market risk (including currency risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The Group does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes.



Sensitivity analysis

Equity price sensitivity analysis

The Group faces equity risk in that it held an investment in Seardel Investment Corporation and holds an investment in Business Partners as disclosed under the investments note.

Foreign currency sensitivity analysis

The Group is exposed to foreign currency risk in the form of trade receivables and trade payables denominated in foreign currencies, as well as related forward exchange contracts and customer foreign currency accounts. Details of the Group's exposure in this regard are contained in note 28 of these financial statements.

Interest rate sensitivity analysis

At year-end the Group's net interest-bearing borrowings amounted to R577 million (2014: R540 million). In the main the interest rates applicable to these loans are variable. Consequently, in the event of a 10% change in interest rates, (i.e. an increase of 0,9%) there will be an additional interest charge of R5,19 million (2014: R4,9 million) before tax.

* Restated, see note 32.

21 Trade and other payables

	Group	
	2015 R000's	2014* R000's
Trade payables	300 957	263 390
Fair value of outstanding foreign exchange contracts	4 329	3 628
Accruals and other current liabilities	168 143	191 449
Shareholders for dividend	-	-
	473 429	458 467
The operating lease accrual is payable as follows:		
Less than one year (included under trade and other payables)	670	102
Between one and five years (shown separately as operating lease accruals on the statement of financial position)	925	241
	1 595	343
Trade and other payables acquired through business combination (refer to note 24)	6 673	10 791

22 Government grants

Receivable balance for government grants brought forward	33 875	39 456
Total income from government grants, included in other income, recognised during the year amounted to	34 860	33 875
Total cash received during the year from government grants amounted to	(30 249)	(39 456)
Amount outstanding as at year-end	38 486	33 875

The government grants received related to the Production Incentive Scheme established by the Department of Trade and Industry. The receivable is disclosed under trade and other receivables.

There are no unfulfilled conditions or contingencies relating to the government assistance recognised.

* Restated see note 32.

Notes to the financial statements

for the year ended 31 March (continued)

23 Provisions

	Group	
	2015 R000's	2014* R000's
Restructuring and retrenchment costs		
Carrying amount at the beginning of the year	23 116	355
Additional provisions made in the year, including increases to existing provisions	–	23 309
Unused amounts reversed during the year	–	(6)
Amounts utilised during the year	(23 116)	(542)
Carrying amount at the end of year	–	23 116

* Restated see note 32.

During the prior period the directors resolved to exit the Group's apparel manufacturing business through the closure of its Western Cape and KwaZulu-Natal operations. The Group sold the apparel manufacturing business to an associate company of SACTWU.

These prior period provisions relate to management's restructuring plans and were implemented or already implemented during the current financial period.



24 Business combinations

Subsidiaries acquired through the year

Subsidiary name	Acquisition date	Segment	Description	% voting interest	Revenue contributed to the Group R000's	Net profit/(loss) contribution to the Group R000's	Revenue contributed to the Group had the acquisition been effective 1 April 2014 R000's	Net profit/(loss) contribution to the Group had the acquisition been effective 1 April 2014 R000's
2015								
Limtech Biometric Solutions Proprietary Limited	1 Apr 2014	Branded Product Distribution	Provider of access security solutions, specialising in biometric fingerprint recognition	100%	10 597	(859)	10 597	(859)
Deneb Invest 141 Holdco Proprietary Limited (Office Box)	1 Aug 2014	Branded Product Distribution	Online distributor of stationery	51%	8 499	(1 496)	8 499	(1 496)
2014*								
Clever Little Monkey Proprietary Limited	1 Aug 2013	Branded Product Distribution	Online furniture and decor shop	100%	2 898	(318)	2 898	(318)
Custom Extrusion Proprietary Limited	1 July 2013	Industrial	Extrusion and weaving of polypropylene	100%	66 888	6 637	89 685	8 898

* Restated, see note 32.

Notes to the financial statements

for the year ended 31 March (continued)

24 Business combinations (continued)

Consideration transferred

The following table summarises the consideration paid for the entities and the amount of the assets acquired and liabilities assumed that were recognised at the acquisition date.

Consideration	Branded Products R000's	Industrials R000's	Total R000's
2015			
Contingent consideration	1 400	–	1 400
Total consideration	1 400	–	1 400
2014*			
Cash	500	–	500
Contingent consideration	786	8 106	8 892
Own shares issued	–	17 108	17 108
Total consideration	1 286	25 214	26 500

* Restated, see note 32.

Contingent consideration

The contingent consideration arrangement requires the Group to pay the former owners a fixed amount based on future operational profits. The potential undiscounted amount of all future payments that the Group could be required to make under this arrangement is between RNil and R1 530 000 (2014: between RNil and R14 500 000).

The fair value of the contingent consideration arrangement of R1 400 000 (2014: R12 677 912) was estimated by applying a discount rate of 9,25% (2014: 9,05%).

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Recognised amounts of identifiable assets acquired and liabilities assumed	Branded Product Distribution R000's
2015	
Property, plant and equipment	93
Inventories	701
Trade and other receivables	3 211
Cash and cash equivalents	256
Trade and other payables	(6 673)
Bank overdrafts	(70)
Total identifiable net assets	(2 482)
Less non-controlling interest	815
Goodwill	3 067
Total consideration	1 400



	Branded Product Distribution R000's	Industrials R000's	Total R000's
Recognised amounts of identifiable assets acquired and liabilities assumed			
2014*			
Property, plant and equipment	11	11 905	11 916
Long-term receivables	–	93	93
Inventories	96	8 305	8 401
Trade and other receivables	48	13 032	13 080
Cash and cash equivalents	58	–	58
Deferred liabilities	–	(3 707)	(3 707)
Deferred tax liability	–	(1 023)	(1 023)
Trade and other payables	(111)	(11 506)	(11 617)
Interest-bearing liability	–	(8 628)	(8 628)
Bank overdrafts	–	(4 727)	(4 727)
Total identifiable net assets	102	3 744	3 846
Common control reserve	–	8 450	8 450
Goodwill	1 184	13 020	14 204
Total consideration	1 286	25 214	26 500

Cash flow from this investing activity

	Branded Product Distribution R000's
2015	
Add cash and cash equivalents in the business acquired	256
Less overdraft in the business acquired	(70)
Net cash inflow from investing operations	186

	Branded Product Distribution R000's	Industrials R000's	Total R000's
2014*			
Cash consideration transferred	(500)	–	(500)
Less cash and cash equivalents in the business acquired	58	–	58
Add overdraft in the business acquired	–	(4 727)	(4 727)
Net cash inflow from investing operations	(442)	(4 727)	(5 169)

* Restated, see note 32.

Goodwill

The goodwill is attributable mainly to intangible assets that are either not separable or cannot be valued reliably as per IFRS 3. This includes non-competition agreements, customer lists, production backlog, lease agreements, employment contracts, databases, patented/unpatented technology, computer software, service or supply contracts, and service contracts.

Notes to the financial statements

for the year ended 31 March (continued)

25 Leases

	Group	
	Nominal amount	
	2015 R000's	2014* R000's
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	19 240	14 285
Between one and five years	36 565	35 465
	55 805	49 750
Non-cancellable operating lease rentals are receivable as follows:		
Less than one year	95 111	90 127
Between one and five years	190 858	435 529
More than five years	9 568	206 382
	295 537	732 038

*Restated, see note 32.

No future sublease payments are expected to be received under non-cancellable subleases.

No contingent rentals were recognised as income in the period.

The Group leases a number of premises as distribution warehouses, factory and retail facilities, as well as office equipment, motor vehicles and forklifts under operating leases.

26 Borrowing facilities

	2015 R000's	2014* R000's
Available facilities	825 000	837 500
Net utilised	(588 363)	(650 697)
Unutilised balance	236 637	186 803

These facilities have been secured in terms of note 33.

* Restated, see note 32.



27 Directors' emoluments

Paid by a subsidiary company Name	Salary R000's	Bonus R000's	Retirement and medical contri- butions R000's	Share option expense R000's	Directors' fees R000's	Total R000's
2015						
Executive directors***						
S A Queen* (Chief Executive Officer)	3 551	3 201	–	3 190	–	9 942
A M Ntuli	886	75	172	–	–	1 133
G D T Wege	1 657	1 711	248	1 052	–	4 668
D Duncan	2 565	1 581	312	11	–	4 469
	8 659	6 568	732	4 253	–	20 212
Non-executive directors						
J Copelyn (Chairman)**	–	–	–	–	144	144
M H Ahmed	–	–	–	–	167	167
L Govender	–	–	–	–	–	–
T G Govender**	–	–	–	–	103	103
N B Jappie	–	–	–	–	75	75
R D Watson	–	–	–	–	145	145
Y Shaik**	–	–	–	–	144	144
	–	–	–	–	778	778
Executive committee members						
Executive 1	1 421	560	54	204	–	2 239
Executive 2	1 742	3 799	208	–	–	5 749
	3 163	4 359	262	204	–	7 988
						28 978
2014						
Executive directors***						
S A Queen* (Chief Executive Officer)	3 345	–	–	2 054	–	5 399
A M Ntuli	841	71	157	–	–	1 069
G D T Wege	1 556	–	233	435	–	2 224
D Duncan	2 394	–	291	293	–	2 978
	8 136	71	681	2 782	–	11 670
Non-executive directors						
J Copelyn (Chairman)**	–	–	–	–	136	136
N N Lazarus (Deputy Chairman)	–	–	–	–	43	43
M H Ahmed	–	–	–	–	136	136
L Govender	–	–	–	–	–	–
T G Govender**	–	–	–	–	97	97
N B Jappie	–	–	–	–	–	–
R D Watson	–	–	–	–	117	117
Y Shaik	–	–	–	–	157	157
	–	–	–	–	686	686
Executive committee members						
Executive 1	1 888	–	62	82	–	2 032
Executive 2	1 658	3 000	186	287	–	5 131
	3 546	3 000	248	369	–	7 163
						19 519

Notes to the financial statements

for the year ended 31 March (continued)

27 Directors' emoluments (continued)

Additional disclosure in terms of the share options granted during the year:

	Opening balance of share options 000's	Number of share options awarded during the year 000's	Number of shares exercised 000's	Number of shares cancelled	Closing balance of share options 000's	Strike price of share options awarded R	Exercised price of shares exercised R
2015							
Deneb Investments Limited options							
Executive directors***							
S A Queen* (Chief Executive Officer)	-	6 469	(1 735)	-	4 734	0,93	2,10
A M Ntuli	-	-	-	-	-	-	-
G D T Wege	-	3 052	(375)	-	2 677	1,01	2,10
D Duncan	-	2 627	-	-	2 627	1,54	-
Non-executive directors							
J Copelyn (Chairman)**	-	-	-	-	-	-	-
N B Jappie	-	-	-	-	-	-	-
L G Govender	-	-	-	-	-	-	-
M H Ahmed	-	-	-	-	-	-	-
T G Govender**	-	-	-	-	-	-	-
R D Watson	-	-	-	-	-	-	-
Y Shaik	-	-	-	-	-	-	-
Executive committee members							
Executive 1	-	1 192	-	-	1 192	1,31	-
Executive 2	-	1 315	(232)	-	1 083	1,53	2,10
Sardel Investment Corporation Limited options							
Executive directors							
S A Queen (Chief Executive Officer)	8 820	-	(2 000)	(6 820)	-	-	1,79
A M Ntuli	-	-	-	-	-	-	-
G D T Wege	2 773	-	-	(2 773)	-	-	-
D Duncan	2 047	-	(700)	(1 347)	-	-	1,79
Non-executive directors							
J Copelyn (Chairman)	-	-	-	-	-	-	-
N B Jappie	-	-	-	-	-	-	-
L G Govender	-	-	-	-	-	-	-
M H Ahmed	-	-	-	-	-	-	-
T G Govender	-	-	-	-	-	-	-
R D Watson	-	-	-	-	-	-	-
Y Shaik	-	-	-	-	-	-	-
Executive committee members							
Executive 1	1 086	-	(250)	(836)	-	-	1,90
Executive 2	1 549	-	(699)	(850)	-	-	1,80



	Opening balance of share options 000's	Number of share options awarded during the year 000's	Number of shares exercised 000's	Closing balance of share options 000's	Strike price of share options awarded R	Exercised price of shares exercised R
2014****						
Seardel Investment Corporation Limited options						
Executive directors***						
S A Queen* – (Chief Executive Officer)	8 820	–	–	8 820	–	–
A M Ntuli	–	–	–	–	–	–
G D T Wege	3 523	–	(750)	2 773	–	2,75
D Duncan	2 572	–	(525)	2 047	–	2,75
Non-executive directors						
J Copelyn (Chairman)**	–	–	–	–	–	–
N B Jappie	–	–	–	–	–	–
L G Govender	–	–	–	–	–	–
M H Ahmed	–	–	–	–	–	–
T G Govender**	–	–	–	–	–	–
R D Watson	–	–	–	–	–	–
Y Shaik	–	–	–	–	–	–
Executive committee members						
Executive 1	1 086	–	–	1 086	–	–
Executive 2	2 205	–	(656)	1 549	–	2,60

* The remuneration of S A Queen is included in the managerial services provided by HCl referred to in note 30, Related parties.

** Ceded to HCl.

*** There is no distinction made in the remuneration packages of executive directors for services as directors and services for carrying on the business of the Group and/or subsidiary companies.

**** These options relate to the Seardel Investment Corporation Limited share options.

† Resigned.

For the interest of directors in the company's share capital, please refer to the Analysis of shareholders.

Directors' interest in contracts is disclosed in note 30, Related parties.

Refer to the Remuneration Report for amounts paid to directorate by related parties.

Notes to the financial statements

for the year ended 31 March (continued)

28 Foreign currency commitments

	Currency	Uncovered R000's	Covered R000's	Total R000's
2015				
Foreign currency monetary items are as follows:				
Foreign receivables	AUD	518	–	518
	EUR	834	–	834
	USD	58 233	19 118	77 351
		59 585	19 118	78 703
Foreign payables	AUD	–	–	–
	EUR	832	891	1 723
	GBP	873	11	884
	USD	65 438	14 616	80 054
	CHF	–	66	66
		67 143	15 584	82 727

Sensitivity analysis: A 10% strengthening of the Rand would result in the uncovered receivables to be collected being reduced by R5 958 500 while the uncovered payables balance would decrease by R6 714 300 resulting in a net gain of R755 800. A weakening of the Rand by 10% would have an equal, but opposite effect.

	Currency	Uncovered R000's	Covered R000's	Total R000's
2014*				
Foreign currency monetary items are as follows:				
Foreign receivables	AUD	–	882	882
	EUR	–	10 066	10 066
	USD	–	237 735	237 735
	GBP	–	–	–
		–	248 683	248 683
Foreign payables	AUD	–	881	881
	EUR	–	928	928
	GBP	–	624	624
	USD	–	76 135	76 135
		–	78 568	78 568

Sensitivity analysis: All foreign currency receivables and payables were covered at year-end. Foreign exchange contracts are used as a natural hedge and hedge accounting was not applied.

The exchange rates were as follows:

	Spot – 31 March 2015 R	Spot – 31 March 2014 R	Average for the period R
AUD	9,29000	9,77265	9,65970
EUR	13,04070	14,54890	14,00190
GBP	18,00060	17,54790	17,81690
USD	12,14780	10,54550	11,06300

*Restated, see note 32.



29 Commitments

	Capital expenditure		Contractual commitments	
	2015 R000's	2014* R000's	2015 R000's	2014* R000's
Investment property	42 387	37 499	39 435	2 152
Land and buildings	–	196	–	–
Plant and equipment	57 189	29 255	–	14 578
Intangible assets	19 608	5 071	–	21 000
Business combinations	1 400	26 500	–	–
	120 584	98 521	39 435	37 730

The capital commitments are expected to be incurred during the remainder of the current financial year.

30 Related parties

Transactions between Group companies

Transactions between Group companies: During the year, in the ordinary course of business, certain companies within the Group entered into transactions with one another. These intra-group transactions have been eliminated on consolidation.

Transactions with Hosken Consolidated Investments Limited (HCI) (ultimate holding company), entities in which HCI has an interest and SACTWU (shareholder)

	Transaction values for the year ended 31 March		Balance outstanding as at 31 March	
	Income/(Expense)		Balance receivable/(owing)	
	2015 R000's	2014* R000's	2015 R000's	2014* R000's
SACTWU – disposal of apparel manufacturing operation (refer to note 8)	7 508	(31 260)	68 070	107 588
SACTWU – loan advance relating to the disposal of the apparel manufacturing operation (refer to note 8)	–	(957)	–	(30 957)
HCI – loan advanced from HCI during the year	(2 963)	(2 499)	(33 920)	–
HCI – loan advanced to HCI during the year	5 003	–	55 003	–
Management fees paid				
HCI – managerial and secretarial services	(3 850)	(4 200)	(399)	(10 195)
Management fees received				
Formex Industries – a subsidiary of HCI	1 296	1 296	–	–
Managerial services to HCI	813	617	–	–

* Restated, see note 32.

Disposal of apparel manufacturing operation to SACTWU

During the period the Group disposed of its South African apparel manufacturing operation and advanced on loan account an amount equal to the purchase price to SACTWU. The loan attracts interest at prime and will be repaid out of any cash payments or distributions receivable by SACTWU from Seardel or HCI.

HCI loan

Loans between HCI and the Group attracted interest at prime.

The loan advanced to HCI during the year has no fixed terms of repayment and by mutual agreement the loan will not be recalled before 31 March 2016.

The loan advanced from HCI during the year has no fixed terms of repayment.

Notes to the financial statements

for the year ended 31 March (continued)

30 Related parties (continued)

Transactions with companies with common directors

	Transaction values for the year ended 31 March		Balance outstanding as at 31 March	
	Income/(Expense)		Balance receivable/(owing)	
	2015 R000's	2014* R000's	2015 R000's	2014* R000's
Sale of goods and services				
Zenzeleni Clothing – a company of which J Copelyn, K Govender and A Ntuli are directors	5 527	8 930	1 633	2 053

Remuneration of key management personnel

Key management personnel are directors and those executives having authority and responsibility for planning, directing and controlling the activities of the Group. The remuneration (all short-term benefits) paid by the Group to its key management personnel is as follows:

	2015 R000's	2014* R000's
Basic	57 301	42 291
Provident fund	2 511	2 273
Medical aid	677	617
	60 489	45 181

* Restated, see note 32.

A share incentive scheme has been implemented for key management personnel. See note 35 for further details.

The percentage of shares held by directors of the company and their related entities at the reporting date are disclosed in the Analysis of shareholders report on page 127.

31 Contingencies

There are no material contingencies at the date of signing this report.



32 Change in comparatives

Reconciliation between assumptions used in the Pre-listing statement and the comparative results of Deneb for the year ended 31 March 2014

The Group did not prepare consolidated financial statements in the normal course of business up to and including 31 March 2014.

Accordingly, carve-out historical information was prepared for the Pre-listing statement published on 21 November 2014 on a basis of extracting historical assets, liabilities, revenue and expenses reflected in the consolidated financial statements of Seardel and preparing it as a standalone Group.

Our auditors issued an audit report on the information presented in the Pre-listing statement.

Book value accounting requires the assets acquired and the liabilities assumed through the internal reorganisation to be accounted for using the book values in the consolidated financial statements of the transferor, Seardel.

The following assumptions were used and listed in the basis of preparing of the Pre-listing statement:

Taxation

Carve-out historical information in the Pre-listing statement assumed that the deferred tax asset in Seardel Group Trading is fully recoverable. This assumption was applied retrospectively from 31 March 2011 as noted in the basis of preparation.

The assets acquired through the reorganisation were accounted for at the book value in the financial statements of Seardel. The deferred tax asset in Seardel Group Trading was assessed as fully recoverable and released in the current period in financial statements.

	Pre-listing statement 2014 R000's	Deneb financial statements 2014 R000's
Financial effect		
Statement of financial position Dr/(Cr)		
Deferred tax asset	141 399	58 738
Statement of profit or loss and other comprehensive income		
Income/(expenses)	(15 506)	21 228

Discontinued operations

Operations classified as discontinued operations at 31 March 2014 in the consolidated financial statements of Seardel consisted of the apparel manufacturing businesses which were disposed of to a third party as a going concern during the period ended 31 March 2014.

For the purpose of the preparation of the carve-out historical financial information of the Pre-listing statement it was assumed that the sale of the apparel businesses took place on 31 March 2011. Accordingly, no discontinued operations were disclosed in the statement of profit or loss and other comprehensive income in the Pre-listing statement.

Assets and liabilities of the business that were not part of the sale were disclosed as "Net receivables from discontinued operations" in the Pre-listing statement (refer to note 35 of the Pre-listing statement).

Deneb's financial statements used book value accounting and therefore the sale occurred during the 2014 financial period and the assets and liabilities were disclosed on the line items as per Seardel's financial statements.

Notes to the financial statements

for the year ended 31 March (continued)

32 Change in comparatives (continued)

	Pre-listing statement 2014 R000's	Deneb financial statements 2014 R000's
Financial effect		
Statement of financial position Dr/(Cr)		
Loans receivable from SACTWU	–	76 631
Trade and other receivables	–	56 777
Trade and other payables	–	(57 712)
Provisions	–	(23 309)
Net receivable from discontinued operations	52 387	–
Net assets and liabilities	52 387	52 387
Statement of profit or loss and other comprehensive income		
Loss from discontinued operations, net of tax	–	(159 902)
<p>Further more, the factory shops of the apparel manufacturing business were discontinued during the period ended 31 March 2015 accordingly, the comparative figures in March 2014 were restated. During the period in which the Pre-listing statement was issued the factory shops were still considered continued operations.</p>		
Statement of profit or loss and other comprehensive income		
Revenue	23 195	–
Gross profit	6 268	–
Net loss included in continued operations	(5 151)	–
Loss from discontinued operations, net of tax	–	(5 151)
Consolidated loss from discontinued operations, net of tax	–	(165 053)

Share-based benefits

With effect from 1 October 2014 the participants of the Seardel Share Incentive Scheme had no further rights under the scheme and all unvested share options issued in terms of the scheme have lapsed. This is as a result of the change in control of the relevant employer company which came about as a result of the disposal of shareholding by Seardel to Deneb.

The Deneb Share Incentive Scheme was established on 10 October 2014.

Seardel required the subsidiaries to make payment in respect of the rights issued to scheme participants. This type of intra-group payment arrangement is commonly referred to as a “recharge arrangement”.

The Pre-listing statements assumed that Deneb had already received the receivable owing by the subsidiaries of the Group as a result of the recharge arrangement.

In the financial statement of Deneb this share-based liability is shown separately on the face of the statement of financial position as at 31 March 2014 as it was only transferred from Seardel to Deneb on 1 October 2014.



	Pre-listing statement 2014 R000's	Deneb financial statements 2014 R000's
Financial effect		
Statement of financial position Dr/(Cr)		
Share-based liability	–	(35 631)

Shares in Sear del Investment Corporation held by Sear del Group Trading

All shares held by Sear del Group Trading in Sear del were disclosed as treasury shares in the Sear del consolidated financial statements.

In the Deneb financial statements these shares were disclosed as investments and revalued to fair value through equity at each period-end.

The shares were distributed as a dividend in specie to Sear del on 10 November 2014 at a value of R43,43 million.

Statement of Financial Position Dr/(Cr)

Investments	–	40 065
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Statement of profit or loss and other comprehensive income

Fair value adjustment on available for sale, net of tax	–	12 260
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Reconciliation between the Pre-listing statement and the Deneb financials for the period ended 31 March 2014 based on the above assumptions

	Statement of profit or loss and other compre- hensive income R000's	Weighted average number of shares 000's	Earnings/ loss per share R
Pre-listing statement profit	133 973	539 776	24,82
Continuing operations	133 973		24,82
Discontinued operations	–		–
Taxation	36 734		6,81
Discontinued operations – apparel manufacturing business	(159 901)		(29,62)
Factory shops restated as discontinued operations	–		–
Deferred tax through income statement due to fair value of investments	1 868		0,35
Deneb financial statement profit	12 674		2,35
Continued operations	177 727		32,93
Discontinued operations	(165 053)		(30,58)

Notes to the financial statements

for the year ended 31 March (continued)

33 Securitisation of assets

The security has been provided to a special purpose company (Seardel Security Proprietary Limited), which has guaranteed the obligations of the Group companies in favour of the lenders and which, in turn, is indemnified by Group companies.

Name of entity (Security grantor)	Security cession	Bond (Type, amount and subject-matter)
Nyenye Clothing Manufacturers (Pty) Ltd	Yes	None
Val Hau et Cie (Pty) Ltd	Yes	None
Seartec Trading (Pty) Ltd	Yes	1. General Notarial Bond, R60 million
Seartec Industries (Pty) Ltd	Yes	None
Seartec (Pty) Ltd	Yes	None
Seardel Number 16 (Pty) Ltd	Yes	None
Prima Toy and Leisure Group (Pty) Ltd	Yes	None
Gold Reef Speciality Chemicals (Pty) Ltd	Yes	1) General Notarial Bond, R30 million
Seardel Group Trading (Pty) Ltd	Yes	1) General Notarial Bond, R1 billion; movable assets of Seardel Group Trading 2) Special Notarial Bond, R300 million; movable assets of Seardel Group Trading 3) Mortgage Bonds, R600 million; all immovable property owned by Seardel Group Trading
Frame Industrials (Pty) Ltd	Yes	1) General Notarial Bond, R5 million; movable assets of Frame Industrials 2) Special Notarial Bond, R15 million; movable assets of Frame Industrials
Prima Toy and Leisure Trading (Pty) Ltd	Yes	General Notarial Bond, R50 million; movable assets of Prima Toy and Leisure Trading

Note

Security cession means a security cession in terms of which the security grantor cedes to the security SPV in securitatem debiti all of such security grantor's present and future rights and interest as security for the due, proper and timeous payment and performance in full of the security grantor's obligations under the Indemnity, on the terms of the written security cession signed on 21 November 2008 between the security SPV and the security grantor.

Indemnity means an irrevocable and unconditional indemnity given by the security grantor to the security SPV, indemnifying the security SPV in respect of any claim or liability of the security SPV arising under the guarantees which the security SPV has provided in respect of all monies and liabilities owing by the security grantor and other companies within the borrower group in connection with the banking facilities provided by the guaranteed parties to the borrower group and against any loss, damage, liability, costs or expenses of any nature which the security SPV may incur as a consequence of the occurrence of any event of default, on the terms of the written indemnity agreement signed on 21 November 2008 between the security SPV and the security grantor.



The impact of the above on the figures disclosed in the statement of financial position is as follows:

	Per statement of financial position R000's	Securitised R000's	Un- securitised R000's
2015			
Property, plant and equipment	595 931	584 711	11 220
Investment property	766 804	766 804	–
Intangible assets	23 761	23 761	–
Other investments	3 644	3 644	–
Long-term receivables	182 040	181 882	158
Inventories	610 214	594 197	16 017
Trade and other receivables	640 855	624 588	16 267
Non-current assets held for sale	57 933	57 933	–
2014*			
Property, plant and equipment	622 082	610 529	11 553
Investment property	669 619	669 619	–
Intangible assets	9 197	9 197	–
Other investments	43 709	43 709	–
Long-term receivables	126 840	126 747	93
Inventories	536 471	522 376	14 095
Trade and other receivables	527 838	519 515	8 323
Non-current assets held for sale	54 536	54 536	–

* Restated, see note 32.

34 Post-year-end events

Property situated on 1 Moorsom Avenue, Epping, Cape Town which was disclosed under assets held for sale in the current period, has been sold subsequent to year-end. The property was sold for R42,3 million.

Subsequent to year-end the directors concluded an agreement to purchase a property situated at 11B Riley Road, Bedfordview, Johannesburg for R22,6 million.

Notes to the financial statements

for the year ended 31 March (continued)

35 Share incentive scheme

Basis of accounting

The Group was established as part of an internal restructure on 1 October 2014 where Seardel Investment Corporation Limited (Seardel) sold all its non-media assets to Deneb Investments Limited (Deneb). Deneb was unbundled and listed on the JSE Limited on 1 December 2014.

Seardel Investment Corporation Limited share incentive

Prior to 1 October 2014 the Group was part of Seardel. Certain of the directors and senior management of the Group were provided with the opportunity to acquire ordinary shares in Seardel through the Seardel Share Incentive Scheme. With effect from 2 October 2014 the participants of the Seardel Share Incentive Scheme had no further rights under the scheme and all unvested share options issued in terms of the scheme lapsed.

The share incentive scheme for the period ending 31 March 2014 refers to the Seardel Investment Corporation Limited share scheme.

Deneb Investments Limited share incentive

The Deneb Share Incentive Scheme was established on 10 October 2014 and adopted by the company and the employer companies on 13 October 2014. An initial tranche of first allocation Deneb options were granted to those participants who were holders of unvested Seardel share options at 30 September 2014.

The share incentive scheme for the period ending 31 March 2015 refers to the Deneb Investments Limited share scheme.

Both options were accounted for as equity settled.

Deneb Investments Limited share incentive

(a) Equity settled

The Deneb Share Incentive Scheme was established on 10 October 2014.

The incentive plan provided selected employees with the opportunity to acquire ordinary shares in Deneb Investments Limited, thereby ensuring that such employees are encouraged and motivated to pursue continued growth and profitability of Group companies.

During the financial year 32 914 664 ordinary options (2014: Nil) were allotted in terms of the Deneb Incentive Plan.

The exercise of the options by the employees is subject to them meeting performance targets relating to the profitability of the relevant business unit or division or Group profitability, as well as the continued employment of the employee at the date on which the option is exercised, in which case the employee may exercise:

- 9 010 771 options issued on 14 October 2014 which refers to the Seardel options issued on 18 March 2010 and 16 July 2010 by Seardel and which vested immediately;
- 6 105 501 options issued on 14 October 2014 which relates to the 4 July 2011 issued Seardel options which vested on 4 July 2015;
- 7 235 388 options issued on 14 October 2014 relating to the 20 June 2012 issued Seardel options vest as follows:
 - up to 30% of the options granted vested immediately;
 - up to a further 30% of the option shares vest from the third anniversary date; and
 - the balance namely, 40% of the option shares, vest from the fourth anniversary date; and
- 10 563 004 options issued on 27 January 2015 which vest as follows from the grant date:
 - up to 10% of the option shares from the first anniversary of the option date;
 - up to a further 20% of the option shares from the second anniversary date;
 - up to a further 30% of the option shares from the third anniversary date; and
 - the balance namely, 40% of the option shares, from the fourth anniversary date.



(i) *Options in issue are as follows:*

Option holder	Grant date	Options issued	Strike price (cents)	Vesting conditions	Life of option
S A Queen	14 October 2014	–	–	Immediately	3 years
	14 October 2014	546 457	53	Immediately	3 years
	14 October 2014	1 382 584	96	Continued employment	4 years
	14 October 2014	1 713 759	139	Continued employment	5 years
	27 January 2015	1 091 401	184	2 years' profitability and continued employment	8 years
Total for S A Queen		4 734 201			
G D T Wege	14 October 2014	413 539	–	Immediately	3 years
	14 October 2014	227 691	53	Immediately	3 years
	14 October 2014	576 077	96	Continued employment	4 years
	14 October 2014	594 286	139	Continued employment	5 years
	27 January 2015	865 413	184	2 years' profitability and continued employment	8 years
Total for G D T Wege		2 677 006			
D Duncan	14 October 2014	–	–	Immediately	3 years
	14 October 2014	159 383	53	Immediately	3 years
	14 October 2014	403 254	96	Continued employment	4 years
	14 October 2014	499 846	139	Continued employment	5 years
	27 January 2015	1 564 245	184	2 years' profitability and continued employment	8 years
Total for D Duncan		2 626 728			
Other, not being directors	14 October 2014	3 532 655	–	Immediately	3 years
	14 October 2014	1 086 316	53	Immediately	3 years
	14 October 2014	3 195 569	96	Continued employment	4 years
	14 October 2014	3 252 512	139	Continued employment	5 years
	27 January 2015	7 041 945	184	2 years' profitability and continued employment	8 years
Total other		18 108 997			
Total options in issue		28 146 932			

Notes to the financial statements

for the year ended 31 March (continued)

35 Share incentive scheme (continued)

(ii) Reconciliation of movements in options

	2015	2014
Number of options		
Opening balance	–	–
Awarded during the period	32 914 664	–
Exercised during the period	(3 264 288)	–
Lapsed/forfeited during the period	(1 503 444)	–
Closing balance	28 146 932	–
Exercisable at year-end	5 966 041	–
Amount expensed during the year (included in employment costs)	6 261 203	–
Value of shares issued during the year	6 015 993	–
Weighted average share price of share options exercised during the year	1,84	–

The weighted average remaining contractual life of all potentially exercisable options amounts to 5,0 years.

(iii) Valuation methodology

The fair value of the options granted was determined as follows:

A stochastic model, based on the standard “binomial” option pricing model (which is mathematically consistent with the Black-Schöles-Merton model), but allows for the particular features of employee share options to be modelled realistically, was used.

The key principles of the Black-Schöles model are incorporated into this actuarial binomial model. They include:

- risk-neutral valuation;
- the underlying share price is assumed to follow a log-normal distribution of returns;
- stock returns are independently distributed;
- a risk-free return can be earned and is known in advance;
- the market is efficient and thus an investor cannot make risk-free profits; and
- the underlying share price follows a Markov process – i.e. where the share price has been in the past does not have a bearing on where it will go in the future. All relevant information is contained in the share price at the grant date.

It follows then that if the actuarial binomial model is being used to value a call option that:

- can only be exercised on a single date;
- has no performance conditions or vesting period;
- has a constant volatility and dividend yield throughout its life; and
- may not be forfeited,

then the value produced by the actuarial binomial model will be exactly equal to that produced by the Black-Schöles formula.

The inability of the Black-Schöles formula to value American options was remedied by Cox, Ross and Rubinstein who devised a binomial lattice technique for valuing share options using the underlying financial economic principles of Black, Schöles and Merton.

The binomial model has proved over time to be the most flexible, intuitive and popular approach to option pricing. It is based on the simplification that over a single period (of possibly very short duration), the underlying asset can only move from its current price to two possible levels.

Using the concept of hedging to replicate the option value at each step (using a combination of a risky and risk-free asset), it is possible to calculate the value of the option by working recursively backwards from the expiry of the option.

The lattice provides a tremendously flexible framework for valuing employee share options. This is because the possible share price at each point over the option lifetime is considered. The framework also allows for the division of the option lifetime into distinct periods – e.g. vesting period, closed period and eligible exercise period.



(iii) *Valuation methodology*

Valuation assumptions

The model used for valuing the employee share option arrangements requires a number of financial assumptions to be made.

The main assumptions, together with a detailed description of the derivation of each of these assumptions, have been set out below.

Share price

The following closing share price at each option's grant date, as available on I-Net Bridge, has been used:

Grant date	Share price (cents)
14 October 2014	183
27 January 2015	210

Risk-free interest rate

Our valuers have used the implied yield on a SA zero-coupon government bond (provided by BESA, the Bond Exchange of South Africa) issued for the appropriate expected lifetime of the option.

Expected option lifetime

Our valuers have estimated the expected option lifetime by considering separately each of the tranches available within the grant. The expected lifetime was rounded to the nearest complete year.

Volatility of share price

Volatility is a measure of the amount by which a share price is expected to fluctuate during the lifetime of the option. The estimate of the expected volatility over the term of the option is a significant assumption needed in determining the fair value of an employee share option. To be consistent with the definition of volatility used in option pricing models and the requirements of IFRS 2 (Appendix B, paragraph B22), an annualised standard deviation of the continuously compounded rates of return of the share was used.

In terms of IFRS 2, some of the factors that need to be considered in estimating the expected volatility include:

- Paragraph B25(b) – “The historical volatility of the share price over the most recent period that is generally commensurate with the expected term of the option.”
- Paragraph B25(d) – “The tendency of volatility to revert to its mean, i.e. its long-term average level, and other factors indicating that expected future volatility might differ from past volatility.”

In order to estimate the share price volatility to be used in the valuation our valuers have considered the expected option lifetime of all the grants over the vesting period. As each grant is made up of four distinct tranches, being the staggered vesting periods, they have made use of the expected lifetime for each of these tranches.

Dividend yield

IFRS 2 requires an expected dividend or dividend yield to be taken into account in the valuation of share options in those arrangements where employees are not entitled to the dividend declared during the vesting period or the period before exercise. The dividend yield used should be the best estimate of the forward-looking dividend yield over expected life of the option, determined at the grant date. A dividend yield assumption of 0,00% has been used.

Employee turnover

The main effect of allowing for employee turnover is that, in respect of the proportion of employees who are assumed to leave before the option (or part of the option) vests, the cost of that option (or part of the option) would be zero.

A forfeiture rate of 5% per annum compound during the vesting period has been assumed. Our valuers' experience has been that employee turnover for staff included in share option schemes is generally between 5%, and 15%, although acknowledging that this varies between industries and sectors.

Notes to the financial statements

for the year ended 31 March (continued)

35 Share incentive scheme (continued)

Further, where an employee leaves during the exercise period, he is assumed to exercise immediately if the option is “in-the-money”. A withdrawal assumption of 5% per annum compound as above has again been used.

It should be noted that the assumption of employee turnover is a non-market condition and therefore in accordance with IFRS 2, is adjusted, during the period over which the expense is recognised (i.e. the vesting period). Each year, the employee turnover assumption should reflect the actual result of leavers in that year and should allow for the effect that actual experience would have on the future assumptions.

Ultimately, at the end of the particular vesting period, the actual number of options that eventually vest would need to have been expensed and the appropriate liability raised.

During the period over which the options vest, any differences in actual leavers to the assumption will be accounted for in the statement of comprehensive income at the end of the vesting period on a true-up basis.

Weighted average share price

The weighted average share price of ordinary shares during the period was R1,17 for 2015 (2014: n/a).

Exercise behaviour

Option valuation theory implies that the optimal time to exercise the option (and maximise value) is generally towards the end of the allowable exercise period. However, individual behaviour often results in employees exercising their options relatively early (especially after a sudden share price rise), provided the options are “in-the-money”.

Our valuers have relied on a fairly general assumption for exercise behaviour based on internal investigations and a wide set of data provided by their international colleagues.

The following assumptions were used to reflect exercise behaviour in any given year:

- one-third of scheme participants will exercise their options when they are 20% “in-the-money” (i.e. the share price is equal to 120% of the offer price);
- one-third of scheme participants will exercise their options when they are 50% “in-the-money” (i.e. the share price is equal to 150% of the offer price); and
- the remaining one-third of scheme participants will exercise their options at the theoretically “optimal” time.

The table below summarises the principal assumptions used in the valuation:

Grant date	Seardel equivalent	Vesting date	Share price (cents)	Expected option lifetime (years)	Volatility (%)	Risk-free rate (%)
10 October 2014	18 March 2010	31 January 2015	183	0	13,53	5,53
		31 January 2015	183	1	13,53	6,10
	4 July 2011	4 July 2015	183	2	13,67	5,99
	20 June 2012	31 January 2015	183	2	13,67	5,99
		20 June 2015	183	2	13,67	5,99
		20 June 2016	183	3	12,28	6,21
	27 January 2015		27 January 2016	210	4	12,60
		27 January 2017	210	5	13,17	6,98
		27 January 2018	210	5	13,17	6,98
		27 January 2019	210	6	14,22	7,09



(vi) *Valuation results*

Cost per employee share option

Grant date	Seardel equivalent	Vesting date	Gross option price (cents)	Gross option price as % of share price (%)	Net option price (cents)	Net option price as % of share price (%)
10 October 2014	18 March 2010	31 January 2015	183	100,0	183	100,0
	16 July 2010	31 January 2015	133	72,7	133	72,7
	4 July 2011	4 July 2015	95	52,1	93	51,0
	20 June 2012	31 January 2015	60	32,8	60	32,8
		20 June 2015	62	33,9	61	33,2
		20 June 2016	67	36,4	62	33,9
27 January 2015		27 January 2016	68	32,2	65	30,8
		27 January 2017	74	35,1	67	31,8
		27 January 2018	80	37,9	69	32,7
		27 January 2019	86	41,1	71	33,6

Seardel Investment Corporation Limited share incentive

With effect from 1 October 2014 the participants of the Seardel Share Incentive Scheme had no further rights under the scheme and all unvested share options issued in terms of the scheme have lapsed.

(a) *Equity settled*

The Seardel Long-Term Incentive Trust was established on 17 February 2010. The Trustees of the Seardel Long-Term Incentive Trust executed the Seardel Long-Term Incentive Plan on 18 March 2010 to provide selected employees with the opportunity to acquire ordinary shares in Seardel Investment Corporation Limited, thereby ensuring that such employees are encouraged and motivated to pursue continued growth and profitability of Group companies.

During the financial year Nil ordinary options (2014: Nil) were allotted in terms of the Seardel Long-Term Incentive Plan.

	2015	2014
(i) <i>Options in issue are as follows:</i>		
Total options in issue	–	–
(ii) <i>Reconciliation of movements in options</i>		
Opening balance	34 621 368	43 819 982
Awarded during the period	–	–
Exercised during the period	(6 275 694)	(4 044 426)
Lapsed/forfeited during the period	(28 345 674)	(5 154 188)
Closing balance	–	34 621 368
Exercisable at year-end	–	13 125 315
Amount expensed during the year (included in employment costs)	–	1 859 724
Value of shares issued during the year	11 193 147	10 273 556
Weighted average share price of share options exercised during the year	2	2,54

Notes to the financial statements

for the year ended 31 March (continued)

35 Share incentive scheme (continued)

(iii) Valuation methodology

The fair value of the options granted was determined as follows:

A stochastic model, based on the standard “binomial” option pricing model (which is mathematically consistent with the Black-Schöles-Merton model), but allows for the particular features of employee share options to be modelled realistically, was used.

The key principles of the Black-Schöles model are incorporated into this actuarial binomial model. They include:

- risk-neutral valuation;
- the underlying share price is assumed to follow a log-normal distribution of returns;
- stock returns are independently distributed;
- a risk-free return can be earned and is known in advance;
- the market is efficient and thus an investor cannot make risk-free profits; and
- the underlying share price follows a Markov process – i.e. where the share price has been in the past does not have a bearing on where it will go in the future. All relevant information is contained in the share price at the grant date.

It follows then that if the actuarial binomial model is being used to value a call option that:

- can only be exercised on a single date;
- has no performance conditions or vesting period;
- has a constant volatility and dividend yield throughout its life; and
- may not be forfeited,

then the value produced by the actuarial binomial model will be exactly equal to that produced by the Black-Schöles formula.

The inability of the Black-Schöles formula to value American options was remedied by Cox, Ross and Rubinstein who devised a binomial lattice technique for valuing share options using the underlying financial economic principles of Black, Schöles and Merton.

The binomial model has proved over time to be the most flexible, intuitive and popular approach to option pricing. It is based on the simplification that over a single period (of possibly very short duration), the underlying asset can only move from its current price to two possible levels.

Using the concept of hedging to replicate the option value at each step (using a combination of a risky and risk-free asset), it is possible to calculate the value of the option by working recursively backwards from the expiry of the option.

The lattice provides a tremendously flexible framework for valuing employee share options. This is because the possible share price at each point over the option lifetime is considered. The framework also allows for the division of the option lifetime into distinct periods – e.g. vesting period, closed period and eligible exercise period.

Valuation assumptions

The model used for valuing the employee share option arrangements requires a number of financial assumptions to be made.

The main assumptions together, with a detailed description of the derivation of each of these assumptions, have been set out below.

Share price

The following closing share price at each option’s grant date, as available on I-Net Bridge, has been used:

Grant date	Share price (cents)
31 March 2010	36
16 July 2010	47
25 November 2010	70
4 July 2011	85
20 June 2012	145



Risk-free interest rate

Our valuers have used the implied yield on a SA zero-coupon government bond (provided by BESA, the Bond Exchange of South Africa) issued for the appropriate expected lifetime of the option.

Expected option lifetime

Our valuers have estimated the expected option lifetime by considering separately each of the tranches available within the grant. The expected lifetime was rounded to the nearest complete year.

Volatility of share price

Volatility is a measure of the amount by which a share price is expected to fluctuate during the lifetime of the option. The estimate of the expected volatility over the term of the option is a significant assumption needed in determining the fair value of an employee share option. To be consistent with the definition of volatility used in option pricing models and the requirements of IFRS 2 (Appendix B, paragraph B22), an annualised standard deviation of the continuously compounded rates of return of the share was used.

In terms of IFRS 2, some of the factors that need to be considered in estimating the expected volatility include:

- Paragraph B25(b) – “The historical volatility of the share price over the most recent period that is generally commensurate with the expected term of the option.”
- Paragraph B25(d) – “The tendency of volatility to revert to its mean, i.e. its long-term average level, and other factors indicating that expected future volatility might differ from past volatility.”

In order to estimate the share price volatility to be used in the valuation our valuers have considered the expected option lifetime of all the grants over the vesting period. As each grant is made up of four distinct tranches, being the staggered vesting periods, they have made use of the expected lifetime for each of these tranches.

Only share price data from 1 November 2008 has been considered due to the rights issue that occurred during October 2008.

Dividend yield

IFRS 2 requires an expected dividend or dividend yield to be taken into account in the valuation of share options in those arrangements where employees are not entitled to the dividend declared during the vesting period or the period before exercise. The dividend yield used should be the best estimate of the forward-looking dividend yield over expected life of the option, determined at the grant date. A dividend yield assumption of 0,00% has been used.

Employee turnover

The main effect of allowing for employee turnover is that, in respect of the proportion of employees who are assumed to leave before the option (or part of the option) vests, the cost of that option (or part of the option) would be zero.

A forfeiture rate of 5% per annum compound during the vesting period has been assumed. Our valuers' experience has been that employee turnover for staff included in share option schemes is generally between 5% and 15% although acknowledging that this varies between industries and sectors.

Further, where an employee leaves during the exercise period, he is assumed to exercise immediately if the option is “in-the-money”. A withdrawal assumption of 5% per annum compound as above has again been used.

It should be noted that the assumption of employee turnover is a non-market condition and therefore in accordance with IFRS 2, is adjusted, during the period over which the expense is recognised (i.e. the vesting period). Each year, the employee turnover assumption should reflect the actual result of leavers in that year and should allow for the effect that actual experience would have on the future assumptions.

Ultimately, at the end of the particular vesting period, the actual number of options that eventually vest would need to have been expensed and the appropriate liability raised.

During the period over which the options vest any differences in actual leavers to the assumption will be accounted for in the statement of comprehensive income at the end of the vesting period on a true-up basis.

Weighted average share price

The weighted average share price of ordinary shares during the period was R3,61 (2014: R2,46).

Exercise behaviour

Option valuation theory implies that the optimal time to exercise the option (and maximise value) is generally towards the end of the allowable exercise period. However, individual behaviour often results in employees exercising their options relatively early (especially after a sudden share price rise), provided the options are “in-the-money”.

Notes to the financial statements

for the year ended 31 March (continued)

35 Share incentive scheme (continued)

Our valuers have relied on a fairly general assumption for exercise behaviour based on internal investigations and a wide set of data provided by their international colleagues.

The following assumptions were used to reflect exercise behaviour in any given year:

- one-third of scheme participants will exercise their options when they are 20% “in-the-money” (i.e. the share price is equal to 120% of the offer price);
- one-third of scheme participants will exercise their options when they are 50% “in-the-money” (i.e. the share price is equal to 150% of the offer price); and
- the remaining one-third of scheme participants will exercise their options at the theoretically “optimal” time.

The table below summarises the principal assumptions used in the valuation:

Grant date	Vesting date	Share price (cents)	Expected option lifetime (years)	Volatility (%)	Risk-free rate (%)
31 March 2010	31 March 2011	36	2	46,37	7,19
	31 March 2012	36	3	46,37	7,59
	31 March 2013	36	4	46,37	7,88
	31 March 2014	36	5	46,37	7,84
16 July 2010	16 July 2011	47	2	52,84	6,93
	16 July 2012	47	3	52,84	7,27
	16 July 2013	47	4	52,84	7,53
	16 July 2014	47	5	52,84	7,64
25 November 2010	25 November 2011	70	2	52,78	6,08
	25 November 2012	70	3	51,72	6,55
	25 November 2013	70	4	51,72	6,92
	25 November 2014	70	5	51,72	7,34
4 July 2011	4 July 2012	85	2	48,09	7,41
	4 July 2013	85	3	48,09	7,41
	4 July 2014	85	4	48,09	7,87
	4 July 2015	85	5	48,09	7,87
20 June 2012	20 June 2013	145	2	46,43	5,69
	20 June 2014	145	3	46,43	6,52
	20 June 2015	145	4	46,43	6,53
	20 June 2016	145	5	46,43	6,53



(vi) *Valuation results*

Cost per employee share option

Grant date	Vesting date	Gross option price (cents)	Gross option price as % of share price (%)	Net option price (cents)	Net option price as % of share price (%)
31 March 2010	31 March 2011	36	100,0	36	100,0
	31 March 2012	36	100,0	36	100,0
	31 March 2013	36	100,0	36	100,0
	31 March 2014	36	100,0	36	100,0
16 July 2010	16 July 2011	22	46,1	22	46,1
	16 July 2012	25	52,5	25	52,5
	16 July 2013	27	57,5	27	57,4
	16 July 2014	28	60,3	28	59,4
25 November 2010	25 November 2011	33	46,7	33	46,7
	25 November 2012	36	51,4	36	51,4
	25 November 2013	40	56,7	40	56,7
	25 November 2014	43	61,0	41	58,9
4 July 2011	4 July 2012	38	44,3	38	44,3
	4 July 2013	42	49,8	42	49,8
	4 July 2014	46	54,5	46	53,8
	4 July 2015	50	58,4	47	54,8
20 June 2012	20 June 2013	69	47,6	69	47,6
	20 June 2014	77	53,1	76	52,5
	20 June 2015	83	57,0	78	53,6
	20 June 2016	87	60,2	78	53,7

Notes to the financial statements

for the year ended 31 March (continued)

35 Share incentive scheme (continued)

Share-based liability

Seardel (the legal parent of the Group during the 2014 period) granted rights (equity instruments) to the employees of its subsidiaries. Seardel requires the subsidiaries to make payment for the granting of these rights as the obligation falls due. This type of intragroup payment arrangement is commonly referred to as a “recharge arrangement”.

Deneb adopted an accounting policy for the recharge arrangement by making use of the guidance in IFRS 2 relating to cash-settled share-based payments (by analogy). This meant the Group determined the fair value of the recharge liability at the date that the recharge arrangement is entered into, and will recognise the value over the vesting period. At each reporting date the recharge liability is remeasured.

The liability of this recharge arrangement is in the financial statements of the subsidiary companies and the corresponding receivable with the holding company, the liability and receivable will be eliminated on consolidation. However, as the legal holding company of the Group was Seardel for the period ending 31 March 2014 the liability is not eliminated. The receivable was transferred from Seardel to Deneb on 1 October 2014 and was accordingly capitalised in the Group financial statements during the current period.

	Group	
	2015 R000's	2014* R000's
Share-based liability	–	35 631
Reconciliation of share-based liability		
Opening balance as at 31 March 2014	35 631	
Share options exercised	(11 193)	
Strike price of share options exercised	94	
Share incentive receivable, transferred from Seardel	(24 532)	
Closing balance as at 31 March 2015	–	

* Restated, see note 32.

36 New standards

At the date of authorisation of the financial statements, the following standards and interpretations were in issue, but not yet effective:

Standard/ Interpretation		Date issued by IASB (1)	Effective date
IAS 19	Defined Benefit Plans – Employee Contributions	November 2013	1 July 2014
Amendments to six standards	Improvements to IFRS 2010 – 2012 Cycle	December 2013	1 July 2014
Amendments to four standards	Improvements to IFRS 2011 – 2013 Cycle	December 2013	1 July 2014
IFRS 14	Regulatory Deferral Accounts	January 2014	1 January 2016
IFRS 11	Accounting for Acquisitions of Interest in Joint Operations	May 2014	1 January 2016
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	May 2014	1 January 2017
IFRS 15	Revenue from Contracts with Customers	May 2012	1 January 2018
IFRS 9	Financial Instruments	July 2014	1 January 2018
IFRS 10 and IAS 28	Sale or Contribution of Assets Between an Investor and its Joint Venture	September 2014	1 January 2016
Amendments to four standards	Improvements to IFRSs 2012 – 2014	September 2014	1 January 2016
IAS 1	Disclosure Initiative	December 2014	1 January 2016



Defined Benefit Plans – Employee Contributions (Amendments to IAS 19)

The amendments introduce relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. Such contributions are eligible if they are:

- set out in the formal terms of the plan;
- linked to service; and
- independent of the number of years of service.

The above amendment will not have any material impact on the Group's results.

Regulatory Deferral Accounts (IFRS 14)

IFRS 14 provides guidance on accounting for regulatory deferral account balances by first-time adopters of IFRS. To apply this standard the entity has to be rate regulated, i.e. the establishment of prices that can be charged to its customers for goods and services is subject to oversight and/or approval by an authorised body.

The above amendment will not have any material impact on the Group's results.

Accounting for Acquisitions of Interest in Joint Operations (IFRS 11)

The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business.

Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interest in the joint operation will not be remeasured. As a consequence of these amendments the Group will amend its accounting policy with effect from 1 July 2016 for acquisitions of interests in a joint operation.

The above amendment will not have any material impact on the Group's results.

Clarification of Acceptable Methods of Depreciation and Amortisation (IAS 16 and IAS 38)

The amendments to IAS 16: Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

The amendments to IAS 38: Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are highly "correlated", or when the intangible asset is expressed as a measure of revenue.

The above amendment will not have any material impact on the Group's results.

Revenue from Contracts with Customers (IFRS 15)

IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g. sales of property, plant and equipment or intangibles).

The Group will adopt the standard in the first annual period beginning on or after the mandatory effective date (1 January 2018). The impact of the adoption of IFRS 15 has not yet been estimated.

Financial Instruments (IFRS 9)

On 24 July 2014 the IASB issued the final IFRS 9: Financial Instruments standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39: Financial Instruments – Recognition and Measurement.

Disclosure Initiative (IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to the order of the notes, other comprehensive income of equity-accounted investees and subtotals presented in the statement of financial position and statement of profit or loss and other comprehensive income.

The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.

Notes to the financial statements

for the year ended 31 March (continued)

37 Non-controlling interest (NCI)

During the period Deneb acquired a 51% stake in Office Box.

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI at 31 March 2015.

	Deneb Invest 141 Holdco Proprietary Limited t/a Office Box	
	2015 R000's	2014 R000's
NCI percentage	49,0%	0%
Non-current assets	1 875	–
Current assets	2 956	–
Non-current liabilities	–	–
Current liabilities	(2 746)	–
Net assets attributable to the shareholders of Office Box	2 085	–
Total carrying amount of NCI	(2 252)	–
Revenue	8 499	–
Loss for the year	(2 933)	–
Other comprehensive income for the year	–	–
Total comprehensive loss	(2 933)	–
Loss allocated to NCI	(1 437)	–
Other comprehensive income allocated to NCI	–	–



Analysis of shareholders

Pursuant to the Listings Requirements of the JSE and to the best knowledge of the directors, after reasonable enquiry, the spread of shareholders at the reporting date was as follows:

	2015			
	Number of shareholders	%	Number of shares	%
Ordinary shares				
Non-public	15	1,0	488 970 801	87,2
– Directors of the company and subsidiaries	7	0,5	3 775 641	0,7
– Shareholders with more than 10% holding*	3	0,2	485 195 160	86,5
– Non-director share scheme participants	5	0,3	–	–
Public	1 425	99,0	71 841 071	12,8
	1 440	100,0	560 811 872	100,0

* Includes indirect holdings held by directors via Fulela Trade and Invest 81 Proprietary Limited and Squirewood Investments 64 Proprietary Limited and HCI Invest 6 Holdco Proprietary Limited.

Directors' interest in shares

At the year end the directors (including their family interests) were directly or indirectly interested in the company's issued shares as follows:

	2015	
	Ordinary shares	%
Direct	813 989	0,1
Indirect	20 883 054	3,7

There have been no material changes to the date of this report.

Details of directors' beneficial direct and indirect interest in the ordinary shares are as follows:

	Direct ordinary	Indirect ordinary
S Queen	–	2 456 296
G Wege	576 706	–
D Duncan	237 283	–
A M Ntuli	–	1 020
Y Shaik	–	–
N Jappie	–	–
L Govender	–	–
T Govender	–	803 433
J Copelyn	–	19 317 629

Analysis of shareholders (continued)

Shareholders' interest in shares

The following are shareholders, other than directors, who own more than 5% of the company's issued share capital per class of share:

	2015	
	Ordinary	%
HCI Invest 6 Holdco (Pty) Ltd **	417 727 466	74,5
Fulela Trade and Invest 81 (Pty) Ltd*	64 288 024	11,5

Executives and staff members of the Group, other than directors, held 1 092 408 ordinary shares at year-end.

Shareholders and members of the public are advised that the register of interest of directors, executives, senior management and other shareholders in the shares of the company is available upon request from the company secretary.

* Wholly-owned subsidiary of Hosken Consolidated Investments Limited.

** 70%-held subsidiary of Hosken Consolidated Investments Limited.

Analysis of shareholders

	2015			
	Number of shareholders	% of total shareholders	Number of shares	% of total shares
Deneb ordinary shares				
1 – 1 000	734	51	146 562	–
1 001 – 5 000	299	21	767 815	–
5 001 – 50 000	308	21	5 097 883	1
50 001 – 100 000	36	3	2 683 902	1
Over 100 000	63	4	552 115 710	98
	1 440	100	560 811 872	100

	2015 %
Banks, investment, finance and nominee companies and trusts	97
Directors and staff	1
Individuals	2
Insurance companies and pension funds	0

The JSE Limited information – 31 March

			2015
Total number of shares traded	('000)	Ordinary	9 440
Total value of shares traded	(R000's)	Ordinary	18 264
Weighted average number of shares in issue	('000)	Ordinary	547 315
% of shares traded to weighted average number of issued shares	(%)	Ordinary	2



Investments held by Deneb Investments Limited

(Incorporated in the Republic of South Africa unless otherwise stated)

	% interest	
	2015 %	2014 %
Direct holdings		
Brand ID Ignite Proprietary Limited	100,0	100,0
Sardel Brand ID Proprietary Limited	100,0	–
Prima Toy and Leisure Group Proprietary Limited	100,0	–
Sartec Proprietary Limited	100,0	–
Sartec Trading Proprietary Limited	100,0	–
Clever Little Monkey Proprietary Limited	100,0	100,0
Officebox Proprietary Limited	51,0	100,0
Brits Automotive Systems Proprietary Limited	100,0	–
Frame Industrials Proprietary Limited*	100,0	–
Gold Reef Speciality Chemicals Proprietary Limited	100,0	–
Nyenye Clothing Manufacturers Proprietary Limited (Lesotho)*	100,0	–
Sardel Group Trading Proprietary Limited	100,0	–
Sardel Number 16 Proprietary Limited*	100,0	–
Sardel Number 17 Proprietary Limited*	100,0	–
Val Hau et Cie Proprietary Limited*	100,0	–
Easywear Proprietary Limited*	100,0	100,0
First Factory Shops Proprietary Limited	100,0	100,0
Frame Knitting Manufacturers Proprietary Limited*	100,0	100,0
Integrated Polypropylene Products Proprietary Limited	100,0	100,0
Limtech Biometric Solutions Proprietary Limited	100,0	–
Romatex Home Textiles Proprietary Limited*	100,0	100,0
Custom Extrusion Proprietary Limited	100,0	–
Winelands Textiles Proprietary Limited*	100,0	100,0

* Dormant

Notice of annual general meeting

DENEB INVESTMENTS LIMITED

(previously K2013091290 Proprietary Limited)

Registration number: 2013/091290/06

(Incorporated in the Republic of South Africa)

JSE share code: DNB **ISIN:** ZAE000197398

(“Deneb” or the “company”)

NOTICE IS HEREBY GIVEN that the annual general meeting of Deneb will be held on Thursday, 29 October 2015 at 09:00 at the offices of Hosken Consolidated Investments Limited, Suite 801, 76 Regent Street, Sea Point 8005.

This document is available in English only. The proceedings at the meeting will be conducted in English

General instructions and information

Participants at the annual general meeting will be required to provide proof of identification to the reasonable satisfaction of the chairman of the annual general meeting and must accordingly provide a copy of their identity document, passport or driver’s licence at the annual general meeting for verification.

The board of directors of the company determined, in accordance with section 59 of the Companies Act, 71 of 2008, as amended (Companies Act), that the record date for the purpose of determining which shareholders of the company were entitled to receive notice of the annual general meeting was Friday, 25 September 2015 and the record date for purposes of determining which shareholders of the company are entitled to participate in and vote at the annual general meeting is Friday, 23 October 2015. Accordingly, only shareholders who are registered in the register of shareholders of the company on Friday, 23 October 2015 will be entitled to participate in and vote at the annual general meeting.

All shareholders are entitled to attend, speak and vote at the annual general meeting. If you hold certificated shares (i.e. have not dematerialised your shares in the company) or are registered as an “own name” dematerialised shareholder (i.e. have specifically instructed your Central Securities Depository Participant (CSDP) to hold your shares in your own name on the company’s sub-register), then:

- you may attend and vote at the annual general meeting; alternatively
- you may appoint one or more proxies (who need not be shareholders of the company) to represent you at the annual general meeting by completing the attached form of proxy and returning it to the office of the transfer secretaries, to be received by no later than 24 (twenty-four) hours prior to the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

Please note that the company intends to make provision for shareholders of the company, or their proxies, to participate in the annual general meeting by way of video-conference in Durban. Should you wish to participate in the annual general meeting by way of video-conference as aforesaid, you are required to give notice of such proposed participation to the company at its registered office or at the office of the transfer secretaries by no later than 09:00 on Wednesday, 28 October 2015. In order for the notice to be valid, it must be accompanied by the following:

- if the shareholder is an individual, a certified copy of his/her identity document and/or passport;
- if the shareholder is not an individual, a certified copy of the resolution adopted by the relevant entity authorising the representative to represent the shareholder at the annual general meeting and a certified copy of the authorised representative’s identity document and/or passport; and
- a valid e-mail address and/or facsimile number for the purpose of receiving details of the video-conference facility that will be made available.

Upon receipt of the aforesaid notice and documents, the company shall notify you of the relevant details of the video-conference facilities, available in Durban, at which you can participate in the annual general meeting by way of electronic communication.

Please note that if you own dematerialised shares (i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE



Notice of annual general meeting (continued)

Limited's (JSE) electronic settlement system held through a CSDP or broker (or their nominee) and are not registered as an "own name" dematerialised shareholder you are not a registered shareholder of the company. Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker, as the case may be:

- if you wish to attend the annual general meeting, you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from it; alternatively
- if you are unable to attend the annual general meeting but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish it with your voting instructions in respect of the annual general meeting and / or request it to appoint a proxy. You must not complete the attached form of proxy.

The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by your CSDP or broker, as the case may be. CSDPs, brokers or their nominees, as the case may be, recorded in the company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner should, when authorised in terms of their mandate or instructed to do so by the person on behalf of whom they hold dematerialised shares, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the office of the company's transfer secretaries to be received by not less than 24 (twenty-four) hours prior to the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

Notice to members

On a poll, shareholders are entitled to 1 (one) vote per ordinary share.

Unless otherwise specifically provided below, for any of the ordinary resolutions to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must

be exercised in favour thereof. For any special resolutions to be adopted, more than 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.

The Integrated Annual Report to which this notice of annual general meeting is attached provides details of:

- the directors, including brief CVs of the directors nominated for re-election, on pages 7 and 9;
- the major shareholders of the company on page 128; and
- the share capital of the company in note 18 and an analysis of shareholders on page 127.

There are no material changes to the Group's financial or trading position (other than as disclosed in the accompanying Integrated Annual Report).

The directors accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that the Integrated Annual Report and this notice provide all information required by law and the JSE Listings Requirements.

Purpose

1 Transacting the following business:

- 1.1 To present the consolidated financial statements of the Group for the year ended 31 March 2015, the associated Directors' Report, External Auditor's Report, the Audit Committee Report and the Social and Ethics Committee Report;
- 1.2 to elect directors, the auditor and audit committee members in accordance with the company's memorandum of incorporation; and
- 1.3 such other business as may be transacted at an annual general meeting.
- 1.4 Considering, and if deemed fit, passing, with or without modification, the below-mentioned ordinary and special resolutions.

Notice of annual general meeting (continued)

Agenda

1 The Companies Act requires the company to present the Audit Committee Report and the Directors' Report at the annual general meeting of the company. The Directors' Report is set out on page 39, and the Audit Committee Report is set out on pages 36 and 37 of the Integrated Annual Report to which this notice of annual general meeting is attached.

2 Appointment of directors – ordinary resolutions numbers 1.1 – 1.11 (inclusive)

To elect as directors, the directors appointed by the board during the course of the year and/or prior to the listing of the company on the JSE Limited, each of whom is eligible and have offered themselves for election:

2.1 **Mr M H Ahmed – ordinary resolution number 1.1**
“Resolved that Mr M H Ahmed be and is hereby elected as a director of the company.”

2.2 **Mr J A Copelyn – ordinary resolution number 1.2**
“Resolved that Mr J A Copelyn be and is hereby elected as a director of the company.”

2.3 **Mr D Duncan – ordinary resolution number 1.3**
“Resolved that Mr D Duncan be and is hereby elected as a director of the company.”

2.4 **Mr L Govender – ordinary resolution number 1.4**
“Resolved that Mr L Govender be and is hereby elected as a director of the company.”

2.5 **Mr T G Govender – ordinary resolution number 1.5**
“Resolved that Mr T G Govender be and is hereby elected as a director of the company.”

2.6 **Ms N Jappie – ordinary resolution number 1.6**
“Resolved that Ms N Jappie be and is hereby elected as a director of the company.”

2.7 **Mr A Ntuli – ordinary resolution number 1.7**
“Resolved that Mr A Ntuli be and is hereby elected as a director of the company.”

2.8 **Mr S A Queen – ordinary resolution number 1.8**
“Resolved that Mr S A Queen be and is hereby elected as a director of the company.”

2.9 **Mr Y Shaik – ordinary resolution number 1.9**
“Resolved that Mr Y Shaik be and is hereby elected as a director of the company.”

2.10 **Ms R D Watson – ordinary resolution number 1.10**
“Resolved that Ms R D Watson be and is hereby elected as a director of the company.”

2.11 **Mr G D T Wege – ordinary resolution number 1.11**
“Resolved that Mr G D T Wege be and is hereby elected as a director of the company.”

The reason for ordinary resolutions numbers 1.1 to 1.11 is to elect the directors of the company in accordance with the memorandum of incorporation and the Companies Act.

3 Re-appointment of auditor – ordinary resolution number 2

The company's audit committee has recommended that KPMG Inc be re-appointed as the auditor of the company for the ensuing year and to note that the individual registered auditor who will undertake the audit during the financial year ending 31 March 2016 is Mr P J Conradie. Accordingly, the directors propose that the following resolution be adopted:

“Resolved that KPMG Inc. is hereby appointed as the auditor to the company for the ensuing financial year.”

The reason for ordinary resolution number 2 is that the company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed each year at the annual general meeting of the company as required by the Companies Act.

4 Appointment of audit committee members – ordinary resolution numbers 3.1, 3.2 and 3.3

4.1 **Appointment of audit committee member – ordinary resolution number 3.1**

“Resolved that Mr M H Ahmed (see CV details on page 9) be appointed to the audit committee of the company for the ensuing financial year.”



4.2 Appointment of audit committee member – ordinary resolution number 3.2

“Resolved that Ms N Jappie (see CV details on page 9) be appointed to the audit committee of the company for the ensuing financial year.”

4.3 Appointment of audit committee member – ordinary resolution number 3.3

“Resolved that Ms R D Watson (see CV details on page 9) be appointed to the audit committee of the company for the ensuing financial year.”

The reason for ordinary resolutions 3.1 to 3.3 is that the company, being a public listed company, must appoint an audit committee and the Companies Act requires that the members of such audit committee be appointed by shareholders at each annual general meeting of a company.

5 General authority to issue shares and options for cash – ordinary resolution number 4

“Resolved that the directors of the company be and are hereby authorised, by way of a general authority, to issue (which shall for the purposes of the JSE Listings Requirements include the sale of treasury shares) for cash (as contemplated in the JSE Listings Requirements) all or any of the authorised but unissued shares in the capital of the company, including options, as and when they in their discretion deem fit, subject to the Companies Act, the Memorandum of incorporation of the company and the JSE Listings Requirements as presently constituted and which may be amended from time to time.”

Additional requirements imposed by the JSE Listings Requirements

It is recorded that the company may only make an issue of shares for cash under the above general authority if the following JSE Listings Requirements are met:

- the shares, which are the subject of the issue for cash, must be of a class already in issue, or where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue;
- the general authority shall only be valid until the company’s next annual general meeting or for

15 (fifteen) months from the date of passing of this ordinary resolution, whichever period is shorter;

- an announcement will be published on SENS giving full details, including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 (thirty) days prior to the date that the price of the issue was agreed in writing between the company and party/ies subscribing for such shares and the expected effect on the net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) of the number of shares in issue prior to that issue;
- that issues in the aggregate in any 1 (one) financial year may not exceed 15% (fifteen per cent) of the number of the shares of the company in issue of that class of shares before such issue, taking into account the dilution effect of convertible equity securities and options in accordance with the JSE Listings Requirements;
- as at the date of this notice, 15% of the company’s shares in issue amounts to 84 223 443;
- in determining the price at which an issue of shares may be made in terms of this general authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price on the JSE of those shares measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed to between the company and the party/ies subscribing for the shares; and
- any issue will only be made to “public shareholders” as defined by the JSE Listings Requirements and not to related parties.

Although this is an ordinary resolution, the minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five per cent) of the voting rights to be cast on the resolution.

The reason for ordinary resolution number 5 is accordingly to obtain a general authority from

Notice of annual general meeting (continued)

shareholders to issue shares for cash in compliance with the JSE Listings Requirements and the Memorandum of incorporation of the Company.

6 Advisory endorsement of remuneration report for the year ended 31 March 2015 – non-binding resolution number 1

“To endorse, on an advisory basis, the company’s Remuneration Report and policies as set out on pages 26 to 32 of the Integrated Annual Report (excluding the remuneration of the non-executive directors for their services as directors and members of board committees).”

Motivation for advisory endorsement

In terms of the King Code of Governance Principles for South Africa 2009, an advisory vote should be obtained from shareholders on the company’s annual remuneration policy. The vote allows shareholders to express their views on the remuneration policies adopted and their implementation, but will not be binding on the company.

7 Approval of annual fees to be paid to non-executive directors – special resolution number 1

“To approve for the period 1 November 2015 until the date of the next annual general meeting of the company, the remuneration payable to non-executive directors of the company for their services as directors as follows:

	Board fees	Audit Committee fees	Remuneration Committee Fees	Total
M H Ahmed	112 000	46 000	46 000	204 000
J A Copelyn	112 000	–	46 000	158 000
L Govender	112 000	–	–	112 000
T G Govender	112 000	–	–	112 000
N Jappie	112 000	46 000	–	158 000
Y Shaik	112 000	–	–	112 000
R D Watson	112 000	46 000	–	158 000”

Reason for and effect of special resolution number 1

This resolution is proposed in order to comply with the requirements of the Companies Act. In terms of section 65(11)(h) of the Companies Act read with section 66(8) and 66(9) of the Companies Act, remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by the holders within the previous 2 (two) years and, only if this is not prohibited in terms of the company’s memorandum of incorporation.

The payment of remuneration to directors for their services as directors is not prohibited by the company’s memorandum of incorporation. This special resolution applies only to non-executive directors, as executive directors are required to attend meetings as part of their terms of employment and do not receive remuneration for their services as directors in addition to salaries they receive, by virtue of their employment by the company.

The proposed directors’ remuneration payable to non-executive directors is based on best practice and aimed at ensuring fair and competitive remuneration practices. It is important for the company to attract new directors and retain directors with the relevant capabilities, skills and experience required to effectively conduct the business of the board and lead the company according to its strategic priorities.

8 General authority to repurchase company shares – special resolution number 2

“Resolved that the company hereby approves, as a general approval contemplated in par. 5.72 of the JSE Listings Requirements, the acquisition by the company or any of its subsidiaries, from time to time, of the issued shares of the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the provisions of the Companies Act and the JSE Listings Requirements as presently constituted and which may be amended from time to time, and provided that:

- acquisitions by the company and its subsidiaries of shares in the capital of the company may not,



in the aggregate, exceed in any one financial year 20% (twenty per cent) (or 10% (ten per cent) where such acquisitions relate to the acquisition by a subsidiary) of the company's issued share capital of the class of the repurchased shares from the date of the grant of this general authority;

- any such acquisition of shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
- the company (or any subsidiary) is authorised to do so in terms of its Memorandum of incorporation;
- this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- in determining the price at which the company's shares are acquired by the company or its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired may not be greater than 10% (ten per cent) above the weighted average of the market price at which such shares are traded on the JSE for the 5 (five) business days immediately preceding the date the repurchase is effected;
- at any point in time, the company may only appoint one agent to effect any repurchase(s) on the company's behalf;
- the company or its subsidiaries may not repurchase shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless there is a repurchase programme in place and the dates and quantities of shares to be repurchased during the prohibited period are fixed, which repurchase programme has been submitted to the JSE in writing and executed by an independent third party;
- in the case of a derivative (as contemplated in the JSE Listings Requirements) the price of the

derivative shall be subject to the limits set out in paragraph 5.84(a) of the JSE Listings Requirements; and

- an announcement will be published on SENS as soon as the company and/or its subsidiaries has/have acquired shares constituting, on a cumulative basis 3% (three per cent) of the number of shares of the class of shares repurchased in issue at the time of granting of this general authority, and each time the company acquires a further 3% (three per cent) of such shares thereafter, which announcement shall contain full details of such acquisitions."

Statement by the board of directors of the company
Pursuant to and in terms of the JSE Listings Requirements, the board of directors of the company hereby states that:

- (a) it is their intention to utilise the general authority to acquire shares in the company if at some future date the cash resources of the company are in excess of its requirements or there are good grounds for doing so. In this regard the directors will take account of, inter alia, an appropriate capitalisation structure for the company, the long-term cash needs of the company, and the interests of the company;
- (b) in determining the method by which the company intends to acquire its shares, the maximum number of shares to be acquired and the date on which such acquisition will take place, the directors of the company will only make the acquisition if, at the time of the acquisition, they are of the opinion that:
 - the company and its subsidiaries would, after the repurchase, be able to pay their debts as they become due in the ordinary course of business for the next 12 (twelve) months after the date of this notice of the annual general meeting;
 - the consolidated assets of the company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards

Notice of annual general meeting (continued)

and recognised and measured in accordance with the accounting policies used in the latest audited financial statements, would, after the repurchase, be in excess of the consolidated liabilities of the company and its subsidiaries for the next 12 (twelve) months after the date of this notice of the annual general meeting;

- the issued share capital and reserves of the company and its subsidiaries would, after the repurchase, be adequate for the ordinary business purposes of the company or any acquiring subsidiary for the next 12 (twelve) months after the date of approval of this notice of the annual general meeting;
 - the working capital available to the company and its subsidiaries would, after the repurchase, be adequate for the ordinary business purposes for the next 12 (twelve) months after the date of approval of this notice of the annual general meeting; and
 - the company and its subsidiaries pass the solvency and liquidity test and that, from the time that the test is done, there are no material changes to the financial position of the company or any acquiring subsidiary; and
- (c) they will not make any repurchase until such time as the company's sponsors have provided the JSE with a letter in relation to the working capital statement set out above (as required in terms of the JSE Listings Requirements).

The reason for special resolution number 2 is to grant the company a general authority in terms of the JSE Listings Requirements for the acquisition by the company, or any of its subsidiaries, of shares issued by the company, which authority shall be valid until the next annual general meeting of the company.

The passing of this special resolution will have the effect of authorising the company or any of its subsidiaries to acquire shares issued by the company.

9 General authority to provide financial assistance in terms of sections 44 and 45 of the Companies Act – special resolution number 3

“Resolved as a special resolution that, to the extent required by sections 44 and 45 of the Companies Act, the board of directors may, subject to compliance with the requirements of the company's Memorandum of incorporation and the Companies Act, each as presently constituted and amended from time to time, as a general approval, authorise the company to provide any direct or indirect financial assistance by way of a loan, guarantee, the provision of security or otherwise to:

- the company's present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related to the company, or any person wishing to subscribe for any option, or any securities issued or to be issued by the company's present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related to the company, for the purpose of, or in connection with, the subscription of any option, or any securities issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities issued or to be issued by the company, or for the purchase of any securities of the company or inter-related company; or
- any one or more related or inter-related companies or corporations, or to a member of any related or inter-related company or corporation, or to a person related or inter-related to any such companies or corporations (related or inter-related will herein have the meaning attributed to such terms in section 2 of the Companies Act), on the terms and conditions and for the amounts that the board of directors may determine, and that any of such financial assistance may be provided at any time during the period commencing on the date of the adoption of this resolution and ending two years after such date.”



Reason for and effect of special resolution number 3

As part of the normal conduct of the business of the company and its subsidiaries from time to time, the company, where necessary, provides financial assistance to its related and inter-related companies and entities (as contemplated in the Companies Act) including the provisions of guarantees and other forms of security to third parties which provide funding to the company's subsidiaries, whether by way of loans, subscribing for shares (including preference shares) or otherwise. In the circumstances and in order to ensure that, among other things, the company and its subsidiaries and other related and inter-related companies and entities continue to have access to, and are able to appropriately structure their financing for purposes of funding their corporate and working capital requirements, it is necessary that the company obtains the approval of shareholders in terms of this special resolution number 3.

Sections 44 and 45 of the Companies Act provide that the financial assistance required can only be provided pursuant to a special resolution of the shareholders, adopted within the previous two years, which resolution must have approved such financial assistance either for the specific recipient, or generally for a category of potential recipients (and the specific recipient falls within that category), and the directors must be satisfied that:

- immediately after providing the financial assistance, the company will satisfy the solvency and liquidity test as defined in section 4 of the Companies Act; and

- the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

The passing of this special resolution number 3 will have the effect of authorising the company to provide direct or indirect financial assistance in accordance with sections 44 and 45 of the Companies Act, for a period of two years after the adoption of this resolution. This special resolution does not authorise the provision of financial assistance to a director or prescribed officer of the company.

10 Authorisation of directors – ordinary resolution number 5

“Resolved that each and every director of the company be and is hereby authorised to do all such things and sign all such documents as may be necessary or incidental to the implementation of the resolutions passed at this annual general meeting.”

To consider and, if approved, to pass with or without modification, the resolutions in the manner required by the Companies Act, as read with the Listings Requirements of the exchange operated by JSE Limited (JSE).

11 To transact such other business which may be transacted at an annual general meeting

By order of the board

Cape Town
22 September 2015



Form of proxy

DENE B INVESTMENTS LIMITED

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

I/We _____ (name in full)

of address _____

being a registered holder of _____ ordinary shares in the company, hereby appoint

1 _____ or failing him/her,

2 _____ or failing him/her,

3 _____ or failing him/her,

the chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the company to be held on Thursday, 29 October 2015 at 09:00 at the offices of Hosken Consolidated Investments Limited, Suite 801, 76 Regent Street, Sea Point 8005 and at any adjournment thereof as follows:

Agenda	Resolution No	Description	For	Against	Abstain
2.1	Ordinary resolution 1.1	Election of director: Mr M H Ahmed			
2.2	Ordinary resolution 1.2	Election of director: Mr J A Copelyn			
2.3	Ordinary resolution 1.3	Election of director: Mr D Duncan			
2.4	Ordinary resolution 1.4	Election of director: Mr L Govender			
2.5	Ordinary resolution 1.5	Election of director: Mr T G Govender			
2.6	Ordinary resolution 1.6	Election of director: Ms N Jappie			
2.7	Ordinary resolution 1.7	Election of director: Mr A Ntuli			
2.8	Ordinary resolution 1.8	Election of director: Mr S A Queen			
2.9	Ordinary resolution 1.9	Election of director: Mr Y Shaik			
2.10	Ordinary resolution 1.10	Election of director: Ms R D Watson			
2.11	Ordinary resolution 1.11	Election of director: Mr G D T Wege			
3	Ordinary resolution 2	Reappointment of auditor: KPMG Inc.			
4.1	Ordinary resolution 3.1	Appointment of audit committee member: Mr M H Ahmed			
4.2	Ordinary resolution 3.2	Appointment of audit committee member: Ms N Jappie			
4.3	Ordinary resolution 3.3	Appointment of audit committee member: Ms R D Watson			
5	Ordinary resolution 4	General authority to issue shares and options for cash			
6	Non-binding resolution 1	Advisory endorsement of Remuneration Report for the year ended 31 March 2015			
7	Special resolution 1	Approval of annual fees to be paid to non-executive directors			
8	Special resolution 2	General authority to repurchase company shares			
9	Special resolution 3	General authority to provide financial assistance in terms of sections 44 and 45 of the Companies Act			
10	Ordinary resolution 5	Authorisation of directors to implement resolutions passed			

Indicate instructions to proxy by way of a cross in the space provided above.

Unless otherwise instructed my proxy may vote as he/she thinks fit.

Signed this _____ day of _____ 2015.

Signature _____

Assisted by me (where applicable) _____

Please read the notes overleaf

Notes to the proxy form

- 1 A form of proxy is only to be completed by those shareholders who are:
 - holding shares in certificated form; or
 - recorded in the sub-register in dematerialised electronic form in “own name”.
- 2 If you have already dematerialised your ordinary shares through a Central Securities Depository Participant (“CSDP”) or broker, other than with “own name” registration, and wish to attend the general meeting, you must request your CSDP or broker to provide you with a letter of representation or you must instruct your CSDP or broker to vote by proxy on your behalf in terms of the agreement entered into by yourself and the CSDP or broker.
- 3 A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the company.
- 4 Every person present and entitled to vote at the meeting as a shareholder or as a proxy or as a representative of a body corporate shall, on a show of hands, have one vote only, irrespective of the number of shares such person holds or represents but, in the event of a poll, a member shall be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the shares held by him/her bears to the aggregate amount of the nominal value of all the shares issued by the company.
- 5 Please insert the relevant number of shares/votes and indicate with an X in the appropriate spaces on the face hereof how you wish your votes to be cast. If you return this form duly signed without any specific directions, the proxy will vote or abstain from voting at his/her discretion.
- 6 A deletion of any printed details and the completion of any blank space/s need not be signed or initialled. Any alteration must be initialled.
- 7 The chairman of the general meeting shall be entitled to decline to accept the authority of the signatory under a power of attorney, or on behalf of a company, unless the power of attorney or authority is produced or has been registered.
- 8 The signatory may insert the name of any person/s whom the signatory wishes to appoint as his/her proxy, in the blank space/s provided for that purpose.
- 9 When there are joint holders of shares and if more than one such joint holder be present or represented, then the person whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.
- 10 A minor should be assisted by his parent or legal guardian unless the relevant documents establishing his legal capacity are produced or have been registered.
- 11 The completion and lodging of this proxy form will not preclude the signatory from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such signatory wish to do so.
- 12 A shareholder’s instructions must be indicated by the insertion of a cross, or where applicable, the relevant number of votes exercisable by the shareholder, in the appropriate box of this proxy form.
- 13 If the signatory does not indicate how he/she wishes to vote in the appropriate place/s on the face hereof in respect of the resolution, his/her proxy shall be entitled to vote as he/she deems fit in respect of the resolutions.
- 14 If the shareholding is not indicated on the proxy form, the proxy will be deemed to be authorised to vote the total shareholding.
- 15 The chairman of the general meeting may reject or accept any proxy form which is completed other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.
- 16 Forms of proxy will not be accepted unless they have been returned by the shareholders concerned to Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107) so as to be received by no later than 09:00 on Wednesday, 28 October 2015.



Corporate information

Deneb Investments Limited

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

The company's shares are listed under the Financial Services – Speciality Finance sector of the JSE Limited.

Registration number:	2013/091290/06 (Incorporated in the Republic of South Africa)
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
Directors:	J A Copelyn* (Chairperson), M H Ahmed*^ (Lead Independent Director), D Duncan, L Govender*^, T G Govender*, N Jappie*^, A M Ntuli, S A Queen (Chief Executive Officer), Y Shaik*, R D Watson*^, G D T Wege (Financial Director) (* Non-executive ^ Independent)
Company secretary:	HCI Managerial Services Proprietary Limited
Transfer secretaries:	Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg 2001 PO Box 61051, Marshalltown 2107
Auditors:	KPMG Inc.
Sponsors:	PSG Capital Proprietary Limited



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

www.deneb.co.za