

Unaudited Consolidated Condensed Carve-out Interim Results for the six months ended 30 September 2014

DENEB INVESTMENTS LIMITED

Registration number: 2013/091290/06

(Incorporated in the Republic of South Africa)

JSE share code: DNB ISIN: ZAE000197398

('Deneb' or 'the Group')

UNAUDITED CONSOLIDATED CONDENSED CARVE-OUT INTERIM RESULTS
for the six months ended 30 September 2014

CARVE-OUT STATEMENT OF FINANCIAL POSITION

| | 30 Sep 2014 | 30 Sep 2013 | 31 March 2014 |
|---|------------------|------------------|------------------|
| Rand thousands | Unaudited | Unaudited | Audited |
| ASSETS | | | |
| Non-current assets | 1 740 574 | 1 530 966 | 1 549 070 |
| Plant and equipment | 303 774 | 286 783 | 286 364 |
| Owner-occupied property | 334 409 | 368 587 | 335 718 |
| Investment property | 690 340 | 598 385 | 669 619 |
| Intangible assets | 17 987 | 10 697 | 9 197 |
| Goodwill | 17 743 | 14 016 | 14 204 |
| Other investments | 3 644 | 3 673 | 3 644 |
| Long-term receivables | 156 299 | 51 697 | 50 208 |
| Net receivable from discontinued operations | 74 979 | 38 717 | 38 717 |
| Deferred tax | 141 399 | 158 411 | 141 399 |
| Current assets | 1 429 804 | 1 222 442 | 1 082 332 |
| Non-current assets held for sale | 54 437 | 1 785 | 54 536 |
| Net receivable from discontinued operations | - | 37 914 | 13 670 |
| Inventories | 672 235 | 579 729 | 540 472 |
| Trade and other receivables | 695 444 | 592 909 | 471 060 |
| Current tax asset | 7 210 | 7 378 | 103 |
| Cash and cash equivalents | 478 | 2 727 | 2 491 |
| Total assets | 3 170 378 | 2 753 408 | 2 631 402 |
| EQUITY AND LIABILITIES | | | |
| Total equity | 1 698 088 | 1 489 271 | 1 564 280 |
| Stated capital | 433 929 | 304 635 | 304 635 |
| Reserves | 1 264 492 | 1 184 636 | 1 259 645 |
| Equity attributable to owners | | | |
| of the parent | 1 698 421 | 1 489 271 | 1 564 280 |
| Non-controlling interests | (333) | - | - |
| Non-current liabilities | 112 408 | 108 181 | 113 423 |
| Deferred tax | 6 059 | 8 400 | 6 059 |
| Post-employment medical aid benefits | 91 055 | 85 567 | 91 180 |
| Interest-bearing liabilities | 13 674 | 13 986 | 15 944 |
| Operating lease accruals | 1 620 | 228 | 240 |
| Current liabilities | 1 359 882 | 1 155 956 | 953 699 |
| Current tax payable | 204 | - | 151 |
| Net liabilities from discontinued operations | 4 654 | 4 654 | - |
| Post-employment medical aid benefits | 6 205 | 5 116 | 6 280 |
| Interest-bearing liabilities | 32 397 | 30 541 | 3 193 |
| Trade and other payables | 533 447 | 453 559 | 404 949 |
| Bank overdrafts | 782 975 | 662 086 | 539 126 |
| Total liabilities | 1 472 290 | 1 264 137 | 1 067 122 |
| Total equity and liabilities | 3 170 378 | 2 753 408 | 2 631 402 |
| Net asset value | 1 698 421 | 1 489 271 | 1 564 280 |
| Net asset value per share after treasury shares (cents) | 315 | 276 | 290 |

CONDENSED CARVE-OUT STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | 30 Sep 2014 | 30 Sep 2013 | |
|---|-------------|-------------|----------|
| | 6 months | 6 months | |
| Rand thousands | Unaudited | Unaudited | % change |
| Revenue | 1 244 457 | 1 078 842 | 15,4 |
| Gross profit | 289 410 | 273 141 | 6,0 |
| Operating profit before finance costs | 21 452 | 58 366 | (63,2) |
| Once-off litigation settlement | - | 40 421 | - |
| Finance income | 4 145 | 862 | 380,9 |
| Finance expenses | (19 459) | (21 778) | (10,6) |
| Profit before tax | 6 138 | 77 871 | (92,1) |
| Income tax (expense)/income | (1 624) | 496 | |
| Total comprehensive income for the period | 4 514 | 78 367 | (94,2) |
| Profit attributable to: | | | |
| Owners of the parent | 4 847 | 78 367 | |
| Non-controlling interests | (333) | - | |
| | 4 514 | 78 367 | |
| Total comprehensive income attributable to: | | | |
| Owners of the parent | 4 847 | 78 367 | |
| Non-controlling interests | (333) | - | |
| | 4 514 | 78 367 | |

CONDENSED CARVE-OUT STATEMENT OF CASH FLOWS

| | 30 Sep 2014 | 30 Sep 2013 |
|--|-------------|-------------|
| Rand thousands | Unaudited | Unaudited |
| Net cash flow from operating activities | (209 558) | (143 598) |
| Net cash flow from investing activities | (66 119) | (54 572) |
| Net cash flow from financing activities | 29 815 | 1 846 |
| Net decrease in cash and cash equivalents | (245 862) | (196 324) |
| Cash and cash equivalents at the beginning of the period | (536 635) | (463 035) |
| Cash and cash equivalents at the end of the period | (782 497) | (659 359) |

CARVE-OUT STATEMENT OF CHANGES IN EQUITY

| Unaudited | Stated | Other | Retained |
|---|---------|----------|----------|
| Rand thousands | capital | reserves | income |
| Balance at 1 April 2013 | 304 635 | 298 669 | 807 600 |
| Total comprehensive profit for the period | - | - | 78 367 |
| Balance at 30 September 2013 | 304 635 | 298 669 | 885 967 |
| Balance at 1 April 2014 | 304 635 | 315 963 | 943 682 |
| Total comprehensive profit for the period | - | - | 4 847 |
| Transactions with owners | | | |
| Capitalisation of shareholder's loan | 129 294 | - | - |
| Balance at 30 September 2014 | 433 929 | 315 963 | 948 529 |

| Unaudited | Total | Non- | Total |
|---|-----------|-------------|-----------|
| Rand thousands | | controlling | equity |
| | | interest | |
| Balance at 1 April 2013 | 1 410 904 | - | 1 410 904 |
| Total comprehensive profit for the period | 78 367 | - | 78 367 |
| Balance at 30 September 2013 | 1 489 271 | - | 1 489 271 |
| Balance at 1 April 2014 | 1 564 280 | - | 1 564 280 |
| Total comprehensive profit for the period | 4 847 | (333) | 4 514 |
| Transactions with owners | | | |
| Capitalisation of shareholder's loan | 129 294 | - | 129 294 |
| Balance at 30 September 2014 | 1 698 421 | (333) | 1 698 088 |

| | 30 Sep 2014 | 30 Sep 2013 |
|-------------------------------|-------------|-------------|
| Rand thousands | Unaudited | Unaudited |
| Composition of other reserves | | |

| | | | |
|--|--|---------|---------|
| Revaluation of investments | | 2 912 | 2 861 |
| Capital redemption reserve fund | | 70 | 440 |
| Surplus on disposal of subsidiary and associated companies | | 7 923 | 7 923 |
| Surplus on revaluation of land and buildings | | 305 058 | 287 445 |
| | | 315 963 | 298 669 |

CONDENSED CARVE-OUT SEGMENTAL REPORT

| Unaudited | | Branded Product Distribution | Industrial manufacturing |
|---|--------------------------|---|-----------------------------|
| Rand thousands | Properties | | |
| 2014 | | | |
| Segment revenue | | | |
| Gross sales | 64 851 | 631 952 | 225 585 |
| Inter-segment sales (these transactions are at arm's length) | (17 905) | - | - |
| | 46 946 | 631 952 | 225 585 |
| Segment results | | | |
| Operating profit/(loss) from operations | 44 076 | 2 202 | 9 836 |
| 2013 | | | |
| Segment revenue | | | |
| Gross sales | 56 166 | 419 408 | 215 023 |
| Inter-segment sales (these transactions are at arm's length) | (23 557) | - | - |
| | 32 609 | 419 408 | 215 023 |
| Segment results | | | |
| Operating profit from operations | 37 188 | 14 809 | 14 546 |
| | | Head Office, Centralised Services and Other | Total |
| Rand thousands | Textile manufacturing | | |
| 2014 | | | |
| Segment revenue | | | |
| Gross sales | 334 384 | 5 590 | 1 262 362 |
| Inter-segment sales (these transactions are at arm's length) | - | - | (17 905) |
| | 334 384 | 5 590 | 1 244 457 |
| Segment results | | | |
| Operating profit/(loss) from operations | (12 326) | (22 336) | 21 452 |
| 2013 | | | |
| Segment revenue | | | |
| Gross sales | 400 272 | 11 530 | 1 102 399 |
| Inter-segment sales (these transactions are at arm's length) | - | - | (23 557) |
| | 400 272 | 11 530 | 1 078 842 |
| Segment results | | | |
| Operating profit from operations | 10 869 | (19 046) | 58 366 |

STATISTICS PER SHARE

| | 30 Sep 2014 | 30 Sep 2013 |
|--|-------------|-------------|
| In cents, where applicable | Unaudited | Unaudited |
| Weighted average number of shares ('000) | 539 776 | 539 776 |
| Total number of shares ('000) | 539 776 | 539 776 |
| Diluted weighted average number of shares ('000) | 539 776 | 539 776 |
| Basic earnings per share (cents) | 0,9 | 14,5 |
| Headline earnings per share (cents) | 0,9 | 14,5 |
| Diluted earnings per share (cents) | 0,9 | 14,5 |
| Diluted headline earnings per share (cents) | 0,9 | 14,5 |

Rand thousands

| | | |
|--|-------|--------|
| Reconciliation between profit and headline earnings | | |
| Income attributable to shareholders | 4 847 | 78 367 |
| Surplus on disposal of property, plant and equipment | (205) | (173) |
| Loss on disposal of property, plant and equipment | - | 131 |
| Total tax effect of adjustments | 25 | 16 |
| Headline earnings | 4 667 | 78 341 |

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

1 BACKGROUND

At 30 September 2014 Deneb Investments Limited ('Deneb', 'the Group' or 'the company') was a wholly-owned subsidiary of Seardel Investment Corporation Limited (Seardel). On 1 December 2014 Deneb unbundled and listed on the securities exchange operated by the JSE Limited. Deneb is an investment holding company whose subsidiaries have investments in property, branded product distribution and manufacturing assets.

2 CARVE-OUT ACCOUNTS

The results presented in this publication are a carve-out of the interim results of Seardel for the six months ended 30 September 2014 as published on SENS on 20 November 2014. As the Deneb Group was established following an internal restructure within Seardel, the company did not prepare separate financial statements. These carve-out financial statements aim to provide shareholders with insight into the performance of Deneb on a standalone basis.

3 BASIS OF PREPARATION

The interim carve-out results for the six months to 30 September 2014 have been prepared by:

- extracting the relevant historical assets, liabilities, revenues and expenses as contained in the unaudited consolidated condensed interim results of Seardel for the six months to 30 September 2014; and
- applying the assumptions and estimates as noted in point 4 below.

The interim carve-out results have been prepared in accordance with and containing the information as required by International Accounting Standard (IAS) 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and the Financial Reporting Pronouncements as issued by the Financial Reporting Accountants Council, and are in compliance with the Listings Requirements of the JSE Limited and the Companies Act. These results do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the carve-out historical financial information that was published in the Deneb Pre-listing Statement for the year ended 31 March 2014.

These results have been prepared under the supervision of the Financial Director, Gys Wege (CA) SA, and have not been audited or reviewed by the Group's auditors, KPMG Inc.

4 SIGNIFICANT ACCOUNTING POLICIES, ASSUMPTIONS AND ESTIMATES

The Group interim results have been prepared under the historical cost convention, except for the revaluation of certain properties and financial instruments. The accounting policies adopted are in terms of IFRS and are consistent with those followed in the preparation of the Group's carve-out historical financial information for the year ended 31 March 2014, except for the adoption of new standards and interpretations effective as at 1 April 2014. The new standards have no impact on the carve-out historical financial information.

Taxation

The directors have considered the future profitability of the entities which contain computed tax losses and to the extent that the entities are projected to produce taxable income in the foreseeable future, a deferred tax asset has been recognised. It is assumed that Seardel Group Trading Proprietary Limited (SGT), a wholly-owned subsidiary of Deneb, will mainly comprise of the Group's property investments and therefore the directors are of the view that the deferred tax asset is fully recoverable. The assumption has been applied retrospectively from 31 March 2011.

Owner-occupied buildings and investment property
All buildings previously occupied by the apparel manufacturing businesses (discontinued operations), previously disclosed as owner-occupied buildings, have been disclosed as investment properties and the related income shown as revenue from third parties.

Share incentive

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 the internal restructure (refer note 9 below). 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 22 351 660 have been granted to selected participants who were holders of unvested Seardel share options at 30 September 2014. Accordingly, as the Seardel Share Incentive Scheme liability will be settled through equity of Deneb, the scheme was accounted for as equity settled in the carve-out results of Deneb. The salient terms and conditions relating to the Deneb Investments Long Term Incentive Plan are set out in Annexure 6 of the Deneb Pre-listing Statement.

Discontinued operations

Operations classified as discontinued operations on 30 September 2014 in the consolidated interim financial statements of Seardel consist of the apparel manufacturing businesses which were disposed of to a third party as a going concern. For the purposes of the carve-out results it was assumed that the sale of the apparel businesses took place retrospectively on 31 March 2011. In terms of the disposal agreement the business was sold as a going concern, excluding the trade debtors, trade creditors and provisions. The assets and liabilities, which were excluded in the disposal agreement, have been disclosed as 'Net receivable from discontinued operations' in the carve-out results and measured at the net realisable value on 30 September 2014.

5 CAPITAL EXPENDITURE AND COMMITMENTS

| | 30 Sep 2014 | 30 Sep 2013 | 30 Sep 2014 | 30 Sep 2013 |
|---------------------|-------------|-------------|-------------|-------------|
| | Capital | Capital | Contractual | Contractual |
| | expenditure | expenditure | commitments | commitments |
| Rand thousands | Unaudited | Unaudited | Unaudited | Unaudited |
| Investment property | 20 721 | 23 844 | 40 000 | - |
| Land and buildings | 436 | 216 | - | - |
| Plant and equipment | 31 832 | 28 360 | - | 600 |
| Intangible assets | 9 690 | 5 060 | - | - |
| Total | 62 679 | 57 480 | 40 000 | 600 |

The above includes amounts acquired through business combinations (refer to note 6). The capital commitments are expected to be incurred during the remainder of the financial year ended 31 March 2015.

6 BUSINESS COMBINATIONS

Subsidiaries acquired during the six-month period to 30 September 2014

| | Revenue | Net profit/ (loss) |
|--|-------------|-----------------------|
| | contributed | contributed |

| Subsidiary name | Acquisition date | Segment | % voting interest acquired | Description | to the Group R'000 | to the Group R'000 |
|---|------------------|------------------------------|----------------------------|--|--------------------|--------------------|
| Limtech Biometric Solutions Proprietary Limited | 1 April 2014 | Branded Product Distribution | 100 | Provider of access security solutions, specialising in biometric fingerprint recognition | 4 458 | 198 |
| Deneb Invest 141 Holdco Proprietary Limited | 1 Aug 2014 | Branded Product Distribution | 51 | Distributor of stationery | 1 913 | (680) |

Consideration transferred

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

| Rand thousands | |
|--------------------------|-------|
| Consideration | |
| Cash | - |
| Contingent consideration | 1 400 |
| Total consideration | 1 400 |

Recognised amounts of identifiable assets acquired and liabilities assumed:

| Rand thousands | | |
|-------------------------------|-----|------|
| Property, plant and equipment | | 355 |
| Inventories | | 752 |
| Trade and other receivables | 3 | 744 |
| Cash and cash equivalents | | 478 |
| Non-current loan | (1) | 316) |
| Trade and other payables | (6) | 083) |
| Bank overdrafts | | (69) |
| Total identifiable net assets | (2) | 139) |
| Minority share | | - |
| Goodwill | 3 | 539 |
| Total consideration | 1 | 400 |

7 RELATED PARTIES

The note below is an explanation of transactions and balances with related parties that have significantly changed from note 30 in the carve-out historical financial information in the Pre-listing Statement for the year ended 31 March 2014.

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

| Rand thousands | Income/(Expenses) | | Balances receivable/(owing) | |
|---|--|---------------|---------------------------------------|---------------|
| | Transaction values for the period ending 30 Sep 2014 | 31 March 2014 | Balance outstanding as at 30 Sep 2014 | 31 March 2014 |
| | 6 months | 12 months | 6 months | 12 months |
| Sactwu - disposal of apparel manufacturing operation | 4 061 | - | 74 979 | 107 588 |
| Sactwu - loan advance relating to the disposal of the apparel manufacturing operation | - | (957) | - | (30 957) |
| HCI loan at prime, repayable on demand | 537 | - | 69 580 | - |
| Trade Call Investments Apparel | | | | |

Proprietary Limited (a subsidiary
of Sactwu) - - (1 810) -

Business combinations with related parties
Deneb acquired 100% of the issued share capital of Limited Biometric Solutions
Proprietary Limited, which was previously majority owned by HCI, for a purchase
price of R1.

Refer to note 6 for further detail on the business combinations.

8 DEFERRED TAXATION

Based on the assumptions as contained in the basis of preparation (refer to note 3),
the deferred tax asset in SGT was fully recognised retrospectively from the beginning
of the reporting period.

The following table represents a reconciliation between the net deferred tax asset
of SGT recognised in the carve-out interim results of Deneb to 30 September 2014 and
the net deferred tax asset recognised in the interim results of Seardel to
30 September 2014:

| | 30 Sep 2014 |
|--|-------------|
| | Unaudited |
| Rand thousands | |
| Deferred tax asset of SGT as included in the Deneb carve-out interim results to 30 September 2014 | 129 842 |
| Deferred tax asset of SGT as included in the Seardel interim results to 30 September 2014 | 47 180 |
| Estimated tax credit expected to flow through Deneb's statement of profit and loss | 82 661 |

It is expected that the recognition of the deferred tax asset will occur within the
current financial year.

9 POST PERIOD-END EVENTS

Internal restructure

Deneb was party to an internal restructure on 1 October 2014 in terms of which Deneb
acquired Seardel's non-media companies comprising Brits Automotive Systems, Custom
Extrusion, Frame Industrials, Gold Reef Speciality Chemicals, Nyenye, Seardel 16,
Seardel 17, Seardel Brand ID, Seardel Group Trading, Seartec, Seartec Trading, the
Prima Group and Val Hau in exchange for the issue of 539 776 349 ordinary no par
value shares.

For the purposes of preparing the carve-out interim accounts to 30 September 2014,
the internal restructure is assumed to have occurred at the beginning of the
reporting period, being 1 April 2014.

Appointments to the board of Deneb

In addition to the current directors, Stuart Queen (Chief Executive Officer) and
Gys Wege (Financial Director) who were both appointed on 21 June 2013, the following
members were appointed to the board on 10 October 2014:

| | |
|----------------|---|
| John Copelyn | Chairman and Non-executive Director |
| Mohamed Ahmed | Lead Independent Non-executive Director |
| David Duncan | Executive Director |
| Kevin Govender | Non-executive Director |
| Naziema Jappie | Independent Non-executive Director |
| Amon Ntuli | Executive Director |
| Yunis Shaik | Non-executive Director |
| Rachel Watson | Independent Non-executive Director |

Issue of shares

On 10 November 2014, Deneb issued 18 115 848 shares in exchange for R52.5 million to

ensure that Deneb was appropriately capitalised prior to the unbundling and listing.

Separate listing and unbundling of Deneb

Deneb unbundled and listed on 1 December 2014 on the securities exchange operated by the JSE Limited. The Deneb Pre-listing Statement was published on SENS on

21 November 2014 and is available on Deneb's website, www.deneb.co.za.

Signed for and on behalf of the board in Cape Town on 18 December 2014.

Stuart Queen
Chief Executive Officer

Gys Wege
Financial Director

COMMENTARY

Deneb listed on the Main Board of the securities exchange operated by the JSE Limited on 1 December 2014 by way of an unbundling from Seardel Investment Corporation Limited (Seardel).

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FINANCIAL OVERVIEW

Revenue for the six months to September is up 15,4%, with most of the growth coming through the branded product segment. Even though gross profit increased by 6%, Deneb reported reduced operating profits due to a variety of reasons which are better explained in the segmental analysis presented below.

The following general observations on the numbers should be considered:

- 1 The first half of the financial year is traditionally weaker than the second. In a number of the businesses, particularly in the branded product space, increased costs have been incurred in the pursuit of growth. These costs will be better amortised over the full financial year.
- 2 Government incentives are only recognised when they either have been received or when it is certain that they will be received. No incentives were recognised in the first half of the year nor in the comparative period, but it is likely that, as in the past, these incentives will be able to be recognised in the second half of the year.
- 3 Some of the textile manufacturing businesses derive a significant portion of their revenue from public procurement programmes. These businesses experienced delayed tender awards in the first quarter of the financial year which coincided with national general elections. As the operations are fixed costs businesses, reduced revenue has a significant influence on the overall results of these businesses.
- 4 The increased incidences and prolonged nature of industrial action in the economy had a negative effect on a number of the manufacturing businesses.

We are mindful that the Group's manufacturing businesses in particular, operate in a difficult space. Industrial action across the various sectors of the economy cannot be seen as non-recurring events but have become part and parcel of the operating environment. Most of the Group's manufacturing businesses are high volume low margin businesses and any events that disrupt operations, including the recent spate of load shedding, in our own businesses or within our supply or customer base have a negative effect on the results. Having said that, we are working diligently to diversify each of the businesses into other markets and territories so as to be better positioned to

weather these setbacks and are confident that the businesses are incrementally becoming stronger businesses over time. Management will retain its pragmatism and any business that doesn't have reasonable prospects of delivering suitable returns on the shareholder funds invested therein over the medium to long term will be divested of to protect the relatively strong asset base that has been built up over the past few years.

SEGMENTAL RESULTS

Property segment

Revenue increased 15% to R65 million with revenue from external tenants now representing 72% of the total revenue for this segment. Operating profit before finance costs increased by 19% to R44 million, up from R37 million in the prior period.

The Group is currently developing its property in Observatory, Cape Town which is scheduled to be completed early in the new year. This development is currently 61% let and there is good interest in the remaining portion.

The Group also has some owner-occupied and vacant property in Epping, Cape Town which it will be looking to refurbish and develop in the new year. Once completed these properties should add to the revenue and cash-generating ability of the property segment.

Branded product segment

The branded product segment recorded revenue growth of 51% to R632 million. The revenue growth is mainly as a result of:

- the launch of Microsoft's XBox One;
- the acquisition, by Prima Interactive, of the distribution rights for Electronic Arts games; and
- the acquisition, by Brand ID, of the distribution rights for a number of sporting brands, most notably Canterbury, Mizuno, Skins, Dunlop and Slazenger.

Despite the pleasing revenue growth, operating profit before finance costs declined from R15 million in the prior period to R2 million in the current period. The decline in profitability is due to the performance of Seartec, which is predominantly a distributor of the Sharp range of office automation products and calculators. We identified Seartec as a business that has underperformed on its potential and thus made a decision to invest heavily into the management structures, facilities and IT infrastructure of the business. The underlying performance of this business is largely on track with expectations with revenue and gross margins slightly up on the prior year, but the incremental costs resulted in profitability dropping off. We only expect the benefit of these extra costs to be fully evident over the next few financial years.

It should be noted that the first half of the financial year in this segment has historically been weaker than the second half. The extra costs associated with investments into Seartec and the acquisition of the additional distribution rights should be better amortised over the full-year revenues.

Textile segment

Trading conditions for the businesses within this sector were tough throughout the current financial period. The extended industrial action which took place in our customer and supplier bases, compounded by shorter industrial action in one of our own businesses, coupled with a reduction in government tender awards around general election time, saw revenue drop by 16% to R334 million. The turnover decline resulted in an operating loss of R12 million which was down from a R11 million profit in the prior period. Most of the losses were recorded in the first quarter of the financial year with the performances stabilising from that point on.

Industrial segment

The performance of the industrial segment is a reflection of the tough environment that the manufacturing businesses faced in the period under review.

Revenue grew by 5% to R226 million, although this was entirely due to the acquisition of the Custom Bulk Bag business not being effective for the full six months in the

comparative period. Operating profit declined from R15 million in the prior period to R10 million in the period under review. This decline was as a result of industrial action in the automotive sector from which one of our businesses derives the majority of its revenue and the industrial action which took place in our own Polypropylene business.

On behalf of the board in Cape Town on 18 December 2014

| | |
|-------------------------|--------------------|
| Stuart Queen | Gys Wege |
| Chief Executive Officer | Financial Director |

CORPORATE INFORMATION

Deneb Investments Limited

The company's shares are listed under the Financial Services - Speciality Finance sector.

Registered office: 1 Moorsom Avenue, cnr Bofors Circle and Moorsom Avenue,
Epping Industria II 7460
PO Box 524, Eppindust 7475, South Africa

Directors: J A Copelyn* (Non-executive Chairperson), M H Ahmed*^ (Lead Independent Director), D Duncan, 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

www.deneb.co.za

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