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

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

Reviewed condensed consolidated financial results
for the year ended 31 March 2019

Financial highlights
for the year ended 31 March 2019

- Revenue from continuing operations up R409 million to R2 956 million

- Operating profit from continuing operations up R40 million to R149 million

- Profit from continuing operations down R83 million to R31 million

- Profit down R53 million to a loss of R47 million

- Earnings per share from continuing operations down 20 cents to 8 cents

- Earnings per share down 12 cents to a loss of 11 cents

- Headline earnings per share from continuing operations down 14 cents to 6 cents

- Headline loss per share down 1 cent to a loss of 4 cents

- Net asset value per share down 14 cents to 374 cents

- Net asset value (excluding intangible assets) per share remained unchanged (2018: 329 cents)

- Distribution per share of 3 cents declared (2018: 3 cents)

Condensed consolidated statement of financial position
as at 31 March

	Note	Reviewed 2019 R000's	Audited 2018* R000's
ASSETS			
Non-current assets		2 006 022	2 051 838
Plant and equipment		358 840	440 005
Owner-occupied property		350 771	373 421
Investment property	5.3	1 056 095	907 352
Intangible assets	4.2	59 877	76 310
Goodwill	4.2	31 449	31 449
Financial asset at fair value through other comprehensive income		4 237	4 237
Long-term receivables		27 483	56 780
Deferred tax assets		117 270	162 284
Current assets		1 267 618	1 511 540
Inventories		616 643	680 935
Trade and other receivables		634 725	786 672
Current tax assets		2 477	2 266
Cash and cash equivalents		13 773	41 667
Assets held for sale	4.1	396 168	1 080
Total current assets		1 663 786	1 512 620
Total assets		3 669 808	3 564 458
EQUITY AND LIABILITIES			
Total equity		1 621 586	1 674 626
Stated capital		1 456 237	1 452 264
Reserves	3.2	166 525	220 950
Equity attributable to owners of the company		1 622 762	1 673 214
Non-controlling interest		(1 176)	1 412
Non-current liabilities		923 917	949 821
Deferred tax liabilities		14 141	14 904
Post-employment medical aid benefits		90 270	98 896
Deferred income		83 727	141 754
Interest-bearing liabilities		728 328	688 533
Operating lease accruals		7 451	5 734
Current liabilities		985 794	940 011

Current tax liabilities		4 873	759
Post-employment medical aid benefits		7 749	7 619
Deferred income		16 102	8 908
Interest-bearing liabilities		173 319	169 972
Trade and other payables		459 843	604 886
Provisions		-	3 991
Bank overdraft		323 908	143 876
Liabilities directly associated with assets classified as held for sale	4.1	138 511	-
Total current liabilities		1 124 305	940 011
Total liabilities		2 048 222	1 889 832
Total equity and liabilities		3 669 808	3 564 458
Net asset value		1 622 762	1 673 214
Net asset value per share	(cents)	374	388
Net asset value (excluding intangible assets)		1 428 307	1 418 075
Net asset value (excluding intangible assets) per share	(cents)	329	329

* Restated, refer to note 4.2

Condensed consolidated statement of profit or loss and
other comprehensive income
for the year ended 31 March

	Note	Reviewed 2019 R000's	Audited 2018* R000's
Continuing operations			
Revenue		2 955 836	2 546 771
Cost of sales		(2 258 283)	(1 918 667)
Gross profit		697 553	628 104
Other income/(expenses)		64 787	(632)
Selling and distribution expenses		(329 376)	(275 837)
Administrative and other expenses		(283 496)	(242 605)
Operating profit before fair value adjustment of investment properties		149 468	109 030
Fair value adjustment of investment properties	5.3	12 868	43 715
Operating profit before finance costs		162 336	152 745
Finance income		477	591
Finance expenses		(111 284)	(102 271)
Profit before taxation		51 529	51 065
Income tax (expense)/income	4.3	(20 282)	63 351
Profit after tax		31 247	114 416
Discontinuing operations			
Loss from discontinuing operations, net of tax	4.1	(78 184)	(108 187)
(Loss)/Profit		(46 937)	6 229
Other comprehensive income, net of related tax			
Items that will never be reclassified to profit or loss			
Revaluation of land and buildings		20 851	18 822
Revaluation		31 435	28 574
Related tax		(10 584)	(9 752)
Post-employment medical aid benefits - actuarial gain/(loss)		7 648	(3 679)
Actuarial gain/(loss)		10 622	(5 110)
Related tax		(2 974)	1 431
Items that are or may be reclassified to profit or loss			
Fair value adjustment on financial asset at fair value through other comprehensive income		-	1 210
Foreign operations - foreign currency translation differences		2 269	(2 304)
Other comprehensive income, net of tax		30 768	14 049
Total comprehensive income for the year		(16 169)	20 278
(Loss)/Profit attributable to:			
Owners of the company		(45 471)	8 130
Non-controlling interest		(1 466)	(1 901)
		(46 937)	6 229
Total comprehensive (loss)/income attributable to:			
Owners of the company		(14 703)	22 179
Non-controlling interest		(1 466)	(1 901)
		(16 169)	20 278
Basic (loss)/earnings per share	(cents)	(10,53)	1,89
Basic earnings per share from continuing operations	(cents)	7,58	27,09
Basic loss per share from discontinuing operations	(cents)	(18,11)	(25,20)
Diluted (loss)/earnings per share	(cents)	(10,28)	1,88
Diluted earnings per share from continuing operations	(cents)	7,40	26,95
Diluted loss per share from discontinuing operations	(cents)	(17,68)	(25,07)

* Restated, refer to note 4.1

Condensed consolidated statement of changes in equity
for the year ended 31 March

	Stated capital Total R000's	Other reserves R000's	Retained income R000's	Total R000's	Non-controlling interest R000's	Total R000's
Balance at 31 March 2017	1 449 653	253 456	(40 230)	1 662 879	101	1 662 980
Total comprehensive income/(loss)	-	17 728	4 451	22 179	(1 901)	20 278
Profit/(Loss)	-	-	8 130	8 130	(1 901)	6 229
Other comprehensive income/(loss), net of tax	-	17 728	(3 679)	14 049	-	14 049
Fair value adjustment on financial assets through other comprehensive income	-	1 210	-	1 210	-	1 210
Foreign operations - foreign currency translation differences	-	(2 304)	-	(2 304)		(2 304)
Revaluation of land and buildings, net of tax	-	18 822	-	18 822	-	18 822
Post-employment medical aid benefits - actuarial gain, net of tax	-	-	(3 679)	(3 679)	-	(3 679)
Transactions with owners of the company	2 611	-	(9 554)	(6 943)	-	(6 943)
Share scheme - expense	-	-	5 916	5 916	-	5 916
- options exercised	2 611	-	(2 611)	-	-	-
Distribution to shareholders	-	-	(12 859)	(12 859)	-	(12 859)
Changes in ownership interest	-	(4 317)	(584)	(4 901)	3 212	(1 689)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	2 628	2 628
Acquisition of subsidiary - common control transaction	-	(4 317)	-	(4 317)	-	(4 317)
Acquisition of NCI without a change in control	-	-	(584)	(584)	584	-
Balance at 31 March 2018	1 452 264	266 867	(45 917)	1 673 214	1 412	1 674 626
Change in accounting policy (IFRS 9)	-	-	(17 615)	(17 615)	-	(17 615)
Restated total equity at the beginning of the financial year	1 452 264	266 867	(63 532)	1 655 599	1 412	1 657 011
Total comprehensive income/(loss)	-	23 120	(37 823)	(14 703)	(1 466)	(16 169)
Loss	-	-	(45 471)	(45 471)	(1 466)	(46 937)
Other comprehensive income, net of tax	-	23 120	7 648	30 768	-	30 768
Fair value adjustment on financial assets through other comprehensive income	-	-	-	-	-	-
Foreign operations - foreign currency translation differences	-	2 269	-	2 269	-	2 269
Revaluation of land and buildings, net of tax	-	20 851	-	20 851	-	20 851
Post-employment medical aid benefits - actuarial gain, net of tax	-	-	7 648	7 648	-	7 648
Transactions with owners of the company	3 973	-	(22 107)	(18 134)	(1 122)	(19 256)
Share scheme - expense			1 506	1 506	-	1 506
- options exercised	3 973	-	(3 973)	-	-	-
Effects of change in holdings	-	-	(6 700)	(6 700)	(1 122)	(7 822)
Distribution to shareholders	-	-	(12 940)	(12 940)	-	(12 940)
Balance at 31 March 2019	1 456 237	289 987	(123 462)	1 622 762	(1 176)	1 621 586

Condensed consolidated statement of cash flows
for the year ended 31 March

	Reviewed 2019 R000's	Audited 2018 R000's
Net cash flows from operating activities	(58 713)	179 964
Cash generated from operating activities before working capital changes	167 303	110 073
Cash (outflow)/inflow from working capital changes	(102 892)	180 148
Net finance costs	(118 743)	(93 142)
Taxes paid	(4 381)	(17 115)
Net cash flow from investing activities	(179 415)	(213 888)
Acquisition of property, plant and equipment	(125 391)	(111 483)
Proceeds from disposals	52 757	38 147
Development cost of investment property	(20 335)	-
Acquisition of investment property	(86 446)	(20 968)
Acquisition of subsidiary, net of cash acquired	-	(119 584)
Net cash flow from financing activities	30 202	(60 919)
Proceeds from borrowings	71 900	7 314
Repayment of borrowings	(28 758)	(55 374)
Distribution to shareholders	(12 940)	(12 859)
Net change in cash and cash equivalents	(207 926)	(94 843)
Cash and cash equivalents at the beginning of the year	(102 209)	(7 366)

Cash and cash equivalents at the end of the year	(310 135)	(102 209)

Condensed consolidated segmental report
for the year ended 31 March

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM has identified four reportable segments of its business as illustrated below. In the prior period five reportable segments were identified. During the current period the industrials and textiles segments have been combined as the majority of the textiles businesses have been classified as discontinuing. Accordingly, prior period figures have been restated.

	Properties R000's	Branded Product Distribution R000's	Manufacturing R000's	Head Office and Centralised Services R000's	Total R000's
2019					
Segment revenue					
Primary geographical market					
South Africa	167 041	1 425 295	1 666 596	107	3 259 039
Other African countries	-	9 619	50 505	-	60 124
Asia	-	-	697	-	697
Europe	-	74 928	16 306	-	91 234
South America	-	-	11 410	-	11 410
	167 041	1 509 842	1 745 514	107	3 422 504
Major products/service lines					
Woven, knitted and non-woven products	-	-	998 016	-	998 016
Pressed, roll-formed steel products	-	-	612 612	-	612 612
Speciality chemicals	-	-	134 886	-	134 886
Rentals	167 041	-	-	-	167 041
Toys, electronic games and sports goods	-	1 361 151	-	-	1 361 151
Stationery, publishing and office supplies	-	148 691	-	107	148 798
	167 041	1 509 842	1 745 514	107	3 422 504
Timing of revenue recognition					
At a point in time	167 041	1 509 842	1 725 714	107	3 402 704
Over time					
Pressed, roll-formed steel products	-	-	19 800	-	19 800
	167 041	1 509 842	1 745 514	107	3 422 504
Inter-segment sales	(41 210)	(649)	(33 974)	-	(75 833)
	125 831	1 509 193	1 711 540	107	3 346 671
Less: Revenue attributable to discontinuing operations	-	(115 998)	(274 837)	-	(390 835)
Revenue as per statement of comprehensive income	125 831	1 393 195	1 436 703	107	2 955 836
Segment results					
Profit from continuing operations before finance cost	130 310	9 887	59 365	(37 226)	162 336
Net finance expenses					(110 807)
Profit before taxation					51 529
Total segment assets	1 408 484	812 131	987 622	461 571	3 669 808
Total segment liabilities	22 946	198 801	441 285	1 385 190	2 048 222

	Properties R000's	Branded Product Distribution R000's	Manufacturing R000's	Head Office and Centralised Services R000's	Total R000's
2018*					
Segment revenue					
Primary geographical market					
South Africa	157 999	1 355 551	1 622 408	102	3 136 060
Other African countries	-	14 140	55 367	-	69 507
Asia	-	-	511	-	511
Europe	-	95 257	8 308	-	103 565
South America	-	-	14 118	-	14 118
	157 999	1 464 948	1 700 712	102	3 323 761
Major products/service lines					
Woven, knitted and non-woven products	-	-	1 180 157	-	1 180 157
Pressed, roll-formed steel products	-	-	391 825	-	391 825
Speciality chemicals	-	-	128 730	-	128 730
Rentals	157 999	-	-	-	157 999
Toys, electronic games and sports					

goods	-	1 242 880	-	-	1 242 880
Stationery, publishing and office supplies	-	222 068	-	102	222 170
	157 999	1 464 948	1 700 712	102	3 323 761
Timing of revenue recognition					
At a point in time	157 999	1 464 948	1 631 851	102	3 254 900
Over time					
Pressed, roll-formed steel products	-	-	68 861	-	68 861
	157 999	1 464 948	1 700 712	102	3 323 761
Inter-segment sales	(47 038)	(24 866)	(36 114)	-	(108 017)
	110 961	1 440 082	1 664 598	102	3 215 744
Less: Revenue attributable to discontinuing operations	-	(211 728)	(457 244)	-	(668 972)
Revenue as per statement of comprehensive income	110 961	1 228 354	1 207 354	102	2 546 771
Segment results					
Profit from continuing operations before finance cost	155 165	17 237	25 624	(45 281)	152 745
Net finance expenses					(101 680)
Profit before taxation					51 065
Total segment assets	1 302 590	978 934	1 184 689	98 245	3 564 458
Total segment liabilities	21 574	290 485	566 603	1 011 170	1 889 832

* Restated

Statistics per share
for the year ended 31 March

		Reviewed 2019	Audited 2018*
Number of shares in issue	('000)	433 927	431 337
Weighted-average number of shares	('000)	431 766	429 358
Diluted-average number of shares	('000)	442 327	431 575
Basic (loss)/earnings per share	(cents)	(10,53)	1,89
Continuing operations		7,58	27,09
Discontinuing operations		(18,11)	(25,20)
Diluted (loss)/earnings per share	(cents)	(10,28)	1,88
Continuing operations		7,40	26,95
Discontinuing operations		(17,68)	(25,07)
Headline loss per share	(cents)	(4,47)	(3,68)
Continuing operations		5,58	19,46
Discontinuing operations		(10,05)	(23,14)
Diluted headline loss per share	(cents)	(4,36)	(3,66)
Continuing operations		5,45	19,36
Discontinuing operations		(9,81)	(23,02)
Reconciliation between profit and headline earnings			
(Loss)/Profit attributable to equity holders of the parent	(R'000)	(45 471)	8 130
Impairment of assets	(R'000)	37 165	9 299
Reversal of impairment of assets	(R'000)	-	(55)
Remeasurement of investment property	(R'000)	(9 986)	(33 923)
Surplus on disposal of property, plant and equipment	(R'000)	(1 753)	(277)
Loss on disposal of property, plant and equipment	(R'000)	2 127	696
Insurance claim for capital asset	(R'000)	(619)	(22)
Impairment of goodwill	(R'000)	-	334
Surplus on disposal of subsidiary	(R'000)	(742)	-
Headline earnings loss	(R'000)	(19 279)	(15 818)
Continuing operations	(R'000)	24 112	83 541
Discontinuing operations	(R'000)	(43 391)	(99 359)
Diluted headline loss	(R'000)	(19 279)	(15 818)
Continuing operations	(R'000)	24 112	83 541
Discontinuing operations	(R'000)	(43 391)	(99 359)

* Restated, refer to note 4.1

Notes to the condensed consolidated financial results
for the year ended 31 March 2019

1. Basis of preparation

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act of South Africa. The Listings Requirement requires preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements except as disclosed in note 3.

2. Review report of the independent auditor

The condensed consolidated financial statements for the year ended 31 March 2019 have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified review conclusion. A copy of the auditor's review report is available for inspection at the company's registered office together with the financial statements identified in the auditor's report. The auditor's report does not necessarily report on all of the information contained in the financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

3. Significant accounting policies and estimates

The accounting policies adopted in the preparation of the reviewed condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018, except for new standards and interpretations effective as at 1 April 2018.

3.1 Changes in accounting policies

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

3.2 IFRS 9 Financial Instruments - Impact of adoption

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, and impairment of financial assets.

The adoption of IFRS 9 Financial Instruments from 1 April 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in this note. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

The total impact on the Group's retained earnings as at 1 April 2018 is as follows:

	2018 R'000
Closing retained earnings as at 31 March - IAS 39	(45 917)
Adjustment to retained earnings from adoption of IFRS 9 on 1 April 2018	(17 615)
Increase in provision for trade receivables	(24 466)
Increase in deferred tax assets relating to impairment provisions	6 851
Opening retained earnings as at 1 April - IFRS 9	(63 532)

Impairment of financial assets

The Group has trade and other receivables that are subject to IFRS 9's new expected credit loss model and was required to revise its impairment methodology under IFRS 9. The impact of the change in impairment methodology on the Group's retained earnings and equity is disclosed in the table below.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses all trade receivables have been grouped based on shared credit characteristics and the days past due.

The expected loss rates are based on the payment profiles of clients over a period of time and the corresponding historical credit losses experienced within this period. The historical losses are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables.

The loss allowance for trade and other receivables as at 31 March 2018 reconciles to the opening loss allowance on 1 April 2018 as follows:

	Trade and other receivables R'000
At 31 March 2018 - calculated under IAS 39	28 817
Amounts restated through opening retained earnings	24 466
Opening allowance as at 1 April 2018 - calculated under IFRS 9	53 283

The loss allowances decreased by R3 million to R50 million for trade and other receivables during the period ended 31 March 2019.

Trade and other receivables are written off when there is no reasonable expectation of recovery.

Accounting policies applied from 1 April 2018:

Trade, long-term and other receivables

Trade and other receivables originated by the Group continue to be stated at amortised cost less impairment losses. Interest income from long-terms receivables are included in finance income using the effective interest rate method.

Impairment

The Group applies the simplified approach permitted by IFRS 9 in determining provision on impairment allowances for receivables. This approach requires expected losses to be recognised from initial recognition of all receivables.

3.3 IFRS 15 Revenue from Contracts with Customers - Impact of adoption

The Group has adopted IFRS 15 from 1 April 2018, which resulted in additional disclosures required and changes in accounting policy. The Group applies the IFRS 15 simplified approach. In accordance with the transitional provisions in IFRS 15, comparative figures have not been restated and the impact of the adoption of IFRS 15 did not result in a material impact on the Group's retained earnings. There has been no material impact to the amounts recognised on adoption and in the current year.

The Group manufactures and sells a range of goods and services across its different segments. Revenue from these sales are recognised when goods or services are transferred to the customer, being when control is passed. Where control is transferred over a period of time, revenue is recognised when associated costs can be estimated reliably.

Some products are sold with volume rebates, rights of returns and trade discounts. Revenue from these sales are recognised based on the price specified in the contract, net of the estimated returns and discounts to the extent that it is highly probable.

3.4 IFRIC 22 Foreign Currency Transactions and Advance Consideration - Impact of adoption

IFRIC 22 is effective from 1 April 2018 and in line with this standard, where a transaction includes the receipt or payment of advance consideration, the Group for the purpose of determining the spot rate to translate a non-monetary asset or liability is the earlier of the date of initial recognition of the non-monetary prepayment asset or the non-monetary Deferred income liability and the date the asset, expense or income is recognised in the financial statements. The Group has applied this accounting prospectively.

4. Significant operating activities

4.1 Discontinuing operations

The Deneb board has made the decision to dispose of the following businesses:

- Winelands Textiles;
- Frame Knitting Manufacturers;
- First Factory Shops; and
- Brand ID.

Management has initiated active programmes to sell these businesses. The assets and liabilities have consequently been classified as held for sale and remeasured in accordance with IFRS 5.

Accordingly, the results of the discontinuing operations have been separately disclosed on the face of the statement of profit or loss and other comprehensive income. Where practical these results have been restated.

4.1.1 Results of discontinuing operations

	Group	
	2019	2018
	R000's	R000's
Revenue	390 835	668 972
Cost of sales	(348 748)	(598 076)
Gross profit	42 087	70 896
Other income	20 169	22 518
Distribution costs	(64 963)	(75 939)
Administrative and other expenses	(32 730)	(104 312)
Operating loss before impairments and restructuring and retrenchment costs	(35 437)	(86 837)
Impairment of assets	(39 754)	(12 465)
Restructuring and retrenchment costs	(1 287)	(17 377)
Profit on sale of subsidiary	956	-
Operating loss before finance costs	(75 522)	(116 679)
Finance income	6	-
Finance expenses	(7 942)	(1 173)
Loss before taxation	(83 458)	(117 852)
Income tax income	5 274	9 665
Loss for the period from discontinuing operations	(78 184)	(108 187)

	Group 2019 R000's	Group 2018 R000's
4.1.2 Cash flows from/(used in) discontinuing operations		
Cash flows from/(used in) discontinuing operations		
Net cash used in operating activities	(50 467)	(120 129)
Net cash from investing activities	1 500	-
Net cash from financing activities	-	-
Net cash used in discontinuing operations	(48 967)	(120 129)

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

4.1.3 Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinuing operations as at 31 March 2019:

	Group 2019 R000's	Group 2018 R000's
Assets classified as held for sale		
Property, plant and equipment	96 468	-
Intangible assets	6 411	-
Deferred tax assets	31 331	-
Inventories	148 974	-
Trade and other receivables	112 149	-
Current tax assets	325	-
Total assets of disposal group held for sale	395 658	-
Liabilities directly associated with assets classified as held for sale		
Deferred income	(38 261)	-
Trade and other payables	(98 987)	
Provisions	(365)	-
Deferred tax liabilities	(810)	-
Total liabilities of disposal group held for sale	(138 423)	-

4.2 Restatement of prior period

4.2.1 A measurement period adjustment

At the time the March 2018 financial statements were authorised for issue, the Group had not yet completed the accounting for the acquisition of New Just Fun and Oops Global SA. In particular, the fair value of assets and liabilities disclosed were determined provisionally as the valuations had not been finalised. Upon finalising these valuations, the Group has retrospectively adjusted the provisional amounts recognised at acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The impact of the restatement on the prior period numbers is as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Impact of restatement		
	As previously reported R000's	Adjustments R000's	As restated R000's
31 March 2018			
Total assets	3 556 696	7 762	3 564 458
Intangible assets and goodwill	99 997	7 762	107 759
Intangible assets	41 525	34 785	76 310
Goodwill	58 472	(27 023)	31 449
Total liabilities	(1 882 070)	(7 762)	(1 889 832)
Deferred tax liability	(7 142)	(7 762)	(14 904)

4.2.2 Discontinuing operations

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

Refer to note 4.1 for further information.

4.3 Taxation and deferred taxation

	Group 2019 R000's	Group 2018* R000's
Income tax		
South African normal taxation		
- current	(7 985)	(14 688)

- prior year	26	24
Deferred taxation	(12 323)	78 015
	(20 282)	63 351
Reconciliation between actual and normal taxation rates**	%	%
Taxation as a percentage of loss before taxation	(47,0)	109,3
Prior period	(0,1)	-
Non-deductible items expenses	5,8***	9,4
Specific tax-deductible expenses	(3,2)	(1,7)
Exempt income	(1,4)	-
Capital gains tax on revaluation of investment property	(2,2)	(3,7)
Foreign entities with different tax rate	(2,5)	0,9
Current year unrecognised tax losses	78,6	-
Previously unrecognised tax losses	-	(86,2)
Normal taxation rate	28,0	28,0

* Restated, refer to note 4.1

** Reconciliation is disclosed on a consolidated basis from both continuing and discontinuing operations

*** In calculating the tax expense for the current period, the Group has treated R6.6 million as non-deductible for tax purposes. Non-deductible expenses relate predominantly to interest not in the production of income.

4.4 Impairments

Reconciliation of carrying amount

	2019 R000's	2018 R000's
The following impairments were recognised during the year:		
Category of asset		
Property, plant and equipment	30 506	6 315
Goodwill	-	334
Intangible assets	9 248	6 600
Total	39 754	13 249
Included in discontinuing operations	(39 754)	(12 465)
Impairments from continuing operations	-	784
The following impairments were reversed during the year:		
Category of asset		
Property, plant and equipment	-	(77)
Net impairments from continuing operations	-	707
Segmental reconciliation of impairments		
Manufacturing	30 506	5 587
Property, plant and equipment	30 506	5 587
Branded products	9 248	7 662
Intangible assets	9 248	6 934
Total	39 754	13 249
Segmental reconciliation of reversal of impairments		
Manufacturing	-	77
Property, plant and equipment	-	77
Total	-	77

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-day operational decisions; and
- how management makes decisions about continuing with or disposing of the entity's assets.

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

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

In determining value in use, projected cash flows are discounted using the entity-specific pre-tax discount rate. Projected cash flows were adjusted for each CGU's specific risks. The pre-tax discount rate was calculated as 16,67% for the current period (2018: 18,73%) and terminal value growth rate of 4,1% (2018: 4,0%).

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 are 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:

Changes in the dynamics of the market in which certain businesses within the industrial segment operate, resulted in better than expected performances.

Impairment testing for CGUs containing goodwill

There were six CGUs containing goodwill in the current period. The recoverable amount of these CGUs was based on value in use, estimated using discounted cash flows.

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.

	2019	2018
	%	%
Average discount rate	16,67	18,73
Terminal value growth rate	4,1	4,0

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

5. Significant investing activities

5.1 Capital expenditure and commitments

	Capital expenditure		Contractual commitments	
	2019	2018	2019	2018
	R'000	R'000	R'000	R'000
Investment property	20 335	-	8 465	40 000
Land and buildings	663	610	-	-
Plant and equipment	124 728	110 873	39 731	33 072
Intangible assets	5 426	138	426	-
Business combinations	61 672	61 672	-	-
	212 824	173 293	48 622	73 072

The capital commitments are expected to be incurred during the next 12 months. Commitments will be funded through banking facilities.

5.2 Business combinations

Current period

Sale of subsidiary

The Group sold Limtech Biometric Solutions Proprietary Limited for a total consideration of R2,2 million on 30 June 2018, of which R1,5 million was paid upfront in cash and the remaining balance shall be paid in 18 equal monthly instalments commencing on 1 July 2019.

The following table summarise proceeds on disposal, net cash flow on disposal and analysis of assets and liabilities disposed:

	Branded Product Distribution
	R'000
Property, plant and equipment	109
Trade and other receivables	3 843
Inventory	903
Cash and cash equivalents	153
Long-term borrowings	(219)
Trade and other payables	(2 210)
Provisions	(960)
Other current liabilities	(201)
Net asset value disposed of	1 418
Gain on disposal of subsidiary	955
Disposal proceeds set off against repurchase consideration	-
Deferred disposal proceeds	(720)

Cash and cash equivalents disposed of	(153)
Net cash inflow on disposal	1 500

Prior period

In the prior period the Group acquired the following entities:

Subsidiary name	Acquisition date	Segment	Description	% voting interest acquired
Formex Industries Proprietary Limited ("Formex")	1 Aug 2017	Industrials	Formex Industries is an entity focusing on the development, manufacturing and supply of pressed and tubular components for the automotive market.	100%
New Just Fun Group Proprietary Limited ("New Just Fun")	13 Dec 2017	Branded Product Distribution	New Just Fun is a South African toy distributor.	100%
Oops Global SA	31 Dec 2017	Branded Product Distribution	Oops Global SA is a company based in Balerna, Switzerland and specialises in the design and sale of toys for kids.	60%

	Branded Product Distribution R'000	Industrials R'000	Total* R'000
Total identifiable net assets	56 282	20 740	77 022
Less non-controlling interest	(2 628)	-	(2 628)
Goodwill	8 018	-	8 018
Goodwill directly to equity as transaction with owners	-	4 317	4 317
Total consideration	61 672	25 057	86 729
Cash paid	61 672	-	61 672
Hosken Consolidated Investments Limited loan	-	25 057	25 057
Cash flow from this investing activity			
Cash consideration transferred	(61 672)	-	(61 672)
Add cash and cash equivalents in the business acquired	320	3 090	3 410
Less overdraft in the business acquired	(38 599)	(22 723)	(61 322)
Net cash outflow from investing operations	(99 951)	(19 633)	(119 584)

* Restated, refer to note 4.2

5.3 Investment properties

Reconciliation of carrying amount

	2019 R'000	2018 R'000
Opening carrying value	907 352	759 113
Additions - transfer from owner-occupied property	29 094	110 456
Additions	86 446	20 968
Development cost	20 335	-
Fair value adjustments	12 868	43 715
Disposals	-	(26 900)
Closing carrying value	1 056 095	907 352

6. Significant financing activities

6.1 Significant related party transactions

Current period

The Group has a loan of R88,7 million (2018: R99,3 million) from Hosken Consolidated Investments Limited (ultimate holding company) ("HCI").

Prior period

The Group acquired 100% of the shares in Formex from HCI with effect from 1 August 2017 for an amount of R25 million. The transaction was announced on SENS on 10 July 2017 and 21 July 2017 and funded through a loan from HCI.

6.2 Banking facilities

Current period

The Group has obtained additional banking facilities of R71,9 million to fund properties acquired during the period.

A property loan of R150 million is repayable on 30 June 2019. The Group's forecast cash flows allow for the renegotiation of this repayment to be rolled forward as in prior years, but if not successful, the Group has the ability to sell assets to meet this liability.

Prior period

R50 million of short-term facility was renegotiated to term funding.

7. Events after the reporting period

Subsequent to the reporting period, Ms Rachel Watson resigned from the board and Ms Faith Mahloma has been appointed to the board as an independent non-executive director with effect from 20 May 2019.

8. Distribution

Notice is hereby given that a final distribution of 3 cents (gross) per ordinary share in respect of the 12 months ended 31 March 2019 has been declared and approved by the board of directors out of stated capital through the reduction of contributed tax capital ("distribution").

In compliance with the requirements of Strate and the JSE Limited, the following dates are applicable:

Distribution declared	Thursday 23 May 2019
Last day to trade cum distribution	Tuesday 11 June 2019
Shares trade ex distribution	Wednesday 12 June 2019
Record date	Friday 14 June 2019
Payment date	Tuesday 18 June 2019

Share certificates may not be dematerialised or rematerialised between Wednesday 12 June 2019 and Friday 14 June 2019, both days inclusive.

Additional information

The directors have determined that this capital reduction distribution will be paid out of qualifying contributed tax capital as contemplated in the definition of "contributed tax capital" in section 1 of the Income Tax Act, 1962.

As the distribution will be regarded as a return of capital and may have potential capital gains tax consequences, Deneb shareholders are advised to consult their tax advisors regarding the impact of the distribution.

The directors have reasonably concluded that the company will satisfy the solvency and liquidity requirements of sections 4 and 46 of the Companies Act, 2008, immediately after the capital distribution.

The number of issued ordinary shares is 433 926 735 as at the date of this declaration.

9. New standards

IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The standard will primarily affect the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of R62 million.

The standard is effective for annual periods beginning on or after 1 January 2019.

Commentary

The Group made some good progress in the year under review, despite various challenges. The brand distribution businesses, with a few notable exceptions, struggled with a softer retail environment and saw both turnover and margins under pressure. The manufacturing businesses were negatively impacted by the poor economic conditions, which saw demand soften. This is particularly true for the manufacturing businesses interfacing into the construction and mining sectors. The advent of load shedding towards the end of the financial year also put the manufacturing businesses under strain.

Turnover from continuing operations was up R409 million (16%) to just shy of R3 billion. This growth is attributable in part to acquisitions made in the prior year being held for a full 12-month period in the current reporting period. However, certain of the businesses did manage to achieve good growth despite the difficult environment, most notably Formex, our automotive component manufacturing business.

Gross margins as reported reflect a decline of 110 basis points. However, profits and losses on foreign exchange are recorded in the other income and expenses line, below gross profit. The other side of the foreign exchange profit and loss will, to a large extent, reflect in the landed cost of products sold and thus needs to be considered in any analysis of gross margins. In the current year the Group recorded a foreign exchange profit of R15 million as opposed to a foreign exchange loss of R26 million in the prior period. Adjusting for this, gross margins increased by 50 basis points year on year, which is more reflective of the operating reality.

The Group's toy distribution businesses Prima Toys and New Just Fun Group were affected by one of their significant customers, Hamleys, being placed into business rescue. The Group's exposure to Hamleys was some R18 million although this was mitigated by insurance cover which recouped some R15 million. However, for reporting purposes, the R18 million bad debt write-off is included in selling expenses whilst the insurance recoupment is recorded in other income. This, together with the large swing in foreign exchange profit and loss, mentioned above, accounts for most of the variance in the other income and expense line. The other increases in the cost lines are largely explained by the fact that, as mentioned, the acquisitions are reported for 12 months in the current year and only for a portion of the corresponding period.

Operating profit before fair value adjustments from continuing operations was up R40 million (37%). The weaker property market meant that investment properties were revalued up by just R13 million in the current period as opposed to R44 million in the prior period. However, owner-occupied properties were revalued up by R31 million in the current year compared to R29 million in the prior period. The revaluation of the owner-occupied properties is recorded in the other comprehensive income section of the report.

In the prior year, we recognised a deferred tax asset which resulted in taxation income of R63 million being reported. In the current year, we have reported a taxation expense of R20 million. The swing in the taxation number results in the Group reporting a profit after tax from continuing operations of R31 million, down R83 million (73%) on the prior period.

The Group has started a process that may lead to it divesting from certain businesses, namely Winelands Textiles, Frame Knitting Manufacturers, Brand ID and First Factory Shops. The businesses have been put on the market for sale and we will update shareholders of the progress as and when appropriate. The results for these businesses are disclosed under discontinuing operations and reflect a loss in the current period of R78 million compared to a loss of R108 million in the prior period. These losses can be broken down into operating loss of R35 million (2018: R87 million), impairments and restructuring costs of R41 million (2018: R30 million), interest charges of R8 million (2018: R1 million) and tax credits of R5 million (2018: R10 million).

Net asset value per share is down 14 cents (4%) to R3,74 per share whilst tangible net asset value per share remained flat at R3,29 per share.

On behalf of the board

Stuart Queen Chief Executive Officer	Gys Wege Financial Director

Cape Town
23 May 2019

Corporate information

DENEB INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)
("Deneb" or "the Group" or "the company")

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

Registration number:	2013/091290/06
JSE share code:	DNB
ISIN:	ZAE000197398
Income tax registration number:	9844426156
Registered office:	5th Floor, Deneb House, Cnr Main and Browning Roads, Observatory 7925, Cape Town PO Box 1585, Cape Town 8000
Contact details:	info@deneb.co.za www.deneb.co.za
Directors:	J A Copelyn* (Non-executive Chairperson), M H Ahmed*# (Lead Independent Director), D Duncan, T G Govender*, N Jappie*#, K F Mahloma*#, A M Ntuli, S A Queen (Chief Executive Officer), Y Shaik*, G D T Wege (Financial Director) (* Non-executive # Independent)
Company Secretary:	C Philip

Transfer Secretaries:	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 PO Box 61051, Marshalltown 2107
Auditors:	PricewaterhouseCoopers Inc.
Sponsors:	PSG Capital Proprietary Limited