



Reviewed condensed consolidated financial results
for the year ended 31 March 2020

Financial highlights

for the year ended 31 March 2020

- ✘ **Revenue** from continuing operations ▼ R84 million to R2 872 million
- ✘ **Headline profit** from continuing operations ▲ R31 million to R55 million
- ✘ **Profit** from continuing operations ▼ R29 million to R2 million
- ✘ **Loss** ▼ R82 million to a loss of R129 million
- ✘ **Headline earnings per share** from continuing operations ▲ 7 cents to 13 cents
- ✘ **Headline loss per share** ▼ 4 cents to a loss of 9 cents
- ✘ **Earnings per share** from continuing operations ▼ 7 cents to 1 cent
- ✘ **Loss per share** ▼ 19 cents to a loss of 29 cents
- ✘ **Net asset value per share** ▼ 37 cents to 337 cents

Condensed consolidated statement of financial position

as at 31 March

	Notes	Reviewed 2020 R000's	Audited 2019 R000's
ASSETS			
Non-current assets		2 111 358	2 006 022
Property, plant and equipment		395 002	358 840
Owner-occupied property		293 504	350 771
Right-of-use assets		4.1 95 210	–
Investment property		7.3 1 086 964	1 056 095
Intangible assets		26 789	59 877
Goodwill		23 430	31 449
Financial asset at fair value through other comprehensive income		4 237	4 237
Long-term receivables		23 408	27 483
Deferred tax assets		162 814	117 270
Current assets		1 087 067	1 267 618
Inventories		523 870	616 643
Trade and other receivables		520 336	634 725
Current tax assets		3 069	2 477
Cash and cash equivalents		39 792	13 773
Non-current assets held for sale		5.1.3 107 200	396 168
Total current assets		1 194 267	1 663 786
Total assets		3 305 625	3 669 808
EQUITY AND LIABILITIES			
Total equity		1 463 128	1 621 586
Stated capital		1 457 583	1 456 237
Reserves		6 427	166 525
Equity attributable to owners of the company		1 464 010	1 622 762
Non-controlling interest		(882)	(1 176)
Non-current liabilities		693 091	923 917
Deferred tax liabilities		4 935	14 141
Post-employment medical aid benefits		79 572	90 270
Deferred income		84 155	83 727
Interest-bearing liabilities		412 446	728 328
Lease liabilities		4.1 111 983	–
Operating lease accruals		–	7 451
Current liabilities		1 070 053	985 794
Current tax liabilities		8 639	4 873
Post-employment medical aid benefits		7 885	7 749
Deferred income		14 714	16 102
Interest-bearing liabilities		457 151	173 319
Lease liabilities		4.1 14 606	–
Trade and other payables		458 024	459 843
Bank overdraft		109 034	323 908
Non-current liabilities held for sale		5.1.3 79 353	138 511
Total current liabilities		1 149 406	1 124 305
Total liabilities		1 842 497	2 048 222
Total equity and liabilities		3 305 625	3 669 808
Net asset value		1 464 010	1 622 762
Net asset value per share		(cents) 337	374

Condensed consolidated statement of profit or loss and other comprehensive income

for the year ended 31 March

	Notes	Reviewed 2020 R000's	Audited 2019 R000's
Continuing operations			
Revenue		2 871 599	2 955 836
Cost of sales		(2 147 350)	(2 258 283)
Gross profit		724 249	697 553
Other income		53 212	64 787
Selling and distribution expenses		(311 320)	(329 376)
Administrative and other expenses		(293 095)	(283 496)
Operating profit before finance costs, impairments, and revaluation of investment property		173 046	149 468
Fair value adjustment on investment properties		(28 315)	12 868
Net impairment of assets		(36 945)	–
Operating profit before finance costs		107 786	162 336
Finance income		1 802	477
Lease finance expenses		(16 064)	–
Finance expenses		(111 234)	(111 284)
(Loss)/Profit before taxation		(17 710)	51 529
Income tax income/(expense)		19 590	(20 282)
Profit after tax		1 880	31 247
Discontinuing operations			
Loss from discontinuing operations, net of tax	5.1.1	(131 220)	(78 184)
Loss		(129 340)	(46 937)
Other comprehensive income, net of related tax			
Items that will never be reclassified to profit or loss			
Revaluation of land and buildings		(9 020)	20 851
Revaluation		(12 528)	31 435
Related tax		3 508	(10 584)
Post-employment medical aid benefits – actuarial gain		8 662	7 648
Actuarial gain		12 030	10 622
Related tax		(3 368)	(2 974)
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences		5 031	2 269
Other comprehensive income, net of tax		4 673	30 768
Total comprehensive loss for the year		(124 667)	(16 169)
Loss attributable to:			
Owners of the company		(127 034)	(45 471)
Non-controlling interest		(2 306)	(1 466)
		(129 340)	(46 937)
Total comprehensive loss attributable to:			
Owners of the company		(122 361)	(14 703)
Non-controlling interest		(2 306)	(1 466)
		(124 667)	(16 169)
Basic loss per share	(cents)	(29,24)	(10,53)
Basic earnings per share from continuing operations	(cents)	0,96	7,58
Basic loss per share from discontinuing operations	(cents)	(30,20)	(18,11)
Diluted loss per share	(cents)	(29,24)	(10,28)
Diluted earnings per share from continuing operations	(cents)	0,96	7,40
Diluted loss per share from discontinuing operations	(cents)	(30,20)	(17,68)

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 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	–	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
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
Change in accounting policy (IFRS 16)	–	–	(15 243)	(15 243)	–	(15 243)
Restated total equity at the beginning of the financial year	1 456 237	289 987	(138 705)	1 607 519	(1 176)	1 606 343
Total comprehensive income	–	(3 989)	(118 372)	(122 361)	(2 306)	(124 667)
Loss	–	–	(127 034)	(127 034)	(2 306)	(129 340)
Other comprehensive income/ (loss), net of tax	–	(3 989)	8 662	4 673	–	4 673
Foreign operations – foreign currency translation differences	–	5 031	–	5 031	–	5 031
Revaluation of land and buildings, net of tax	–	(9 020)	–	(9 020)	–	(9 020)
Post-employment medical aid benefits – actuarial gain, net of tax	–	–	8 662	8 662	–	8 662
Transactions with owners of the company	1 346	–	(22 494)	(21 148)	2 600	(18 548)
Share scheme – expense	–	–	(5 530)	(5 530)	–	(5 530)
– options exercised	1 346	–	(1 346)	–	–	–
Effects of change in holdings	–	–	(2 600)	(2 600)	2 600	–
Distribution to shareholders	–	–	(13 018)	(13 018)	–	(13 018)
Balance at 31 March 2020	1 457 583	285 998	(279 571)	1 464 010	(882)	1 463 128

Condensed consolidated statement of cash flows

for the year ended 31 March

		Reviewed 2020 R000's	Audited 2019 R000's
	Notes		
Net cash flows from operating activities		399 009	(58 713)
Cash generated from operating activities before working capital changes		167 852	167 303
Cash inflow/(outflow) from working capital changes		373 532	(102 892)
Finance costs		(134 625)	(118 743)
Taxes paid		(7 750)	(4 381)
Net cash flow from investing activities		(99 519)	(179 415)
Acquisition of property, plant and equipment		(88 198)	(125 391)
Proceeds from disposals		8 654	52 757
Development cost of investment property	7.3.3	(19 975)	(20 335)
Acquisition of investment property	7.3.3	–	(86 446)
Net cash flow from financing activities		(58 597)	30 202
Proceeds from borrowings		2 030	71 900
Repayment of borrowings		(34 114)	(28 758)
Principal elements of lease payments		(13 495)	–
Distribution to shareholders		(13 018)	(12 940)
Net change in cash and cash equivalents		240 893	(207 926)
Cash and cash equivalents at the beginning of the year		(310 135)	(102 209)
Cash and cash equivalents at the end of the year		(69 242)	(310 135)

Condensed consolidated segmental report

for the year ended 31 March

	Properties R000's	Branded Product Distribution R000's	Automotive Parts Manufacturing R000's	Industrial Product Manufacturing R000's	Head Office and Centralised Services R000's	Total R000's
2020						
Segment revenue						
Primary geographical market						
South Africa	178 158	1 344 285	506 350	1 141 872	-	3 170 665
Other African countries	-	16 600	-	72 337	-	88 937
Asia	-	4 191	836	-	-	5 027
Europe	-	36 398	15 696	-	-	52 094
South America	-	-	8 282	-	-	8 282
	178 158	1 401 474	531 164	1 214 209	-	3 325 005
Major products/service lines						
Woven, knitted and non-woven products	-	-	-	977 618	-	977 618
Pressed, roll-formed steel products	-	-	531 164	123 042	-	654 206
Speciality chemicals	-	-	-	113 549	-	113 549
Rentals	178 158	-	-	-	-	178 158
Toys, electronic games and sports goods	-	1 048 443	-	-	-	1 048 443
Stationery, publishing and office supplies	-	353 031	-	-	-	353 031
	178 158	1 401 474	531 164	1 214 209	-	3 325 005
Timing of revenue recognition						
At a point in time	178 158	1 400 462	515 437	1 214 209	-	3 308 266
Over time:						
Pressed, roll-formed steel products	-	-	15 727	-	-	15 727
Stationery, publishing and office supplies	-	1 012	-	-	-	1 012
	178 158	1 401 474	531 164	1 214 209	-	3 325 005
Inter-segment sales	(39 398)	(11 009)	-	(58 459)	-	(108 866)
	138 760	1 390 465	531 164	1 155 750	-	3 216 139
Less: Revenue attributable to discontinuing operations	-	(87 624)	-	(256 916)	-	(344 540)
Revenue as per statement of comprehensive income	138 760	1 302 841	531 164	898 834	-	2 871 599
Segment results						
Operating profit before finance costs, impairments and revaluation of investment property	121 718	7 778	43 767	28 969	(29 186)	173 046
Fair value adjustment on investment properties	(28 315)	-	-	-	-	(28 315)
Net impairment of assets	-	(36 945)	-	-	-	(36 945)
Profit from continuing operations before finance cost	93 403	(29 167)	43 767	28 969	(29 186)	107 786
Finance expenses						(125 496)
Loss before taxation						(17 710)
Total segment assets	1 414 755	603 779	414 996	703 407	168 688	3 305 625
Total segment liabilities	23 485	191 090	261 351	358 841	1 007 730	1 842 497

Condensed consolidated segmental report (continued)

for the year ended 31 March

	Properties R000's	Branded Product Distribution R000's	Automotive Parts Manufacturing R000's	Industrial Product 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	455 206	1 211 390	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	483 619	1 261 895	107	3 422 504
Major products/service lines						
Woven, knitted and non-woven products	–	–	–	998 016	–	998 016
Pressed, roll-formed steel products	–	–	483 619	128 993	–	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	483 619	1 261 895	107	3 422 504
Timing of revenue recognition						
At a point in time	167 041	1 509 842	463 819	1 261 895	107	3 402 704
Over time:						
Woven, knitted and non-woven products	–	–	–	–	–	–
Pressed, roll-formed steel products	–	–	19 800	–	–	19 800
	167 041	1 509 842	483 619	1 261 895	107	3 422 504
Inter-segment sales	(41 210)	(649)	–	(33 974)	–	(75 833)
	125 831	1 509 193	483 619	1 227 921	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	483 619	953 084	107	2 955 836
Segment results						
Operating profit before finance costs, impairments and revaluation of investment property	117 442	9 887	39 716	19 649	(37 226)	149 468
Fair value adjustment on investment properties	12 868	–	–	–	–	12 868
Profit from continuing operations before finance cost	130 310	9 887	39 716	19 649	(37 226)	162 336
Finance expenses	–	–	–	–	–	(110 807)
Profit before taxation	–	–	–	–	–	51 529
Total segment assets	1 408 484	812 131	358 047	629 575	461 571	3 669 808
Total segment liabilities	22 946	198 801	221 206	220 079	1 385 190	2 048 222

Statistics per share

for the year ended 31 March

		Reviewed 2020	Audited 2019
Number of shares in issue	('000)	434 683	433 927
Weighted average number of shares	('000)	434 473	431 766
Diluted average number of shares	('000)	434 497	442 327
Basic (loss)/earnings	(cents)	(29,24)	(10,53)
Continuing operations		0,96	7,58
Discontinuing operations		(30,20)	(18,11)
Diluted (loss)/earnings	(cents)	(29,24)	(10,28)
Continuing operations		0,96	7,40
Discontinuing operations		(30,20)	(17,68)
Headline (loss)/earnings	(cents)	(8,92)	(4,47)
Continuing operations		12,69	5,58
Discontinuing operations		(21,61)	(10,05)
Diluted headline (loss)/earnings	(cents)	(8,92)	(4,36)
Continuing operations		12,69	5,45
Discontinuing operations		(21,61)	(9,81)
Reconciliation between loss and headline loss			
Loss attributable to equity holders of the parent	(R000's)	(127 034)	(45 471)
Impairment of assets	(R000's)	62 072	37 165
Remeasurement of investment property	(R000's)	21 972	(9 986)
Surplus on disposal of property, plant and equipment	(R000's)	(1 116)	(1 753)
Loss on disposal of property, plant and equipment	(R000's)	705	2 127
Insurance claim for capital asset	(R000's)	-	(619)
Impairment of goodwill	(R000's)	8 018	-
Surplus on sale of investments	(R000's)	(9 407)	(742)
Loss on sale of investments	(R000's)	6 015	-
Headline earnings/(loss)	(R000's)	(38 775)	(19 279)
Continuing operations	(R000's)	55 117	24 112
Discontinuing operations	(R000's)	(93 892)	(43 391)
Diluted headline earnings/(loss)	(R000's)	(38 775)	(19 279)
Continuing operations	(R000's)	55 117	24 112
Discontinuing operations	(R000's)	(93 892)	(43 391)

Notes to the condensed consolidated financial results

for the year ended 31 March 2020

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 Requirements require 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 for new standards and interpretations effective as at 1 April 2019.

These results have been prepared under the supervision of the Financial Director, Gys Wege CA(SA). The directors take responsibility for the preparation of this report and that the information has been correctly extracted from the underlying annual financial statements.

2. Review report of the independent auditor

The condensed consolidated financial statements for the year ended 31 March 2020 have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified review conclusion. The auditor's review report is included under appendix A. 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 2020, except for new standards and interpretations effective as at 1 April 2019.

Refer to note 4 for an explanation on the impact of the new standards on the condensed consolidated financial statements.

4. Change in accounting policies

This note explains the impact of the first-time adoption of IFRS 16 Leases on the Group's financial statements. The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 April 2019), without restatement of comparative figures, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019.

4.1 Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 12,60%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date and resulted in no measurement adjustments. The accounting for lessors did not significantly change.

	R000's
Minimum operating lease commitment at 31 March 2019	61 957
Less: Short-term leases recognised on a straight-line basis as expense	(5 927)
Less: Low-value leases recognised on a straight-line basis as expense	
Plus: Effect of extension options reasonably certain to be exercised	169 416
Undiscounted lease payments	225 446
Less: Effect of discounting using the incremental borrowing rate as at the date of initial application	(110 980)
Add: Finance lease liabilities recognised as at 1 April 2019	6 492
Lease liabilities recognised at 1 April 2019	120 958

Right-of-use assets were measured on a retrospective basis as if the new accounting rules had always been applied. There were no onerous lease contracts that would have required any adjustments to the right-of-use assets at the date of initial application.

The recognised right-of-use assets are classified in the following categories:

	2020	1 April
	R000's	R000's
Right-of-use assets		
Property leases	89 105	86 761
Plant and machinery leases	1 841	3 983
Motor vehicle leases	4 328	5 362
	95 274	96 106
Transferred to assets held for sale	(64)	(1 341)
	95 210	94 765

The impact on adoption of IFRS 16 Leases affected the following items in the condensed consolidated statement of financial position on 1 April 2019:

- property, plant and equipment – decrease by R6,1 million;
- right-of-use assets – increase by R96 million;
- deferred tax assets – increase by R6,8 million;
- interest-bearing liabilities – decrease by R6,5 million;
- lease liabilities – increase by R121 million; and
- retained earnings – decrease by R15,2 million.

The impact on adoption of IFRS 16 Leases affected the following items in the condensed consolidated statement of profit or loss and other comprehensive income for the 12 months ended 31 March 2020:

	R000's
Reduction of lease rental expense	30 203
Depreciation of right-of-use asset	(18 870)
Finance costs in respect of lease liability	(16 708)
Reduction in profit before tax	(5 375)

Notes to the condensed consolidated financial results

for the year ended 31 March 2020

4. Change in accounting policies (continued)

4.2 Practical expedients applied

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the exclusion of initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
- reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April as short-term leases; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 determining whether an arrangement contains a lease.

4.3 The Group's leasing activities and policies applied from 1 April 2019

The Group leases various offices, warehouses, retail stores, machinery and motor vehicles. Rental contracts are typically made for fixed periods of one to eight years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the entity. Each lease payment is allocated between the capital commitment and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of lease payments:

- fixed payments as per lease contract; and
- variable lease payments that are based on an index or rate.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Notes to the condensed consolidated financial results

for the year ended 31 March 2020

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. The Group recognised expenditure relating to these at R15,6 million and R0,8 million respectively. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise equipment and small items of office furniture. The Group applies a threshold of R75 000 for capitalising right-of-use assets.

4.4 Lease and non-lease components

A number of lease contracts include both lease and non-lease components. The Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative standalone selling prices. The standalone selling prices of each component are based on available market prices. The Group has not elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets. Therefore, non-lease components are accounted for as operating expenses and are recognised in profit or loss as they are incurred.

4.5 Lease period

Extension and termination options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

4.6 Impairment

The right-of-use asset will be tested for impairment when there is an indication of impairment, in terms of IAS 36 Impairment of Assets.

4.7 Significant judgements

In determining the lease period, management considers all facts and circumstances pertaining to the lease such as the non-cancellable period and any periods covered by an option to extend or terminate. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The Group applies judgement in assessing whether a lease is reasonably certain to be extended or terminated. The following factors are normally the most relevant:

- business plans;
- significant penalties not to extend;
- historical lease durations; and
- costs and business disruption required to replace the leased asset.

Notes to the condensed consolidated financial results

for the year ended 31 March 2020

5. Significant operating activities

5.1 Discontinuing operations

The Deneb board made the decision to dispose of the following businesses on 12 March 2019:

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

The decision was made as a result of the businesses not meeting their return on capital hurdle rates. Winelands Textiles was sold on 4 February 2020 and First Factory Shops on 13 March 2020.

All the above businesses other than Frame Knitting Manufacturers were disposed of during the last quarter. As at year-end negotiations to dispose of Frame Knitting Manufacturers were ongoing and subject to the conclusion of a due diligence process. Subsequent to year-end, negotiations have ceased and the business has been substantially wound down by end-May 2020. We will look to dispose of the remainder of the business over the course of the next few months.

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.

Assets and liabilities of the discontinuing operations are classified as held for sale and measured in accordance with IFRS 5.

The discontinuing operations fall under the Industrial Product Manufacturing and Branded Product Distribution reportable segments.

5.1.1 Results of discontinuing operations

	2020 R000's	2019 R000's
Revenue	344 540	390 835
Cost of sales	(347 922)	(348 748)
Gross loss	(3 382)	42 087
Other income	11 293	20 169
Distribution costs	(46 469)	(64 963)
Administrative and other expenses	(22 106)	(32 730)
Operating loss before impairments and restructuring and retrenchment costs	(60 664)	(35 437)
Impairment of assets	(43 542)	(39 754)
Restructuring and retrenchment costs	(12 790)	(1 287)
Loss on sale of subsidiary	(6 015)	–
Surplus on sale of subsidiary	9 407	956
Operating loss before finance costs	(113 604)	(75 522)
Finance income	5	6
Finance expenses	(9 134)	(7 942)
Loss before taxation	(122 733)	(83 458)
Income tax (expense)/credit	(8 487)	5 274
Loss for the period from discontinuing operations	(131 220)	(78 184)

Notes to the condensed consolidated financial results

for the year ended 31 March 2020

5.1.2 Cash flows used in discontinuing operations

	2020 R000's	2019 R000's
Cash flows from (used in) discontinuing operations		
Net cash used in operating activities	40 895	(50 467)
Net cash from investing activities	(5 889)	1 500
Net cash from financing activities	(2 138)	–
Net cash used in discontinuing operations	32 868	(48 967)

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

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

The following assets and liabilities are classified as held for sale in relation to the discontinuing operations as at 31 March 2020:

	2020 R000's	2019 R000's
Assets classified as held for sale		
Property, plant and equipment	30 424	96 468
Right-of-use-assets	64	–
Intangible assets	–	6 411
Deferred tax assets	–	31 331
Inventories	34 726	148 974
Trade and other receivables	41 476	112 149
Current tax assets	–	325
Total assets of disposal group held for sale	106 690	395 658
Other non-current assets held for sale	510	510
Total assets of disposal group held for sale	107 200	396 168
Liabilities directly associated with assets classified as held for sale		
Lease liability	(3 560)	–
Deferred income	(24 638)	(38 261)
Trade and other payables	(51 155)	(98 987)
Provisions	–	(365)
Deferred tax liabilities	–	(810)
Total liabilities of disposal group held for sale	(79 353)	(138 423)
Other non-current liabilities held for sale	–	(88)
Total assets of disposal group held for sale	(79 353)	(138 511)

Notes to the condensed consolidated financial results

for the year ended 31 March 2020

5. Significant operating activities (continued)

5.2 Taxation and deferred taxation

	2020 R000's	2019 R000's
Income tax		
South African normal taxation		
– current	(13 092)	(7 985)
– prior year	2 168	26
Deferred taxation	30 514	(12 323)
	19 590	(20 282)
Reconciliation between actual and normal taxation rates	%	%
Taxation as a percentage of loss before taxation	7,9	(47,0)
Prior period	(1,5)	(0,1)
Non-deductible items expenses	0,6	5,8
Specific tax-deductible expenses	(0,3)	(3,2)
Exempt income	(0,1)	(1,4)
Capital gains tax on revaluation of investment property	1,1	(2,2)
Foreign entities with different tax rates	–	(2,5)
Unrecognised tax losses	20,3	78,6
Normal taxation rate	28,0	28,0

6. Impairments

Reconciliation of carrying amount

	2020 R000's	2019 R000's
Industrial Product Manufacturing	35 336	30 506
Assets held for sale – property, plant and equipment	33 971	30 506
Assets held for sale – right-of-use asset	1 365	–
Branded Product Distribution	45 151	–
Goodwill	8 018	–
Intangible assets	28 927	–
Assets held for sale – property, plant and equipment	1 408	–
Assets held for sale – right-of-use asset	387	–
Assets held for sale – intangible assets	6 411	9 248
Total	80 487	39 754
Included in discontinuing operations	(43 542)	(39 754)
Impairments included in continuing operations	36 945	–

Notes to the condensed consolidated financial results

for the year ended 31 March 2020

Impairment testing

For the purposes of assessing impairments, assets are grouped at the most disaggregated level for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

For impairment testing in line with IAS 36, the recoverable amount of a cash-generating unit was determined based on the higher of fair value less costs to sell, or value-in-use calculation, as appropriate. Impairments recognised for discontinuing operations are attributed to the IFRS 5 remeasurement of disposal groups at the lower of carrying amount and fair value less costs to sell.

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.

Impairments recognised are attributed to the following operations:

Industrial Product Manufacturing

An external valuation of Frame Knitting Manufacturers (Pty) Ltd ("Frame Knitting Manufacturers") property, plant and equipment was performed, which resulted in the assets being written down to their fair value and an impairment loss of R27,5 million recognised.

First Factory Shops (Pty) Ltd ("First Factory Shops") and Winelands Textiles (Pty) Ltd ("Winelands Textiles") were sold during the year, and consequently, property, plant and equipment were written down to their recoverable amounts.

Branded Product Distribution

Brand ID's property, plant and equipment were written down to their recoverable amounts, being the fair value, resulting in an impairment loss of R1,4 million. Licences and brand names were deemed to have no value and written off in their entirety, resulting in an impairment loss of R6,4 million on intangible assets.

Impairment losses recognised with respect to Oops Global SA ("Oops Global") relate to goodwill, trade name-related and customer-related intangible assets. Impairment losses recognised with respect to New Just Fun Group (Pty) Ltd ("New Just Fun") relate to licences.

These losses were driven by existing challenging trading and economic conditions, compounded by the Covid-19 pandemic crisis and the effects it has on the economic outlook. Management has reassessed the value of these investments based on lower than previously anticipated projected cash flows. Recoverable amounts are based on their value in use and were found to exceed the carrying value of the investments. This resulted in a total impairment loss of R28,9 million for intangible assets and R8 million for goodwill written off to nil.

Notes to the condensed consolidated financial results

for the year ended 31 March 2020

6. Impairments (continued)

The key assumptions used in determining the value in use are:

Assumption	How determined
Gross profit margins	Based on most recent performance and adjusted for: <ul style="list-style-type: none"> • future business plans; • margins expecting to grow in line with the long-term growth rate; and • potential impact of the Covid-19 pandemic on the economy.
Long-term growth rate	The long-term growth rate into perpetuity has been determined as the long-term annual inflation rate.
Post-tax risk-adjusted discount rate	The discount rate applied to the cash flows of each of the Group's operations is based on the weighted average cost of capital of the Group, which comprise of debt and equity. The risk-free rate used is the yield on R186 government bonds. These rates are adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific company.
Working capital	The following inputs were used to determine the change in working capital in calculating cash flows: <ul style="list-style-type: none"> • forecast sales and cost of sales; and • historic debtor, inventory and creditor days.

7. Significant investing activities

7.1 Capital expenditure and commitments

	Capital expenditure		Contractual commitments	
	2020	2019	2020	2019
	R000's	R000's	R000's	R000's
Investment property	19 975	20 335	–	8 465
Land and buildings	410	663	645	–
Plant and equipment	88 310	124 728	35 156	39 731
Intangible assets	649	5 426	–	426
Business combinations	–	61 672	–	–
	109 344	212 824	35 801	48 622

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

7.2 Business combinations

Current period

Sale of subsidiaries

Sale of Winelands Textiles

The Group has sold its interest in Winelands Textiles effective on 4 February 2020 for a total consideration of R65 million. In terms of the agreement R25 million was due at year-end with the remainder repayable in bi-monthly instalments commencing on 1 July 2020 (interest accruing at the prime rate plus 1%). As at 31 March 2020, the purchaser was in breach of the contract having defaulted on payments due by that date. Accordingly, the Group has claimed immediate payment of the full consideration from the purchaser and the

Notes to the condensed consolidated financial results

for the year ended 31 March 2020

guarantor (refer to note 8.1). The full consideration has been included in other receivables under current assets reflecting management's expectation this will be received in the next financial year.

Sale of First Factory Shops

The Group has sold its interest in First Factory Shops for a total consideration of R2 million on 13 March 2020.

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

	Industrial Product Manufacturing R000's	Winelands Textiles R000's	First Factory Shops R000's
Property plant and equipment	32 732	31 647	1 085
Trade and other receivables	22 985	22 682	303
Inventory	38 381	32 983	5 398
Deferred tax asset	2 463	–	2 463
Cash and cash equivalents	5 134	4 703	431
Trade and other payables	(38 251)	(36 422)	(1 829)
Net asset value disposed of	63 444	55 593	7 851
Gain/(loss) on disposal of subsidiaries	3 392	9 407	(6 015)
Deferred disposal proceeds	(65 000)	(65 000)	–
Cash and cash equivalents disposed of	(5 134)	(4 703)	(431)
Net cash inflow on disposal	(3 298)	(4 703)	1 405

Prior period

Sale of subsidiary

The Group has sold its interest in 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 summarises proceeds on disposal, net cash flow on disposal and analysis of assets and liabilities disposed of:

	Branded Product Distribution R000's
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
Deferred disposal proceeds	(720)
Cash and cash equivalents disposed of	(153)
Net cash inflow on disposal	1 500

Notes to the condensed consolidated financial results

for the year ended 31 March 2020

7. Significant investing activities (continued)

7.3 Investment properties

7.3.1 Property type

	2020	2019
	%	%
Retail/commercial	10	11
Industrial	90	89

7.3.2 Portfolio valuation

The Group's entire property portfolio is valued annually at year-end by an independent external property valuer. The government's announcement, on 27 March 2020, of a 21-day curtailment period due to the Covid-19 pandemic and the subsequent continuation of the curtailment in various phases, continued to have a negative economic effect on the South African economy. Consequently, the directors concluded a downward adjustment to the external property valuation to be appropriate and considered the potential effect of the pandemic on the property type, vacancy factors, future rentals and capitalisation rates.

The assessment resulted in the weighted average capitalisation rate increasing from 9,9% to 10,48% and the property portfolio (owner-occupied and investment properties) valued downwards by R41 million compared to the prior year and R81 million down on the 31 March 2020 external property valuation.

7.3.3 Reconciliation of carrying amount

	2020	2019
	R000's	R000's
Opening carrying value	1 056 095	907 352
Additions – Transfer from owner-occupied property	42 709	29 094
Additions	–	86 446
Development cost	19 975	20 335
Fair value adjustments	(28 315)	12 868
Disposals	(3 500)	–
Closing carrying value	1 086 964	1 056 095

8. Significant financing activities

8.1 Significant related party transactions

Current period

The Group has a loan of R72,9 million (2019: R88,7 million) from Hosken Consolidated Investments Limited (ultimate holding company) ("HCI").

During the year the Group disposed of its shareholding in Winelands Textiles as published on SENS on 31 January 2020. The disposal consideration payable is guaranteed by the South African Clothing and Textile Workers' Union, which in turn is a material shareholder of Deneb's majority shareholder, HCI.

8.2 Banking facilities

Current period

A property loan of R450 million is repayable in March 2021. The Group's forecast cash flows has been prepared on the assumption of a successful renegotiation of this loan to be rolled forward as in prior years.

Prior period

R50 million of short-term facility has been renegotiated to term funding.

Notes to the condensed consolidated financial results

for the year ended 31 March 2020

9. Dividend/Distribution

The directors resolved not to declare a dividend (2019: 3 cents distribution per ordinary share).

10. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis assumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

On 11 March 2020, the World Health Organisation declared Covid-19 a pandemic. Following the announcement by the South African president of a 21-day curtailment period ("lockdown") commencing on 27 March 2020, the businesses of the Group, with the exception of approximately 10% of the Group's operations which manufacture and distribute essential goods as defined in the lockdown regulations, were unable to operate. With effect from 1 May 2020, following the announcement of a relaxation of the lockdown regulations, better known as Level 4, a large portion of the Group's manufacturing operations and certain of the branded product business re-opened. With effect from 1 June 2020, further relaxations of the lockdown regulations have been announced. This meant that practically all the businesses within the Group have re-opened with the level of activity determined by health and safety requirements to ensure the wellbeing of our staff, and by the demand levels from customers.

The directors have assessed the potential impact of Covid-19 and the national lockdown in South Africa on the going concern status of the Group. The ability of the Group to continue as a going concern is dependent on a number of factors, the most significant being that:

- the Group's existing on-demand facilities remain in place. There is currently no indication that the Group's funders will look to call up these facilities; and
- a R450 million property-backed facility, which is repayable in March 2021, will be refinanced. The Group's funders have indicated an appetite to refinance the loan on similar terms to which have been negotiated in the past, subject to the normal credit review process.

The directors believe that in accordance with the cash flow projections, considering a range of possible impacts of Covid-19 on performance, that the company should be able to operate within its available facilities. In addition, the Group has considered several mitigating actions that could be taken in the event of a worsening of the pandemic impact on the Group. These considerations take into account the current measures being put in place by the company to preserve cash during the lockdown period.

Since 31 March 2020, the Group has not noted any significant deterioration in the creditworthiness of their customers after year-end and has continued to meet its obligations to creditors and funders in the ordinary course of business.

Projections indicate that the Group has sufficient headroom in its banking facilities to support the working capital requirements of its operations after making allowances for the weakened currency.

Consequently, and based on information available to the directors at the date of issue of these condensed consolidated financial statements, the directors are of the view that the Group is able to continue to operate as a going concern notwithstanding the Covid-19 pandemic.

Notes to the condensed consolidated financial results

for the year ended 31 March 2020

II. Events after the reporting period

11.1 Covid-19

The South African government declared a National State of Disaster in response to the Covid-19 pandemic. On 22 March 2020, the president announced an initial 21-day lockdown period with effect from 27 March 2020. Subsequent announcements introduced a risk-based re-opening approach whereby the economy would be re-opened in five stages. The implementation and relaxation regulations are fluid and dependent on the success of curtailing the spread of the virus.

Management considered this to be an adjusting post-balance sheet event and has made the necessary adjustments required. In particular, this is dealt with in adjustments made to forecast cash flows in the valuation of goodwill and other intangible assets (as set out in note 6), reduction in the property valuation (as set out in note 7.3), and the assessment of going concern taking account of the reduced cash flows for the Group. The impact on the inventory provisioning and IFRS 9 expected credit loss allowance was also assessed and provisions adjusted where necessary.

With effect from 1 May 2020, the lockdown regulations were relaxed to Level 4, which allowed most of the Group's manufacturing business as well as certain of the branded product businesses to be re-opened.

With effect from 1 June 2020, a further relaxation of the lockdown regulations known as Level 3 was announced. This meant that all the business within the Group could re-open.

The Group will continue to take all requisite precautions to safeguard the wellbeing of its employees and stakeholders. The number of employees at each site has been limited, transport arrangements have been reviewed and staggered start times and lunch times have been implemented to ensure adherence to the social distancing requirements. In addition, appropriate protective equipment has been issued and employees are regularly screened for symptoms of the virus.

The Group has implemented several steps to ensure the preservation of cash resources and maintain financial liquidity. These steps included reducing operating costs where possible, curtailing non-essential capital expenditure, deferral of dividends and renegotiation of terms with major suppliers.

It is still too early to quantify the full impact of Covid-19 on our business as it will depend on the duration of the lockdown, the levels at which the lockdown will continue and the residual effects that the pandemic will have on the South African economy in general.

11.2 Claim against guarantor

Deneb has initiated legal action against the guarantor of the purchase consideration of Winelands Textiles of R65 million. The value of the underlying security held is significantly more than the receivable outstanding and thus the directors have determined that no provision for non-recovery of the receivable is required.

Commentary

Our focus over the past financial year was one of capital preservation. In practice this meant divesting from businesses that had no realistic prospect of meeting return on capital hurdles and optimising the capital structures of continuing businesses. Consequently, although the year was poor from an earnings perspective with the Group delivering a total comprehensive loss of R125 million, cash generation was strong with the Group generating R399 million from operating activities.

In analysing the results for the year, the following points are worthy of consideration:

- The results for the continuing operations to March 2020 have been negatively affected by the Covid-19 pandemic. Our best estimate is that the slowdown and ultimate shutdown in late March 2020 reduced revenue by R60 million and reduced operating profit by some R20 million.
- The implementation of IFRS 16 (accounting for leases) had a R5 million negative effect on earnings in the current year and an aggregate R21 million negative effect on net asset value at year-end. This will unwind over the life of the leases.
- Taking the above into account and despite the prevailing economic headwinds, including the negative impact of electricity load shedding on the manufacturing businesses, the Group managed to improve operating margins and increase its core operating profit even though turnover was lower. We have implemented plans to be more energy self-sufficient but some of our larger electricity-consuming businesses remain reliant on the national grid.
- The Group valued its properties down by R41 million: R28 million on investment properties and R13 million on owner-occupied properties. This downward valuation is our estimate of the consequence of the economic fallout due to Covid-19 on our property portfolio. Our entire property portfolio is revalued each year by an independent property valuer. This valuation was completed shortly before year-end and would have resulted in an upward revaluation of R40 million: R37 million on investment properties and R3 million on owner-occupied properties. However, the valuation did not consider the effects of Covid-19. We have analysed the portfolio on a property-by-property basis and adjusted the valuations to reflect our best estimate of the impact of the pandemic on the portfolio. In summary, after all the adjustments, our portfolio is valued at a weighted average capitalisation rate of 10,5%. This provides a gap between our capitalisation rates and current borrowing costs, even on a 10-year fixed-rate basis. Time will tell whether the gap is justified or, indeed, whether it is sufficient. This is the best estimate that we have given current information.
- We impaired certain intangibles and goodwill resulting in a R37 million charge to the income statement. These impairments relate to businesses acquired in the toy industry. Specialised toy retailers are coming under increasing pressure and the toy industry was going through rapid changes even before the effects of Covid-19. The uncertain outlook for the economy into the foreseeable future led us to conclude that it was appropriate to impair these items. However, we feel that the businesses acquired will provide us with greater flexibility both with regards to sourcing and distribution channels. This flexibility will enable us to better weather these challenging times.
- Discontinuing operations delivered a loss of R131 million. In last year's report, we informed you that we had decided to exit four businesses that we did not believe could deliver on our capital return hurdles. We can report that we have sold two businesses (Winelands Textiles and First Factory Shops) and are in the process of disposing of the last remaining operation of the Brand ID business. With reference to the last of the four, Frame Knitting, the disposal process is continuing with operations substantially reduced at the end of May 2020. We anticipate the disposal process will be completed by the latter part of this calendar year. There will be some residual costs associated with the disposal of Frame Knitting to be incurred in the new financial year. However, the significant cost items including impairments and provisions for retrenchment costs have been provided for in the year under review. Even though these exits are earnings-negative, they are cash-positive and exiting these businesses is one of the reasons why cash generation was strong.
- The Group reduced its interest-bearing debt by R273 million during the year. This does not reflect in the finance expense number, which remained flat despite reducing interest rates. The reason is that most of the cash generation occurred in the second half of the financial year. Indeed, at half-year-end the finance expense for the current year was R8 million up on the prior year. It is important to point out that the cash generation came about without cutting any capital expenditure programmes in the continuing businesses.

Commentary (continued)

Anticipated effects of Covid-19 and outlook

The major impact of Covid-19 occurred after the financial year-end. The severe lockdown restrictions in April meant that the Group operated at around 10% of capacity, which was largely centred around supplying essential service providers. The move to level 4 restrictions in May allowed our manufacturing operations and stationary businesses to open on a restricted basis and the Group operated at around 40% capacity. The easing to level 3 in June means that all the Group's businesses may operate. The capacity levels will be driven by restrictions implemented to ensure the health and well-being of employees and customer demand. We are currently in the process of assessing whether the Group's insurance policies provide cover for the interruptions caused by Covid-19.

The property portfolio largely consists of low-cost B-grade industrial properties. We are hopeful that these properties will prove to be more resilient in the long term. Rental collections for April and May 2020 were satisfactory with 84% of rentals having been collected and 10% deferred with agreement. We have begun processes to collect the outstanding portion and we are expectant that these will be recovered. However, we will not be immune to the fallout from the crisis and the indication in June is that collections are a little more challenging.

We believe that the South African economy is only at the beginning of the economic fallout as a result of Covid-19 and the lockdown. We are steeling ourselves for a very difficult year ahead as many roleplayers in the economy come under increasing pressure. The strong cash generation in the year under review means that we come into these unprecedented times a little more fortified than would have been the case a year earlier. Our short-term focus has been on cash preservation. Accordingly, we have cut variable expenditure wherever possible and have also made some structural decisions to reduce fixed costs. Unfortunately, this also means that we will not be paying a dividend in the current year.

We will endeavour to ensure that the Group is geared for the economy that we have rather than the economy that we would like to have. This is not a statement that reflects only on the new issues being raised as a result of Covid-19 and the lockdown, but rather the longer-term issues that we have faced in terms of the stagnant economy, increasing input costs, most notably utilities and indirect taxes, load shedding and ever increasing cost of compliance with rafts of legislation. There is also significant opportunity to be pursued and in the areas where we have a competitive advantage, we will continue to look for ways to deliver growth. We will continue to invest in areas that we believe can deliver good returns on capital.

It will be challenging to navigate through the current uncertainty, but the management teams and staff we have in the individual businesses have shown great fortitude and a willingness to make tough decisions when necessary. The crisis has also presented the opportunity for businesses to unlock alternative revenue streams and fill the gaps left by disruptions to supply chains. The next financial year will not be an easy one, but we relish the challenge to play our part in making a difference.

On behalf of the board

Stuart Queen

Chief Executive Officer

Gys Wege

Financial Director

Cape Town

5 June 2020



INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Deneb Investments Limited

We have reviewed the condensed consolidated financial statements of Deneb Investments Limited, contained in the accompanying preliminary report, which comprise the condensed consolidated statement of financial position as at 31 March 2020 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 1 to the financial statements, 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 a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

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Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Deneb Investments Limited for the year ended 31 March 2020 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: J.A Hugo
Registered Auditor
Cape Town
4 June 2020

Corporate information



DENE B 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

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