



Unaudited condensed consolidated interim results  
for the six months ended 30 September 2023

# Financial highlights

for the six months ended 30 September 2023

		Six months to 30 September 2023	Six months to 30 September 2022	% change
✖ Revenue	(R'000)	<b>1 711 176</b>	1 564 239	9,4%
✖ Profit	(R'000)	<b>45 375</b>	78 501	(42,2%)
✖ Adjusted profit	(R'000)	<b>45 375</b>	34 792*	30,4%
✖ Earnings per share	(cents)	<b>10,27</b>	17,98	(42,9%)
✖ Adjusted earnings per share	(cents)	<b>10,27</b>	7,97*	28,9%
✖ Headline earnings per share	(cents)	<b>10,23</b>	16,05	(36,3%)
✖ Adjusted headline earnings per share	(cents)	<b>10,23</b>	6,04*	69,4%
✖ Net asset value per share	(cents)	<b>406</b>	393	3,3%

\* During the prior year, Deneb received proceeds from an insurance claim for business interruption. As these proceeds are non-recurring, we are of the opinion that providing earnings on an adjusted basis whereby we exclude the net insurance proceeds from the prior year numbers, is a meaningful disclosure to shareholders.

# Condensed consolidated statement of financial position

as at 30 September 2023

	Notes	Unaudited 30 September 2023 R000's	Unaudited 30 September 2022 R000's	Audited 31 March 2023 R000's
<b>ASSETS</b>				
<b>Non-current assets</b>		<b>2 117 044</b>	2 036 397	2 164 232
Plant and equipment		606 011	450 807	563 246
Right-of-use assets		77 637	63 802	87 754
Owner-occupied properties	5.2	279 294	261 948	280 346
Investment properties	5.2	999 244	1 088 413	1 063 513
Intangible assets		20 711	25 422	20 536
Goodwill		21 911	22 760	21 911
Financial assets at fair value through other comprehensive income		7 472	5 155	6 236
Long-term receivables		2 043	4 371	5 072
Deferred tax assets		102 721	113 719	115 618
<b>Current assets</b>		<b>1 434 767</b>	1 431 828	1 318 570
Inventories		620 342	696 006	644 970
Trade and other receivables		699 103	659 850	564 400
Current tax assets		11 482	8 074	11 402
Cash and cash equivalents		103 840	67 898	97 798
Non-current assets held for sale	4.2	199 003	93 000	132 500
<b>Total current assets</b>		<b>1 633 770</b>	1 524 828	1 451 070
<b>Total assets</b>		<b>3 750 814</b>	3 561 225	3 615 302
<b>EQUITY AND LIABILITIES</b>				
<b>Total equity</b>		<b>1 781 914</b>	1 715 715	1 781 152
Stated capital		1 465 364	1 462 950	1 465 203
Reserves		316 603	252 750	316 354
Equity attributable to owners of the company		1 781 967	1 715 700	1 781 557
Non-controlling interest		(53)	15	(405)
<b>Non-current liabilities</b>		<b>1 084 312</b>	789 077	1 105 541
Deferred tax liabilities		4 276	4 309	17 415
Post-employment medical aid benefits		70 937	75 904	69 437
Deferred income		95 391	86 570	94 949
Interest-bearing liabilities	6.1	822 757	536 379	818 999
Lease liabilities		90 951	85 915	104 741
<b>Current liabilities</b>		<b>884 588</b>	1 056 433	728 609
Current tax liabilities		11 395	5 226	2 093
Post-employment medical aid benefits		7 592	8 170	7 670
Deferred income		5 327	5 531	10 103
Interest-bearing liabilities	6.1	43 629	198 192	66 766
Lease liabilities		24 491	14 396	18 784
Trade and other payables		494 283	566 559	555 843
Bank overdraft		297 871	258 359	67 350
<b>Total liabilities</b>		<b>1 968 900</b>	1 845 510	1 834 150
<b>Total equity and liabilities</b>		<b>3 750 814</b>	3 561 225	3 615 302

# Condensed consolidated statement of profit or loss and other comprehensive income

for the six months ended 30 September 2023

	Notes	Unaudited 30 September 2023 R000's	Unaudited* 30 September 2022 R000's
<b>Continuing operations</b>			
Revenue		1 711 176	1 564 239
Cost of sales		(1 313 772)	(1 199 874)
Gross profit		397 404	364 365
Other income		21 165	19 200
Selling and distribution expenses		(150 573)	(151 713)
Administrative and other expenses		(153 624)	(143 457)
Operating profit before finance costs, impairments and settlement received		114 372	88 395
Impairments		–	(3 400)
Settlement received		–	59 875
Profit before finance costs		114 372	144 870
Finance income		574	208
Finance expenses		(58 762)	(38 131)
Profit before taxation		56 184	106 947
Income tax expense	4.3	(10 809)	(26 814)
Profit after tax		45 375	80 133
<b>Discontinued operations</b>			
Loss from discontinued operations, net of tax	4.1	–	(1 632)
Profit		45 375	78 501
<b>Other comprehensive income, net of related tax</b>			
<b>Items that may be reclassified to profit or loss</b>			
Foreign operations – foreign currency translation differences		2 301	6 612
Other comprehensive income, net of tax		2 301	6 612
<b>Total comprehensive income for the year</b>		<b>47 676</b>	<b>85 113</b>
<b>Profit attributable to:</b>			
Owners of the company		45 023	78 486
Non-controlling interest		352	15
		45 375	78 501
<b>Total comprehensive income attributable to:</b>			
Owners of the company		47 324	85 098
Non-controlling interest		352	15
		47 676	85 113
<b>Basic earnings per share</b>			
	(cents)	10,27	17,98
Basic earning per share from continuing operations		10,27	18,35
Basic loss per share from discontinued operations		–	(0,37)
<b>Diluted earnings per share</b>			
	(cents)	9,96	17,35
Diluted earnings per share from continuing operations		9,96	17,71
Diluted loss per share from discontinued operations		–	(0,36)

\* Restated for discontinued operations, refer to note 8.

# Condensed consolidated statement of changes in equity

for the six months ended 30 September 2023

	Stated capital R000's	Other reserves R000's	Retained income R000's	Total reserves R000's	Non-controlling interest R000's	Total R000's
Balance at 1 April 2022	1 462 143	288 668	(71 909)	216 759	–	1 678 902
Total comprehensive income	–	6 612	78 486	85 098	15	85 113
Transactions with owners of the company						
Share scheme – options exercised	9 897	–	(9 897)	(9 897)	–	–
Share buy-back	(9 090)	–	–	–	–	(9 090)
Distribution to shareholders	–	–	(39 210)	(39 210)	–	(39 210)
<b>Balance 30 September 2022</b>	<b>1 462 950</b>	<b>295 280</b>	<b>(42 530)</b>	<b>252 750</b>	<b>15</b>	<b>1 715 715</b>
Balance at 1 April 2023	<b>1 465 203</b>	<b>292 127</b>	<b>24 227</b>	<b>316 354</b>	<b>(405)</b>	<b>1 781 152</b>
Total comprehensive income	–	2 301	45 023	47 324	352	47 676
Transactions with owners of the company						
Share scheme – options exercised	3 243	–	(3 243)	(3 243)	–	–
Share buy-back	(3 082)	–	–	–	–	(3 082)
Distribution to shareholders	–	–	(43 832)	(43 832)	–	(43 832)
<b>Balance 30 September 2023</b>	<b>1 465 364</b>	<b>294 428</b>	<b>22 175</b>	<b>316 603</b>	<b>(53)</b>	<b>1 781 914</b>

	Unaudited 30 September 2023 R000's	Unaudited 30 September 2022 R000's
Composition of other reserves		
Foreign currency translation reserve	8 359	7 793
Common control reserve	(20 219)	(20 219)
Surplus on revaluation	306 288	307 706
	<b>294 428</b>	<b>295 280</b>

# Condensed consolidated statement of cash flows

for the six months ended 30 September 2023

	Notes	Unaudited 30 September 2023 R000's	Unaudited 30 September 2022 R000's
<b>Net cash flows from operating activities</b>		<b>(78 148)</b>	<b>(88 077)</b>
Cash generated from operating activities before working capital changes		148 208	176 121
Cash outflow from working capital changes		(166 392)	(209 493)
Inventories		14 767	(107 685)
Trade and other receivables		(124 830)	(77 641)
Trade and other payables		(56 329)	(24 167)
Finance costs		(58 134)	(37 923)
Taxes paid		(1 830)	(16 782)
<b>Net cash flow from investing activities</b>		<b>(69 279)</b>	<b>(85 296)</b>
Acquisition of property	5.2	–	(15 334)
Acquisition of plant and equipment	5.1	(64 064)	(58 665)
Proceeds from disposals		3 324	3 956
Development cost of investment property	5.2	(6 055)	(13 527)
Acquisition of intangible assets	5.1	(1 248)	(808)
Investment in financial assets at fair value through other comprehensive income		(1 236)	(918)
<b>Net cash flow from financing activities</b>		<b>(77 052)</b>	<b>(76 082)</b>
Proceeds from borrowings		77 170	3 752
Repayment of borrowings		(98 314)	(23 551)
Principal elements of lease payments		(8 994)	(7 984)
Share buy-back		(3 082)	(9 089)
Distribution to shareholders		(43 832)	(39 210)
<b>Net decrease in cash and cash equivalents</b>		<b>(224 479)</b>	<b>(249 455)</b>
Cash and cash equivalents at the beginning of the year		30 448	58 994
Cash and cash equivalents at the end of the year		(194 031)	(190 461)

# Condensed consolidated segmental report

for the six months ended 30 September 2023

	Properties R000's	Branded Product Distribution R000's	Automotive Parts Manu- facturing R000's	Industrial Product Manu- facturing R000's	Head Office and Centralised Services R000's	Total R000's
<b>2023</b>						
<b>Segment revenue</b>						
Gross revenue	97 952	562 003	444 958	655 199	–	1 760 112
Less: Inter-segment sales	(20 804)	(8 314)	–	(19 818)	–	(48 936)
<b>Revenue as per statement of profit or loss and other comprehensive income</b>	<b>77 148</b>	<b>553 689</b>	<b>444 958</b>	<b>635 381</b>	<b>–</b>	<b>1 711 176</b>
<b>Primary geographical market</b>						
South Africa	97 952	542 917	444 207	632 747	–	1 717 823
Other African countries	–	14 238	–	22 452	–	36 690
Asia	–	2 467	4	–	–	2 471
Europe	–	621	655	–	–	1 276
South America	–	–	92	–	–	92
North America	–	1 760	–	–	–	1 760
	<b>97 952</b>	<b>562 003</b>	<b>444 958</b>	<b>655 199</b>	<b>–</b>	<b>1 760 112</b>
<b>Major products/service lines</b>						
Woven, knitted and non-woven products	–	–	–	505 361	–	505 361
Pressed, roll-formed steel products	–	–	444 958	74 238	–	519 196
Speciality chemicals	–	–	–	75 600	–	75 600
Rentals	97 952	–	–	–	–	97 952
Toys, electronic games and sports goods	–	425 498	–	–	–	425 498
Stationery, publishing and office supplies	–	136 505	–	–	–	136 505
	<b>97 952</b>	<b>562 003</b>	<b>444 958</b>	<b>655 199</b>	<b>–</b>	<b>1 760 112</b>
<b>Timing of revenue recognition</b>						
At a point in time	97 952	562 003	416 205	655 199	–	1 731 359
Over time:						
Pressed, roll-formed steel products	–	–	28 753	–	–	28 753
	<b>97 952</b>	<b>562 003</b>	<b>444 958</b>	<b>655 199</b>	<b>–</b>	<b>1 760 112</b>
<b>Segment results</b>						
Profit before finance costs	61 381	1 214	28 247	42 340	(18 810)	114 372
Finance expenses						(58 188)
Profit before taxation						56 184
<b>Total segment assets</b>	<b>1 536 326</b>	<b>746 957</b>	<b>535 852</b>	<b>861 234</b>	<b>70 445</b>	<b>3 750 814</b>
<b>Total segment liabilities</b>	<b>26 975</b>	<b>293 698</b>	<b>323 008</b>	<b>429 153</b>	<b>896 066</b>	<b>1 968 900</b>

# Condensed consolidated segmental report

for the six months ended 30 September 2023 (continued)

	Properties R000's	Branded Product Distribution R000's	Automotive Parts Manu- facturing R000's	Industrial Product Manu- facturing R000's	Head Office and Centralised Services R000's	Total R000's
<b>2022*</b>						
<b>Segment revenue</b>						
Gross revenue	83 658	608 182	310 999	611 647	–	1 614 486
Less: Inter-segment sales	(16 275)	–	–	(21 867)	–	(38 142)
	67 383	608 182	310 999	589 780	–	1 576 344
Less: Revenue attributable to discontinued operations	–	(12 105)	–	–	–	(12 105)
<b>Revenue as per statement of profit or loss and other comprehensive income</b>	<b>67 383</b>	<b>596 077</b>	<b>310 999</b>	<b>589 780</b>	<b>–</b>	<b>1 564 239</b>
<b>Primary geographical market</b>						
South Africa	83 658	590 177	307 637	593 989	–	1 575 461
Other African countries	–	11 847	–	17 658	–	29 505
Asia	–	2 556	–	–	–	2 556
Europe	–	2 845	1 556	–	–	4 401
South America	–	757	1 806	–	–	2 563
	83 658	608 182	310 999	611 647	–	1 614 486
<b>Major products/service lines</b>						
Woven, knitted and non-woven products	–	–	–	444 372	–	444 372
Pressed, roll-formed steel products	–	–	310 999	84 187	–	395 186
Speciality chemicals	–	–	–	83 088	–	83 088
Rentals	83 658	–	–	–	–	83 658
Toys, electronic games and sports goods	–	481 188	–	–	–	481 188
Stationery, publishing and office supplies	–	126 994	–	–	–	126 994
	83 658	608 182	310 999	611 647	–	1 614 486
<b>Timing of revenue recognition</b>						
At a point in time	83 658	608 182	273 292	611 647	–	1 576 779
Over time:						
Pressed, roll-formed steel products	–	–	37 707	–	–	37 707
	83 658	608 182	310 999	611 647	–	1 614 486
<b>Segment results</b>						
Profit before finance costs	48 393	30 360	20 267	59 744	(13 894)	144 870
Finance expenses						(37 923)
Profit before taxation						106 947
<b>Total segment assets</b>	<b>1 487 532</b>	<b>817 685</b>	<b>446 522</b>	<b>761 877</b>	<b>47 609</b>	<b>3 561 225</b>
<b>Total segment liabilities</b>	<b>23 344</b>	<b>372 508</b>	<b>254 320</b>	<b>321 903</b>	<b>873 435</b>	<b>1 845 510</b>

\* Restated for discontinued operations, refer to note 8.



# Statistics per share

for the six months ended 30 September 2023

		Unaudited 30 September 2023	Unaudited* 30 September 2022	Audited 31 March 2023
Number of shares in issue (refer to note 7)	('000)	<b>438 415</b>	436 605	438 324
Weighted average number of shares in issue	('000)	<b>438 487</b>	436 488	436 994
Diluted weighted average number of shares in issue	('000)	<b>452 187</b>	452 468	447 848
<b>Basic earnings per share</b>	(cents)	<b>10,27</b>	17,98	31,01
Continuing operations		<b>10,27</b>	18,35	32,32
Discontinued operations		–	(0,37)	(1,31)
<b>Headline earnings per share</b>	(cents)	<b>10,23</b>	16,05	28,02
Continuing operations		<b>10,23</b>	16,42	29,33
Discontinued operations		–	(0,37)	(1,31)
<b>Diluted earnings per share</b>	(cents)	<b>9,96</b>	17,35	30,26
Continuing operations		<b>9,96</b>	17,71	31,53
Discontinued operations		–	(0,36)	(1,27)
<b>Diluted headline earnings per share</b>	(cents)	<b>9,92</b>	15,49	27,34
Continuing operations		<b>9,92</b>	15,85	28,61
Discontinued operations		–	(0,36)	(1,27)
<b>Reconciliation between profit and headline earnings</b>				
Income attributable to shareholders	(R'000)	<b>45 023</b>	78 486	135 506
Impairment of assets	(R'000)	–	3 400	5 225
Remeasurement of investments property	(R'000)	–	–	(6 582)
Surplus on disposal of property, plant and equipment	(R'000)	<b>(252)</b>	(996)	(1 027)
Loss on disposal of property, plant and equipment	(R'000)	<b>41</b>	4	77
Surplus on disposal of non-current assets held for sale	(R'000)	–	–	(145)
Insurance claim for capital asset	(R'000)	–	(12 939)	(10 601)
Total tax effect of adjustments	(R'000)	<b>57</b>	2 117	–
<b>Headline earnings</b>	(R'000)	<b>44 869</b>	70 072	122 453
<b>Net asset value per share</b>	(cents)	<b>406</b>	393	406

\* Restated for discontinued operations, refer to note 8.

## Diluted weighted average number of shares

The dilutive effect is due to the impact of the Group's incentive scheme on the weighted average number of shares in the period under review.

# Notes to the unaudited condensed consolidated financial results

for the six months ended 30 September 2023

## 1. Basis of preparation

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standard, IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the JSE Listings Requirements and the Companies Act of South Africa. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous consolidated annual financial statements.

These results do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements for the year ended 31 March 2023.

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

## 2. Significant accounting policies and estimates

The unaudited condensed consolidated results have been prepared under the historical cost convention, except for the revaluation of properties and financial instruments. The accounting policies adopted are in terms of IFRS and consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2023.

## 3. New and amended standards

A number of new or amended standards became applicable for the current reporting period, which did not have a material impact on the Group. Therefore, the Group did not have to change its accounting policies or make retrospective adjustments as a result of these standards.

# Notes to the unaudited condensed consolidated financial results

for the six months ended 30 September 2023 (continued)

## 4. Significant operating activities

### 4.1 Discontinued operations

Discontinued operations comprise the online furniture business which was sold on 1 March 2023 and operated under the Branded Product Distribution reportable segment.

The results have been disclosed separately on the face of the statement of profit or loss and other comprehensive income.

#### 4.1.1 Results of discontinued operations

	30 September 2023 R000's	30 September 2022 R000's
Revenue	-	12 105
Cost of sales	-	(6 873)
Gross profit	-	5 232
Other income	-	-
Selling and distribution expenses	-	(6 032)
Administrative and other expenses	-	(832)
Operating loss before finance costs	-	(1 632)
Finance income	-	-
Finance expenses	-	-
Loss before taxation	-	(1 632)
Income tax expense	-	-
<b>Loss from discontinued operations, net of tax</b>	<b>-</b>	<b>(1 632)</b>

#### 4.1.2 Cash flows from discontinued operations

Net cash from operating activities	-	(1 632)
Net cash from investing activities	-	(408)
Net cash from financing activities	-	-
<b>Net cash used in discontinued operations</b>	<b>-</b>	<b>(2 040)</b>

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

# Notes to the condensed consolidated financial results for the six months ended 30 September 2023 (continued)

## 4. Significant operating activities (continued)

### 4.2 Assets and liabilities of disposal group classified as held for sale

	30 September 2023 R000's	30 September 2022 R000's
<b>Assets classified as held for sale</b>		
Opening carrying value	132 500	43 010
Disposals	–	(510)
Transfer from investment property (Note 5.2.2)	66 503	50 500
<b>Closing carrying value</b>	<b>199 003</b>	93 000

In the previous year, the directors of Vega Properties, a division of Sargas Proprietary Limited have taken the decision to dispose of properties situated in Worcester and Durban (195 Leicester Road, Moberi). The Worcester property that remains classified as held for sale in the prior year is still on the market due to a protracted negotiation process between the parties to the sales transaction. In addition, a property situated in 40 Leicester Road, Moberi, Durban, is classified as held for sale and disposed of for R65 million subsequent to the reporting period. These sales are expected to be completed within the next 12 months.

The segmental classification of non-current assets held for sale is Properties.

### 4.3 Taxation and deferred taxation

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 30 September 2023 is 19%, compared to 25% for the six months ended 30 September 2022. The tax rate is lower in the current year due to the increase of non-taxable income recognised in relation to the Group's funding arrangement and programmes with the Department of Trade, Industry and Competition.

	30 September 2023 R000's	30 September 2022 R000's
Current normal tax	6 040	10 515
Deferred normal tax	4 769	16 299
	<b>10 809</b>	26 814

# Notes to the condensed consolidated financial results for the six months ended 30 September 2023 (continued)

## 5. Significant investing activities

### 5.1 Capital expenditure and commitments

	Capital expenditure		Contractual commitments	
	30 September 2023 R000's	30 September 2022 R000's	30 September 2023 R000's	30 September 2022 R000's
Investment properties	6 055	13 527	-	-
Land and buildings	-	15 334	-	-
Plant and equipment	64 064	58 665	13 270	144 410
Intangible assets	1 248	808	-	-
	<b>71 367</b>	<b>88 334</b>	<b>13 270</b>	<b>144 410</b>

The contractual commitments are expected to be incurred during the next 12 months.

### 5.2 Properties

The Group fair values its investment properties and owner-occupied property on a bi-annual basis.

At 31 March 2023 the fair value of properties was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuer has reviewed the fair value of the Group's investment property portfolio as at 30 September 2023 and confirmed there have been no material changes to the fair value.

The directors confirm that there have been no material changes to the information used and assumptions applied by the registered valuer in the current and prior year.

#### 5.2.1 Owner-occupied properties

The movement in owner-occupied properties for the year is as follows:

	30 September 2023 R000's	30 September 2022 R000's	31 March 2023 R000's
Opening carrying value	280 346	247 545	247 545
Additions	-	15 334	38 546
Depreciation	(1 052)	(931)	(2 007)
Fair value adjustments	-	-	(3 738)
Closing carrying value	<b>279 294</b>	<b>261 948</b>	<b>280 346</b>

#### 5.2.2 Investment properties

The movement in investment properties is as follows:

	30 September 2023 R000's	30 September 2022 R000's	31 March 2023 R000's
Opening carrying value	1 063 513	1 125 386	1 125 386
Transfer to plant and equipment	(3 821)	-	-
Development cost	6 055	13 527	17 325
Fair value adjustments	-	-	11 302
Transfer to held for sale (Note 4.2)	(66 503)	(50 500)	(90 500)
Closing carrying value	<b>999 244</b>	<b>1 088 413</b>	<b>1 063 513</b>

Property type	%	%	%
Retail/Commercial	9,7	10,9	9,7
Industrial	90,3	89,1	90,3

#### 5.2.3 Valuation technique and significant unobservable inputs

There have been no changes since 31 March 2023.

# Notes to the condensed consolidated financial results for the six months ended 30 September 2023 (continued)

## 6. Significant financing activities

### 6.1 Interest-bearing liabilities

During the current year the Group has repaid interest-bearing liabilities of R98,3 million.

The carrying value of interest-bearing liabilities comprises the following:

	30 September 2023 R'000	30 September 2022 R'000
<b>Secured</b>		
Loans from financial institutions	857 917	726 112
Instalment sale agreements	8 469	8 459
<b>Total interest-bearing liabilities</b>	<b>866 386</b>	<b>734 571</b>
Current portion of interest-bearing liabilities	43 629	198 192
Non-current portion of interest-bearing liabilities	822 757	536 379
<b>6.2 Working capital facilities</b>		
Available facility	638 000	573 000
Net utilised	(311 448)	(270 239)
Bank overdraft	(297 871)	(258 359)
Letter of credits	(13 577)	(11 880)

#### Compliance with loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants for the property-backed facilities:

- Loan-to-property-value ratio to not exceed 60%;
- Interest cover ratio for property division to not be less than 1,65; and
- If rentals from owner-occupied properties exceed 30% of total rentals received, the excess will be disregarded in calculating the interest cover ratio.

Deneb Investments Limited has complied with the financial covenants of its borrowing facilities during the six-month period ending 30 September 2023. Based on the latest forecast there appears to be no risk of not adhering to the loan covenants for the year ending 31 March 2024.

## 7. Shares in issue

	30 September 2023 000's	30 September 2022 000's
Balance at the beginning of the year	438 324	435 643
Share buy-back during the year*	(1 375)	(4 288)
Issued during the year	1 466	5 250
<b>Closing carrying value</b>	<b>438 415</b>	<b>436 605</b>

\* During the year, the Group repurchased and cancelled shares from the open market on the JSE. Of the shares repurchased, 161 952 shares were cancelled in the subsequent reporting period.

# Notes to the condensed consolidated financial results for the six months ended 30 September 2023 (continued)

## 8. Change in comparatives

### Discontinued operations

The results of discontinued 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.

Discontinued operations comprise the online furniture business which was sold on 1 March 2023.

## 9. Events after the reporting period

On 13 October 2023 the Group entered into an agreement to dispose of a property situated in Moberi, Durban, for a consideration of R65 million. The details of the disposal were published on SENS on 13 October 2023.

In addition, on 14 November 2023, the Group entered into an agreement to dispose of property situated in Epping, Cape Town, for a consideration of R64 million. The details of the disposal were published on SENS on 15 November 2023.

The directors are not aware of any other material fact or circumstances arising between the end of the six-month period ended 30 September 2023 and the date of this report.

## 10. Distribution

The directors have resolved not to declare an interim dividend/distribution for the six months ended 30 September 2023 (2022: Nil).

# Commentary

The results for the comparative period were significantly influenced by the finalisation of a Covid-19 business interruption insurance claim, the net benefit of which was R44 million. The insurance claim is a non-recurring item and thus we believe that by excluding this claim for comparison purposes, one will get a better sense of the underlying performance of the Group in the current period.

On that basis, revenue is up 9,4% largely due to good turnover growth in our manufacturing businesses (up 20%). The revenue growth reflects market share growth on the back of various capital investments. The branded product businesses on the other hand, recorded turnover declines of 7,1% reflecting the pressure on local consumers and shipping delays which negatively affected turnover in September, traditionally a busy month.

The Group's gross margin was very slightly down (10 basis points) which is due to turnover mix. Manufacturing businesses typically have lower gross margins than the branded product businesses so as the manufacturing segment accounts for a greater portion of turnover, overall margins should decline. This effect was dampened because gross margins at an individual business unit level improved in the main, particularly in the manufacturing segment.

Costs were well controlled, increasing by 3,1%, well below inflation.

The result of the above is that operating profit grew by 29% to R114 million. Higher debt levels due to significant investments in expansion capex over the past 12 months and higher rates resulted in the net interest cost being up 53% to R58 million. Increased rates account for two thirds of the increase and increased debt the balance.

The growth in working capital resulted in a net cash outflow from operating activities of R78 million, a R10 million improvement on the comparative period. The Group generally utilises cash in the first half of the year as it builds towards peak season. The working capital is then released in the second half.

A net cash outflow of R64 million for the acquisition of plant and equipment reflects the progress on our investment activities as mentioned in the prior report. Most of these projects are reaching completion. At the period end, we have contractual commitments to spend a further R13 million which is significantly lower than R144 million contractual commitments in the comparative period.

## Property

The property portfolio has performed quite strongly. Revenue grew by 17% with revenue from external tenants growing by 14,5%. Revenue growth is largely due to lower vacancies and rental from the two owner occupied properties bought in the prior year. Operating profit grew by 26,8% to R61 million but this does include the release of a R3 million bad debt provision as the debt was collected post year end. We have recently announced the sale of two externally let properties for R129 million which are likely to be concluded before financial year end. These disposals are part of a strategy to dispose of individual properties that are no longer considered core.

## Branded Product Distribution

The Branded Product segment had a subdued first half of the year with revenue down 7,1%. This reflects economic pressure on consumers, overstocked situations at retail and difficulties getting containers through the ports. In the main we have maintained market share in the categories we operate in. Gross margins were also under pressure, down 90 basis points due to the weakening Rand. Gross profit was down 9%. The reduced revenue and reduced margins saw operating profit plummet by R11 million (90%) to just above break-even. It should be noted though, that these businesses are very seasonal in nature and the performance in second half of the year is far more significant than the first half.

## Manufacturing

The manufacturing businesses delivered good revenue growth of 20%. Gross margins showed good improvement as the issues experienced in the comparative report were largely resolved: raw material prices were more stable in the current period, the investments made into plant and equipment started to become productive eliminating the unproductive costs and new product inefficiencies were ironed out. Gross profit was up 25,6%. This saw operating profit, excluding the insurance settlement, improve by 48,2% to R71 million.

Overall, given the general economic environment, we are satisfied with the results.

On behalf of the board

**Stuart Queen**  
Chief Executive Officer

**Gys Wege**  
Financial Director

Cape Town  
29 November 2023



# 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 – Diversified Financial Services Section.**

**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, Cape Town 7925  
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\*^, S A Queen (Chief Executive Officer),  
Y Shaik\*, G D T Wege (Financial Director)  
(\* Non-executive ^ Independent)

**Company Secretary:** C L Philip

**Transfer Secretaries:** Computershare Investor Services Proprietary Limited  
Rosebank Towers, 15 Biermann Avenue, Rosebank 2196  
Private Bag X9000, Saxonwold 2132

**Auditors:** PricewaterhouseCoopers Inc.

**Sponsors:** PSG Capital Proprietary Limited

**Announcement date:** 29 November 2023

[www.deneb.co.za](http://www.deneb.co.za)