



Unaudited interim consolidated results
for the six months ended 30 September 2024

Financial highlights

for the six months ended 30 September 2024

		Six months to 30 September 2024	Six months to 30 September 2023	% change to prior six-month period	Twelve months to 31 March 2024
Revenue	(R'000)	1 740 826	1 711 176	1,7%	3 527 707
Profit	(R'000)	38 483	45 375	(15,2%)	100 658
Earnings per share	(cents)	8,87	10,27	(13,6%)	23,06
Headline earnings per share	(cents)	8,87	10,23	(13,3%)	22,54
Net asset value per share	(cents)	417	406	2,7%	424

Interim consolidated statement of financial position

as at 30 September 2024

	Notes	Unaudited 30 September 2024 R000's	Unaudited 30 September 2023 R000's	Audited 31 March 2024 R000's
ASSETS				
Non-current assets		2 158 650	2 117 044	2 158 310
Property, plant and equipment		895 587	962 942	952 250
Plant and equipment		575 173	606 011	586 746
Right-of-use assets		66 563	77 637	70 851
Owner-occupied properties	5.2	253 851	279 294	294 653
Investment properties	5.2	1 077 813	999 244	1 024 362
Intangible assets and goodwill		41 611	42 622	42 033
Intangible assets		19 356	20 711	20 122
Goodwill		22 255	21 911	21 911
Financial assets at fair value through other comprehensive income	5.4	30 606	7 472	22 675
Long-term lease receivables		2 223	2 043	3 065
Deferred tax assets		110 810	102 721	113 925
Current assets		1 529 312	1 434 767	1 283 154
Inventories		653 609	620 342	581 882
Trade and other receivables		781 543	699 103	543 698
Current tax assets		11 625	11 482	4 379
Cash and cash equivalents		82 535	103 840	153 195
Assets held for sale	4.1	38 924	199 003	115 000
Total current assets		1 568 236	1 633 770	1 398 154
Total assets		3 726 886	3 750 814	3 556 464
EQUITY AND LIABILITIES				
Total equity		1 843 795	1 781 914	1 854 900
Stated capital		1 426 557	1 465 364	1 420 216
Reserves		413 554	316 603	435 572
Equity attributable to owners of the parent		1 840 111	1 781 967	1 855 788
Non-controlling interest		3 684	(53)	(888)
Non-current liabilities		947 433	1 084 312	1 052 157
Deferred tax liabilities		22 224	4 276	26 066
Post-employment medical aid benefits		69 331	70 937	67 831
Deferred Income: government grants		80 339	95 391	91 054
Interest-bearing liabilities	6.1	697 369	822 757	787 339
Lease liabilities		78 170	90 951	79 867
Current liabilities		935 658	884 588	649 407
Current tax liabilities		4 066	11 395	4 539
Post-employment medical aid benefits		7 878	7 592	7 878
Deferred Income: government grants		7 249	5 327	10 900
Interest-bearing liabilities	6.1	43 718	43 629	49 669
Lease liabilities		26 736	24 491	29 141
Trade and other payables		569 712	494 283	484 096
Bank overdraft		276 299	297 871	63 184
Total liabilities		1 883 091	1 968 900	1 701 564
Total equity and liabilities		3 726 886	3 750 814	3 556 464

Interim consolidated statement of profit or loss and other comprehensive income

for the six months ended 30 September 2024

	Notes	Unaudited 30 September 2024 R000's	Unaudited 30 September 2023 R000's
Continuing operations			
Revenue		1 740 826	1 711 176
Cost of sales		(1 325 123)	(1 313 772)
Gross profit		415 703	397 404
Other income		4 911	21 165
Selling and distribution expenses		(150 771)	(150 573)
Administrative and other expenses		(160 347)	(153 624)
Profit before finance costs		109 496	114 372
Finance income		1 418	574
Finance expenses		(56 325)	(58 762)
Profit before taxation		54 589	56 184
Income tax expense	4.2	(16 106)	(10 809)
Profit after tax		38 483	45 375
Other comprehensive income, net of related tax			
Items that will not be reclassified to profit or loss			
Fair value gain on financial assets at fair value through comprehensive income		360	–
Items that may be reclassified to profit or loss			
Foreign operations - foreign currency translation differences		(3 178)	2 301
Other comprehensive income, net of tax		(2 818)	2 301
Total comprehensive income for the period		35 665	47 676
Profit attributable to:			
Owners of the parent		38 953	45 023
Non-controlling interest		(470)	352
		38 483	45 375
Total comprehensive income attributable to:			
Owners of the parent		36 135	47 324
Non-controlling interest		(470)	352
		35 665	47 676
Basic earnings per share	(cents)	8.87	10.27
Diluted earnings per share	(cents)	8.70	9.96

Interim consolidated statement of changes in equity

for the six months ended 30 September 2024

Notes	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 2023	1 465 203	292 127	24 227	316 354	(405)	1 781 152
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)
Balance 30 September 2023	1 465 364	294 428	22 175	316 603	(53)	1 781 914
Balance at 1 April 2024	1 420 216	308 201	127 371	435 572	(888)	1 854 900
Total comprehensive income	-	(2 818)	38 953	36 135	(470)	35 665
Transactions with owners of the company						
Effects of changes in shareholding	6.3	-	(4 479)	(4 479)	2 588	(1 891)
Non-controlling interest on acquisition of subsidiaries	5.3	-	-	-	2 454	2 454
Share scheme – options exercised	9 880	-	(9 880)	(9 880)	-	-
Share buy-back	(3 539)	-	-	-	-	(3 539)
Distribution to shareholders	-	-	(43 794)	(43 794)	-	(43 794)
Balance 30 September 2024	1 426 557	305 383	108 171	413 554	3 684	1 843 795

	Unaudited 30 September 2024 R000's	Unaudited 30 September 2023 R000's
Composition of other reserves		
Foreign currency translation reserve	5 209	8 359
Common control reserve	(20 219)	(20 219)
Surplus on revaluation	320 393	306 288
	305 383	294 428

Interim consolidated statement of cash flows

for the six months ended 30 September 2024

	Notes	Unaudited 30 September 2024 R000's	Unaudited 30 September 2023 R000's
Net cash flows from operating activities		(163 950)	(78 148)
Cash generated from operating activities before working capital changes		149 589	148 208
Cash outflow from working capital changes		(239 006)	(166 392)
Inventories		(83 814)	14 767
Trade and other receivables		(229 969)	(124 830)
Trade and other payables		74 777	(56 329)
Finance costs		(54 907)	(58 134)
Taxes paid		(19 626)	(1 830)
Net cash flow from investing activities		43 618	(69 279)
Acquisition of plant and equipment	5.1	(8 761)	(64 064)
Proceeds from sale of assets held for sale		64 990	–
Proceeds from disposals of plant and equipment		3 638	3 324
Development cost of investment property	5.2	(3 451)	(6 055)
Acquisition of subsidiary, net of cash acquired	5.3	(4 986)	–
Acquisition of intangible assets	5.1	(241)	(1 248)
Change in investments	5.4	(7 571)	(1 236)
Net cash flow from financing activities		(163 443)	(77 052)
Proceeds from borrowings		–	77 170
Repayment of borrowings		(103 589)	(98 314)
Principal elements of lease payments		(10 630)	(8 994)
Share buy-back		(3 539)	(3 082)
Transactions with non-controlling interest	6.3	(1 891)	–
Distribution to shareholders		(43 794)	(43 832)
Net decrease in cash and cash equivalents		(283 775)	(224 479)
Cash and cash equivalents at the beginning of the year		90 011	30 448
Cash and cash equivalents at the end of the year		(193 764)	(194 031)

Interim consolidated segmental report

for the six months ended 30 September 2024

	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
2024						
Segment revenue						
Gross revenue	91 193	534 654	485 753	686 437	–	1 798 037
Less: Inter-segment sales	(20 006)	(18 410)	–	(18 795)	–	(57 211)
Revenue as per statement of profit or loss and other comprehensive income	71 187	516 244	485 753	667 642	–	1 740 826
Primary geographical market						
South Africa	91 193*	521 457**	480 258	672 491	–	1 765 399
Other African countries	–	11 701	–	13 362	–	25 063
Asia	–	495	–	584	–	1 079
Europe	–	–	–	–	–	–
South America	–	–	5 495	–	–	5 495
North America	–	1 001	–	–	–	1 001
	91 193	534 654	485 753	686 437	–	1 798 037
Major products/service lines						
Woven, knitted and non-woven products	–	–	–	506 422	–	506 422
Pressed, roll-formed steel products	–	–	485 753	90 508	–	576 261
Speciality chemicals	–	–	–	89 507	–	89 507
Rentals	91 193	–	–	–	–	91 193
Toys, electronic games and sports goods	–	388 784	–	–	–	388 784
Stationery, publishing and office supplies	–	145 870	–	–	–	145 870
	91 193	534 654	485 753	686 437	–	1 798 037
IFRS 15 timing of revenue recognition						
At a point in time	–	511 235	479 824	686 437	–	1 677 496
Over time	–	–	5 929	–	–	5 929
	–	511 235	485 753	686 437	–	1 683 425
IFRS 16 revenue						
Lease contract income	91 193	23 419	–	–	–	114 612
	91 193	23 419	–	–	–	114 612
Total	91 193	534 654	485 753	686 437	–	1 798 037
Segment results						
Profit before finance costs	47 746	7 262	34 072	43 332	(22 916)	109 496
Finance expenses	–	–	–	–	–	(54 907)
Profit before taxation	–	–	–	–	–	54 589
Total segment assets	1 374 590	803 395	586 486	893 291	69 124	3 726 886
Total segment liabilities	24 909	452 891	340 847	418 016	646 428	1 883 091

* Properties revenue relate to rental income received from tenants.

** Included in the above is R23,4 million (2023: R19,4 million) in rental income from the leasing of office supplies to customers.

Interim consolidated segmental report

for the six months ended 30 September 2024 (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
2023						
Segment revenue						
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)
Revenue as per statement of profit or loss and other comprehensive income	77 148	553 689	444 958	635 381	–	1 711 176
Primary geographical market						
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
	97 952	562 003	444 958	655 199	–	1 760 112
Major products/service lines						
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
	97 952	562 003	444 958	655 199	–	1 760 112
IFRS 15 timing of revenue recognition						
At a point in time*	–	542 612	416 205	655 199	–	1 614 016
Over time	–	–	28 753	–	–	28 753
	–	542 612	444 958	655 199	–	1 642 769
IFRS 16 revenue						
Lease contract income*	97 952	19 391	–	–	–	117 343
	97 952	19 391	–	–	–	117 343
Total	97 952	562 003	444 958	655 199	–	1 760 112
Segment results						
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
Total segment assets	1 536 326	746 957	535 852	861 234	70 445	3 750 814
Total segment liabilities	26 975	293 698	323 008	429 153	896 066	1 968 900

* The prior period figures relating to the Properties and Branded product distribution segments have been restated to show IFRS 16 lease contract revenue separately from IFRS 15 revenue from contracts with customers. The restatement had no impact on the profits of the Group or the respective segments.

Statistics per share

for the six months ended 30 September 2024

		Unaudited 30 September 2024	Unaudited 30 September 2023	Audited 31 March 2024
Number of shares in issue (refer to note 7)	('000)	441 672	438 415	438 201
Weighted average number of shares in issue	('000)	439 313	438 487	438 536
Diluted weighted average number of shares in issue	('000)	447 988	452 187	450 559
Basic earnings per share	(cents)	8,87	10,27	23,06
Continuing operations		8,87	10,27	23,06
Headline earnings per share	(cents)	8,87	10,23	22,54
Continuing operations		8,87	10,23	22,54
Diluted earnings per share	(cents)	8,70	9,96	22,45
Continuing operations		8,70	9,96	22,45
Diluted headline earnings per share	(cents)	8,70	9,92	21,94
Continuing operations		8,70	9,92	21,94
Reconciliation between profit and headline earnings				
Profit attributable to owners of the parent	(R'000)	38 953	45 023	101 141
Impairment of assets	(R'000)	–	–	1 587
Remeasurement of properties	(R'000)	–	–	(570)
Surplus on disposal of property, plant and equipment	(R'000)	(96)	(252)	(364)
Loss on disposal of property, plant and equipment	(R'000)	103	41	334
Surplus on disposal of non-current assets held for sale	(R'000)	9	–	(4 042)
Insurance claim for capital asset	(R'000)	–	–	–
Total tax effect of adjustments	(R'000)	4	57	777
Headline earnings	(R'000)	38 973	44 869	98 863
Net asset value per share	(cents)	417	406	424

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 interim unaudited consolidated financial results for the six months ended 30 September 2024

1. Basis of preparation

The interim consolidated financial statements are prepared in accordance with IAS 34 Interim Financial Reporting 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 IFRS Accounting 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 2024.

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, BDO South Africa Inc.

2. Significant accounting policies and estimates

The unaudited interim consolidated results have been prepared under the historical cost convention, except for the revaluation of certain properties and financial instruments. The accounting policies adopted are in terms of IFRS Accounting Standards and consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2024.

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 interim unaudited consolidated financial results for the six months ended 30 September 2024 (continued)

4. Significant operating activities

4.1 Assets classified as held for sale

	30 September 2024 R000's	30 September 2023 R000's
Carrying value at 1 April 2024	115 000	132 500
Transfer from investment property (Note 5.2.2)	–	66 503
Transfer from owner-occupied property (Note 5.2.1)*	38 924	–
Transfer to investment property (Note 5.2.2)**	(50 000)	–
Disposals***	(65 000)	–
Carrying value at 30 September 2024	38 924	199 003

* The directors of Vega Properties, a division of Sargas Proprietary Limited have decided to dispose of a property situated in Epping, Cape Town. The sale is expected to be completed within the next 12 months.

** A property that was placed on the market in the prior year has been transferred back to Investment Property as the sale is no longer considered highly probable.

*** On 13 October 2023 the Group entered into an agreement to dispose of a property situated in Mobeni, Durban, for a consideration of R65 million. The details of the disposal were published on SENS on 13 October 2023. The property is included in assets held for sale as at 31 March 2024 and the transfer took place on 18 June 2024.

4.2 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 2024 is 30%, compared to 19% for the six months ended 30 September 2023.

	30 September 2024 R000's	30 September 2023 R000's
Current normal tax	12 104	6 040
Deferred normal tax	4 002	4 769
	16 106	10 809

5. Significant investing activities

5.1 Capital expenditure and commitments

	Capital expenditure		Contractual commitments	
	30 September 2024 R000's	30 September 2023 R000's	30 September 2024 R000's	30 September 2023 R000's
Investment property	3 451	6 055	2 727	–
Plant and equipment	8 761	64 064	10 837	13 270
Intangible assets	241	1 248	–	–
	12 453	71 367	13 564	13 270

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

Notes to the interim unaudited consolidated financial results for the six months ended 30 September 2024 (continued)

5. Significant investing activities (continued)

5.2 Properties

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

At 31 March 2024 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 property portfolio as at 30 September 2024 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 2024 R000's	30 September 2023 R000's	31 March 2024 R000's
Opening carrying value	294 653	280 346	280 346
Transfer to held for sale	(38 924)	–	–
Depreciation	(1 878)	(1 052)	(2 096)
Revaluations	–	–	16 424
Disposals	–	–	(21)
Closing carrying value	253 851	279 294	294 653

5.2.2 Investment properties

The movement in investment properties is as follows:

Opening carrying value	1 024 362	1 063 513	1 063 513
Transfer to plant and equipment	–	(3 821)	–
Development cost	3 451	6 055	2 964
Transfer from held for sale (Note 4.1)	50 000	–	81 500
Transfer to held for sale (Note 4.1)	–	(66 503)	(126 771)
Fair value adjustments	–	–	3 156
Closing carrying value	1 077 813	999 244	1 024 362

Property type	%	%	%
Retail/Commercial	8,0	9,7	10,2
Industrial	92,0	90,3	89,8

5.2.3 Valuation technique and significant unobservable inputs

There have been no changes since 31 March 2024.

Notes to the interim unaudited consolidated financial results for the six months ended 30 September 2024 (continued)

5. Significant investing activities (continued)

5.3 Business combinations

On 31 July 2024 the Group acquired a 75% shareholding in Agglowaste Holding (Pty) Ltd ("Agglowaste"). Agglowaste is a holding company for businesses that transform byproducts and environmental waste into usable, manageable, and saleable products. By virtue of this acquisition, the Group obtained a 75% indirect shareholding in Picko Consulting (Pty) Ltd ("Picko Consulting").

Measurement of fair values

The assets and liabilities acquired have been measured on a provisional basis. If new information is obtained within one year of the date of acquisition about the facts and circumstances that existed at the date of acquisition, the accounting for the acquisition will be revised.

Consideration transferred

The following table summarises the consideration paid for Picko Consulting.

Consideration	Industrial Product Manufacturing R000's
Cash consideration transferred	7 705
Add cash and cash equivalents in the business acquired	(2 719)
Cash outflow for acquisition of subsidiary (net of cash acquired)	4 986

Contingent consideration is payable if Agglowaste's consolidated profits exceed a certain threshold. However, sufficient information does not exist for the Group to determine the fair value at this point.

Analysis of assets and liabilities acquired:

	Industrial Product Manufacturing R000's
Property plant and equipment	2 666
Right-of-use assets	3 079
Inventories	623
Trade and other receivables	8 967
Current tax asset	197
Cash and cash equivalents	2 719
Lease liabilities	(3 100)
Trade and other payables	(5 336)
Total identifiable net assets	9 815
Non-controlling interest	(2 454)
Goodwill	344
Consideration paid	7 705

Goodwill

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

Notes to the interim unaudited consolidated financial results for the six months ended 30 September 2024 (continued)

5. Significant investing activities (continued)

5.4 Fair value measurement of equity investments

5.4.1 Fair value hierarchy

Financial assets at fair value through other comprehensive income:

	30 September 2024 R000's	30 September 2023 R000's	31 March 2024 R000's
Equity investments			
Level 1	13 679	3 515	6 179
Level 2	–	3 957	4 561
Level 3	16 927	–	11 935
Total	30 606	7 472	22 675

5.4.2 Reconciliation: Level 3 recurring fair value measurements

	30 September 2024 R000's	30 September 2023 R000's	31 March 2024 R000's
Opening carrying value	11 935	–	–
Additions	4 992	–	11 935
Net unrealised gain recognised during the period	–	–	–
Closing carrying value	16 927	–	11 935

There has been no material change in the fair value of level 3 equity investments.

5.4.3 Transfers during the period

During the six-month period to 30 September 2024:

- there were no transfers between Level 1 and Level 2 fair value measurements; and
- there were no transfers into or out of Level 3 fair value measurements.

5.4.3 Valuation techniques

For Level 1 equity investments classified at fair value through OCI the Group uses quoted prices (unadjusted) in active markets.

For Level 3 equity investments classified at fair value through OCI the Group uses a discounted cash flow model to determine fair value as at the reporting date.

This approach requires the use of assumptions about certain unobservable inputs.

Notes to the interim unaudited consolidated financial results for the six months ended 30 September 2024 (continued)

6. Significant financing activities

6.1 Interest-bearing liabilities

During the current year the Group has repaid interest-bearing liabilities of R103,6 million.

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

	30 September 2024 R'000	30 September 2023 R'000
Secured		
Loans from financial institutions	731 357	857 917
Instalment sale agreements	9 730	8 469
Total interest-bearing liabilities	741 087	866 386
Current portion of interest-bearing liabilities	43 718	43 629
Non-current portion of interest-bearing liabilities	697 369	822 757
6.2 Working capital facilities		
Available facility	640 000	638 000
Net utilised	(288 700)	(311 448)
Bank overdraft	(276 299)	(297 871)
Letter of credits	(12 401)	(13 577)

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 2024. Based on the latest forecast there appears to be limited risk of not adhering to the loan covenants for the year ending 31 March 2025.

6.3 Additional interest acquired in subsidiary

On 31 July, the Group increased its shareholding in Explorius (Pty) Ltd from 50.25% to 75% in a transaction with Agglowaste for a consideration of R1.9 million.

7. Shares in issue

	30 September 2024 000's	30 September 2023 000's
Balance at the beginning of the year	438 201	438 324
Share buy-back during the year*	(1 844)	(1 375)
Issued during the year**	5 315	1 466
Closing carrying value	441 672	438 415

* During the year, the Group repurchased and cancelled shares from the open market on the JSE.

** Shares were issued in terms of the Group's share incentive scheme.

Notes to the interim unaudited consolidated financial results for the six months ended 30 September 2024 (continued)

8. Events after the reporting period

On 8 October 2024 the Group, via its subsidiary Deneb Investments UK Limited (Deneb UK), acquired an 80% shareholding in Puretech Limited, a company based in the United Kingdom for a purchase price of £800 000. In terms of the share purchase agreement, £160 000 of the purchase price is deferred and is payable on the first anniversary date of completion subject to there being no warranty claims. Deneb Investments Limited has guaranteed the obligations of Deneb UK to the sellers in respect of the retained consideration.

The sellers have an option to sell the retained shares (20%) during the period starting from the end of the financial year for the 12 months ending on the last day of the 2028 financial year to the 31 December 2029, at a seven times multiple of the adjusted profit after tax (PAT) averaged over the three financial years immediately prior to the exercise of the option, subject, inter alia to the sustainability of the PAT and Deneb UK having the required funding available and obtaining the required approval from the SA Reserve Bank at the time the option is exercised.

Shareholders are advised in terms of section 45(5) of the Companies Act, 2008 ("the Act"), that the directors of Deneb Investments Limited have resolved to provide financial assistance to Deneb UK in accordance with section 45(2) of the Act, pursuant to the authority granted to the board by shareholders at the annual general meeting of the company held on 7 August 2024. The financial assistance is in respect of the furnishing of the guarantee in favour of the Sellers of Puretech Limited for the retained consideration. Shareholders are hereby notified for purposes of section 45(5)(a) of the Act that the financial assistance exceeds one-tenth of 1% of the company's net worth and that in accordance and in compliance with section 45(3)(b) of the Act, the directors are satisfied that immediately after providing such financial assistance, the company satisfies the solvency and liquidity test provided for in section 4 of the Act and that the terms of the financial assistance is fair and reasonable to the company.

The directors are not aware of any other material fact or circumstances arising between the end of the six-month period ended 30 September 2024 and the date of this report.

9. Distribution

The directors have resolved not to declare an interim dividend/distribution for the six months ended 30 September 2024 (2023: Nil).

10. Going concern

The interim consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes 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.

The directors have reviewed the underlying repayment dates of the short terms liabilities and the Group's short term cash flow forecast and foresee all current liabilities to be paid in the ordinary course of business and when they become due.

Commentary

With HEPS down 13,3% compared to the same period last year, these cannot be considered strong results. There are some mitigations, but we are cognisant that if you are explaining your results, they probably aren't the strongest. That said, the decline for the period is more to do with credits recognised in the prior period rather than any deterioration in the current period.

In most respects the numbers went in the right direction albeit at a slower pace than we would like. Turnover was up 1,7%, better margins saw gross profit rise 4,6% while operating costs only increased by 2,3%. If the income statement stopped after these lines, at core operating profit, we would be up 12,2% on prior year. The lines that turn this into the 13.3% decline are sundry income, down R16 million (77%) and taxation up R5 million (49%). The movements in these lines are due to the following:

- Government incentives were R6 million below the level in the prior period. These incentives are recognised when initiatives meet certain thresholds. In the prior period, we had more qualifying projects than in the current one.
- Within our property business we had a R6 million negative swing in provisions for bad debts. In the prior period, we released a bad debt provision of R3 million as the tenant paid the arrears after year end. In the current period we have provided for R3 million for bad debts to cover any potential bad debts from delinquent tenants.
- Forex losses were R2 million greater than in the comparative period, this should largely wash through the income statement through improved margins by financial year end.
- On the tax line, in the prior period certain capital gains tax credits were recognised which resulted in an effective tax rate of 19%. The effective tax rate in the current period is closer to 30% as we do not recognise deferred tax assets in loss making subsidiaries, until it is likely that they will become sustainably profitable.

Property

The Group's property business has been a good performer since its creation in 2010. However, this division struggled a little in the period under review with profit before finance costs down 22% to R48 million. The reasons for the decline are:

- Revenue was down R7 million (7%). Over the last few periods we have been net sellers of properties that are not considered core resulting in the gross lettable area reducing. We also had a long-standing tenant vacate some 36 000m² of space, some of this space needs to undergo renovation before being relet.
- There was a R6 million negative swing in provisions for bad debts as mentioned above. Rent collections have become more of struggle in general which probably reflects on some of the pressure that our tenants find themselves under. Our tenants are mostly small to medium-sized businesses in the industrial and logistic space.

Branded Product Distribution

The businesses within the Branded Product segment are seasonal in nature with most of the profitability coming through in the second half of the financial year. That said, in the period under review, turnover declined by 5% due to a change in Microsoft's gaming strategy to only support larger markets with the current generation of gaming hardware. This has meant that sales of Xbox consoles have declined. The good news is that gross margins in this segment improved quite significantly due to turnover mix and fewer clearance sales in the current period. Operating costs declined as we restructured certain businesses in anticipation of the lower turnover. This resulted in profitability improving by R6 million.

Manufacturing

The manufacturing businesses delivered reasonable revenue growth of 6,5%, with most of this growth coming through the automotive segment. Gross margins improved and as a result, gross profit was up 12%. Costs were well controlled increasing by 5%. Operating profit was up 12% but the reduced government incentives as detailed above meant that the improvement in profit before finance costs was limited to 10%.

On behalf of the board

Stuart Queen
Chief Executive Officer

Gys Wege
Financial Director

Cape Town
26 November 2024

Corporate information



DENE 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

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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: BDO South Africa Inc.

Sponsors: PSG Capital Proprietary Limited

Announcement date: 26 November 2024

www.deneb.co.za