

African and Overseas Enterprises Limited

(Incorporated in the Republic of South Africa - Registration Number: 1947/027461/06)

JSE share codes: AOO - AON - AOVP

ISIN: ZAE000000485 - ZAE0000009718 - ZAE000000493

("AOE" or "the company" or "the group")



UNAUDITED INTERIM CONDENSED CONSOLIDATED RESULTS for the six months ended 31 December 2021

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 31 December 2021 Unaudited	Six months ended 31 December 2020 Unaudited Restated *	Year ended 30 June 2021 Audited
	%	R'000	R'000	R'000
CONTINUING OPERATIONS				
Revenue *				
	30.9%	315,168	240,843	491,427
Retail sales	32.4%	300,524	226,956	464,961
Cost of sales *		(139,767)	(114,100)	(222,421)
Gross profit	42.4%	160,757	112,856	242,540
Other revenue *	5.5%	14,644	13,887	26,466
Impairment loss on financial assets		-	(1,389)	-
Other operating costs *	19.3%	(137,027)	(114,876)	(220,393)
Operating profit	266.2%	38,374	10,478	48,613
Investment income		11,390	10,098	20,541
Finance costs		(17,038)	(20,553)	(37,271)
Share of profit / (loss) of associate, including gain on bargain purchase		2,731	1,249	(939)
Dilution loss on investment in associate		-	(32)	-
Profit before tax	2759.4%	35,457	1,240	30,944
Income tax expense		(9,035)	(290)	(9,083)
Profit for the period from continuing operations		26,422	950	21,861
DISCONTINUED OPERATIONS				
(Loss) / profit for the period from discontinued operations		(56)	111	559
Profit for the period	2385.0%	26,366	1,061	22,420
* Prior period figures restated. Refer to note 4.				
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Gain on post-retirement defined benefit plan		134	-	210
Items that are or may be subsequently reclassified to profit or loss				
Fair value adjustment on assets held at fair value through other comprehensive income		486	34	531
Other comprehensive income for the year, net of taxation		620	34	741
Total comprehensive income for the year		26,986	1,095	23,161
Profit attributable to:				
Equity holders		12,707	(446)	10,870
Non-controlling interest		13,659	1,507	11,550
Profit for the period		26,366	1,061	22,420
Total comprehensive income attributable to:				
Ordinary and "N" ordinary shareholders of the parent		13,106	(412)	11,322
Non-controlling interest		13,880	1,507	11,839
Total comprehensive income for the period		26,986	1,095	23,161
Reconciliation of headline earnings				
Equity holders		12,690	(463)	10,837
Adjusted for:				
Loss from disposal of property, plant and equipment, net of taxation		750	919	1,194
Impairment on right-of-use asset		-	-	1,273
Dilution loss on investment in associate		-	17	-
Non-headline earnings items included in earnings from associate		2	3	3
Profit from disposal of property, plant and equipment, net of taxation		2	3	3
Headline earnings		13,442	476	13,307
Basic earnings / (loss) per ordinary share (cents)	2 870.0%	110.8	(4.0)	94.5
Headline earnings per ordinary share (cents)	2 692.9%	117.3	4.2	116.0
Diluted earnings / (loss) per ordinary share (cents)	2 862.5%	110.5	(4.0)	94.3
Diluted headline earnings per ordinary share (cents)	2 756.1%	117.1	4.1	115.8
Weighted average number of equity shares on which earnings per share is based (000's)		11,458	11,462	11,468
Weighted average number of equity shares on which diluted earnings per share is based (000's)		11,479	11,504	11,489
KEY RATIOS				
Gross profit margin	%	53.5	49.7	52.2
Retail segment operating costs to turnover	%	42.2	46.7	43.1
Other operating costs to revenue	%	43.5	47.7	44.8
Retail segment operating profit margin	%	11.3	3.0	9.1
Operating profit margin	%	12.8	4.6	10.5
Retail segment net profit after tax margin	%	5.1	(2.9)	2.2
Net profit after tax margin	%	8.8	0.4	4.7

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December 2021 Unaudited	As at 31 December 2020 Unaudited Restated *	As at 30 June 2021 Audited
	Notes	R'000	R'000	R'000
ASSETS				
Non-current assets				
		499,834	532,453	507,425
Property, plant and equipment		37,031	48,383	43,284
Investment property		59,691	62,016	60,829
Intangible assets		11,633	16,786	14,924
ROU asset *	7	170,345	200,764	182,749
Investment in associate	8	182,272	163,515	170,081
Other investments	9	11,785	1,297	1,904
Loans receivable		440	977	987
Deferred tax asset *		26,637	38,715	32,667
Current assets				
		239,095	232,868	212,341
Inventories	10	81,584	106,116	81,237
Trade and other receivables		17,471	19,155	19,434
Forward exchange contracts		504	-	-
Income tax receivable		4,301	5,966	211
Accrued operating lease asset		1,044	1,715	819
Cash and cash equivalents		134,191	99,055	110,640
Assets classified as held for sale		-	861	-
Total assets		738,929	765,321	719,766
EQUITY AND LIABILITIES				
Capital and reserves				
		300,516	252,206	273,177
Share capital		3,629	3,630	3,629
Share premium		6,616	6,616	6,616
Treasury shares		(243)	-	(243)
Share-based payment reserve		4,146	4,799	3,891
Other reserves		2,213	1,452	1,875
Retained earnings *		138,001	113,167	125,311
Non-controlling interest *		146,154	122,542	132,098
Non-current liabilities				
		284,843	377,017	301,984
Lease Liability *	11	182,341	281,964	204,210
Post-retirement liability		126	591	312
Provisions *	12	4,180	3,254	3,078
Loan payable	8	85,634	78,634	82,067
Deferred tax liability		12,562	12,574	12,317
Current liabilities				
		153,570	136,098	144,605
Lease liability	11	59,003	28,257	56,719
Trade and other payables		92,517	95,222	85,547
Provisions *	12	2,050	2,276	2,165
Forward exchange contracts		-	1,818	174
Liabilities directly associated with assets classified as held for sale		-	8,525	-
Total equity and liabilities		738,929	765,321	719,766

* Prior period figures restated. Refer to note 4.

OTHER INFORMATION AND KEY RATIOS

Capital commitments				
Authorised - not contracted for	R'000	2,717	4,112	8,226
Authorised - contracted for	R'000	2,308	3,905	879
Return on equity	%	8.7	(17.5)	4.2
Return on capital	%	35.8	(27.4)	26.1
Return on assets	%	13.2	(10.1)	9.1
Inventory turn	times	2.6	2.0	2.3
Asset turn	times	0.7	0.5	0.6
Net asset value per share	R	13.16	11.04	12.01

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	As at 31 December 2021 Unaudited R'000	As at 31 December 2020 Unaudited R'000	As at 30 June 2021 Audited R'000
Cash flows from operating activities			
Operating profit before working capital changes	75,198	54,407	94,517
Working capital changes	9,352	16,083	36,786
Interest received	1,931	16,774	18,494
Interest paid	(13,471)	(24,357)	(37,290)
Dividends paid	(25)	(25)	(50)
Dividends received	1,168	28	38
Income tax paid	(6,995)	(3,010)	(412)
Net cash inflows from operating activities	67,158	59,900	112,083
Cash flows from investing activities			
Additions to property, plant, equipment and investment property	(3,229)	(1,102)	(4,197)
Additions to intangible assets	(5)	(275)	(369)
Proceeds from disposal of property, plant and equipment	163	-	-
Loans advanced	(6)	(10)	(20)
Loans repaid	553	-	-
Investment in associate	-	(421)	(421)
Other investments	(9,253)	(418)	(402)
Net cash outflows from investing activities	(11,777)	(2,226)	(5,409)
Cash flows from financing activities			
Lease liabilities repaid	(31,830)	(31,243)	(66,753)
Shares repurchased by subsidiary	-	-	(1,905)
Net cash outflows from financing activities	(31,830)	(31,243)	(68,658)
Net increase in cash and cash equivalents	23,551	26,431	38,016
Cash and cash equivalents at the beginning of the period	110,640	72,624	72,624
Cash and cash equivalents at the end of the period	134,191	99,055	110,640

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended 31 December 2021 Unaudited R'000	Six months ended 31 December 2020 Unaudited Restated * R'000	Year ended 30 June 2021 Audited R'000
Share capital	3,629	3,630	3,629
Opening balance	3,629	3,630	3,629
Share premium	6,616	6,616	6,616
Opening balance	6,616	6,616	6,616
Treasury shares	(243)	-	(243)
Opening balance	(243)	-	-
Treasury shares purchased	-	-	(486)
Delivery of treasury shares	-	-	243
Share-based payment and other reserves	6,359	6,251	5,766
Opening balance	5,766	5,576	5,576
Gain on post-retirement defined benefit plans	73	-	163
Delivery of treasury shares	-	-	(243)
Equity-settled share-based payment	255	641	(32)
Fair value adjustment on assets held at fair value through other comprehensive income	265	34	289
Change in degree of control	-	-	13
Retained earnings *	138,001	113,167	125,311
Opening balance *	125,311	113,630	113,630
Profit / (loss) for the period	12,707	(446)	10,870
Preference dividends paid	(17)	(17)	(33)
Equity-settled share-based payment	-	-	484
Change in degree of control	-	-	360
Non-controlling interest *	146,154	122,542	132,098
Opening balance *	132,098	120,705	120,705
Profit for the period	13,659	1,507	11,550
Preference dividends paid	(8)	(8)	(17)
Gain on post-retirement defined benefit plans	61	-	47
Treasury shares purchased	-	-	(647)
Equity-settled share-based payment	123	310	591
Fair value adjustment on assets held at fair value through other comprehensive income	221	28	242
Change in degree of control	-	-	(373)
Total capital and reserves	300,516	252,206	273,177

* Prior period figures restated. Refer to note 4.

SUMMARY OF RELATED PARTY BALANCES AND TRANSACTIONS

	Six months ended 31 December 2021 R'000	Six months ended 31 December 2020 R'000	Year ended 30 June 2021 R'000
Related party transactions during the period were as follows:			
Management and administration fees received			
- SA Water Works Holding Company (RF) Proprietary Limited ¹	1,415	1,332	2,722
Management and administration fees paid			
- Geomer Managerial Services Proprietary Limited ²	1,323	1,260	2,520
Accrued dividends on loan to associate			
- SA Water Works Holding Company (RF) Proprietary Limited ¹	9,460	8,490	17,213

Related party balances during the period were as follows:

Loans receivable			
- SA Water Works Holding Company (RF) Proprietary Limited ¹	161,176	142,994	151,717
- Unsecured loans to share scheme participants ⁴	440	977	987

¹ Associate company

² Indirectly controlled by MA Golding

³ Holding company

⁴ Includes a loan to a director

DIRECTORS' REMUNERATION

Directors' fees	512	665	1,225
Fees for other services	163	212	326
Basic salary	719	861	1,552
Performance related payments	125	-	-
Share-based payment	-	-	882
Value of other benefits	30	29	57
Retirement fund contributions	31	30	55
	1,580	1,797	4,097

GROUP SEGMENTAL REPORTING
Revenue

Retail	300,968	228,020	466,746
Retail sales	300,524	226,956	464,961
Management fee income - Inter-segment	444	1,064	1,785
Property	16,298	16,401	31,574
Rental income - External	9,999	10,624	19,853
Rental income - Inter-segment	3,578	3,355	6,799
Tenant recoveries - External	2,051	1,903	3,853
Tenant recoveries - Inter-segment	670	519	1,069
Water infrastructure	1,100	1,069	2,150
Management fee income - External	1,075	1,041	2,116
Dividend income - External	25	28	34
Group Services	3,394	1,963	4,190
Management fee income - External	340	291	606
Management fee income - Inter-segment	1,900	1,672	3,580
Dividend income - External	1,143	-	4
Profit on sale of property - External	11	-	-
Inter-segment eliminations	(6,592)	(6,610)	(13,233)
Total group revenue	315,168	240,843	491,427
Segment operating profit / (loss)			
Retail	34,041	6,891	42,099
Property	7,347	8,228	15,364
Water infrastructure	2	(13)	(122)
Group services*	(3,016)	(4,628)	(8,728)
Total group operating profit	38,374	10,478	48,613
Segment net profit / (loss) after tax			
Retail	15,447	(6,501)	10,165
Property	5,343	5,952	11,125
Water infrastructure	5,002	2,406	2,104
Group services*	630	(907)	(1,533)
Total group net profit after tax	26,422	950	21,861
Depreciation and amortisation			
Retail	36,163	37,548	72,931
Property	1,411	1,431	2,867
Total group depreciation and amortisation	37,574	38,979	75,798
Impairment			
Retail	-	-	7,240
Total group impairment	-	-	7,240

GROUP SEGMENTAL REPORTING (continued)

	Six months ended 31 December 2021 Unaudited R'000	Six months ended 31 December 2020 Unaudited R'000	Year ended 30 June 2021 Audited R'000
Segment assets			
Retail	425,960	474,685	420,839
Property	72,834	73,811	72,600
Water infrastructure	179,743	161,671	170,146
Group services*	130,424	118,100	123,701
Inter-segment eliminations	(70,032)	(62,946)	(67,520)
Total group assets	738,929	765,321	719,766
Segment liabilities			
Retail	333,394	414,798	343,717
Property	7,448	7,370	7,783
Water infrastructure	152,053	138,680	144,943
Group services*	13,835	14,258	13,440
Inter-segment eliminations	(68,317)	(61,991)	(63,294)
Total group liabilities	438,413	513,115	446,589
Capital expenditure			
Retail	3,123	1,326	4,436
Property	133	51	130
Total group capital expenditure	3,256	1,377	4,566

* Group services include corporate costs.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS

1 Basis of preparation

The unaudited condensed consolidated interim financial statements are prepared in accordance with the requirements of the JSE Listings Requirements and the requirements of the Companies Act of South Africa. The JSE Listings Requirements require interim 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 Reporting 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 summarised consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

2 Unaudited results

These results have not been reviewed or audited by the group's auditors. The unaudited condensed consolidated interim financial statements have been prepared under the supervision of D Franklin CA (SA), the company's financial director, and were approved by the board of directors on 24 March 2022.

3 Dividends

	Six months ended 31 December 2021 R'000	Six months ended 31 December 2020 R'000	Year ended 30 June 2021 R'000
Details of dividends paid are as follows:			
Dividend paid in respect of the ordinary shares	-	-	-
Dividend paid in respect of the "N" ordinary shares	-	-	-
Dividend paid on 6% cumulative preference shares	16	16	33

A dividend on the 6% cumulative preference shares for the six months ended 31 December 2021 in the amount of 6 cents per share was declared by the board of directors on 17 December 2021 and was paid on 10 January 2022. The directors have not proposed a dividend in respect of the ordinary and 'N' ordinary shares.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS

4 Prior period restatement

IFRS 16 was adopted for the first time in the financial year ended 30 June 2020. However material errors were identified relating to the application of IFRS16. The restatements of the errors are limited to the comparative period. The impact of the restatements is detailed below. Refer notes 4.1 and 4.2.

In an effort to improve the quality and transparency of the group's financial reporting, management has considered it necessary to reclassify certain items in the statement of financial position, statements of comprehensive income and statement of cash flows. The reclassification of these items resulted in a restatement of the comparative period disclosure as detailed below. Refer note 4.3 to 4.7.

4.1 Restatement - Recognition of right-of-use asset and lease liability

Management enhanced its system of internal controls surrounding the accuracy of the recording of IFRS 16 lease liabilities. During the implementation of the controls certain material errors in the calculation and timing were discovered which accordingly required a restatement of the comparative period. The impact of this adjustment on the comparative period is that the right-of-use asset decreased by R5 743 957 with a corresponding decrease in the lease liability. The related depreciation and impairment charges amounted to R1 534 368 and together with the related taxation impact, resulted in a restatement of opening retained income and non-controlling interest for the comparative period.

4.2 Restatement - Recognition of right-of-use asset and provision for occupancy commitments

A material error was identified that the right-of-use asset did not include an estimate of reinstatement cost where the lease specifically provided for this. The effect of this correction is that the right-of-use asset increased by R3 756 835 with a corresponding increase in long and short term provisions of R3 253 977 and R502 858 respectively, reflecting the initial recording of the reinstatement obligation. The related depreciation and impairment charges for the year end 30 June 2020 amounted to R1 534 368 and together with the related taxation impact were adjusted in Retained earnings in the comparative period. For the six months ended 31 December 2020 the depreciation charge amounted to R366 883 and together with the related taxation impact, were adjusted in the comparative period Statement of comprehensive income.

4.3 Restatement - Interest income not considered revenue

Finance income was historically disclosed as revenue. This was however a misapplication error of IAS 1 and IFRS 15. The prior period disclosure was restated to exclude finance income from revenue as this does not form part of the main operations of the group nor does it result from contracts with customers in terms of IFRS 15. The impact of the correction is that revenue as disclosed by the group decreased by R10 188 139 in the prior period.

4.4 Restatement - Tenant recoveries considered revenue

Tenant recoveries were historically offset against other operating costs and not disclosed as revenue. This was a misapplication error of IFRS 15 as the group acts as principal on its own account and recovers operating costs from tenants in terms of the lease agreement. The group acts as a principal on its own account when delivering services to tenants over a period of time. The impact of the correction is that revenue as disclosed by the group increased by R1 903 514 in the prior period, with a corresponding decrease in other operating costs.

4.5 Reclassification - Realised and unrealised foreign exchange gains and losses not considered cost of sales

Foreign exchange gains and losses were historically included as a component of cost of sales. On further consideration management is now of the view that foreign exchange gains and losses were erroneously included in the cost of inventory and therefore cost of sales. In terms of IAS 2 the amounts have accordingly been reclassified to other operating cost. The impact of the adjustment is that cost of sales decreased by R1 214 564 and other operating cost increased by the same amount both in the prior period.

4.6 Reclassification - Dividend income to other revenue

Dividend income was historically treated as revenue and disclosed as investment income. The prior period was reclassified to include the dividend income as part of other revenue. The effect is that the dividend income line is removed and the other revenue line is increased by R28 180 for the group.

4.7 Restatement - Loan to associate classified as equity instrument at fair value through profit or loss

Historically the loan to associate company was classified as a financial instrument at amortised cost. Based on the terms of the agreement it should have been disclosed as an equity instrument, and based on management's judgement it was designated at fair value through profit and loss. The effect did not have an impact on the Statements of Financial Position or the Statements of Comprehensive Income. The note disclosure in relation to the loan to associate was updated.

	Notes	Previously reported 31 December 2020 R'000	GROUP Effect of correction R'000	Restated 31 December 2020 R'000
Effect on Statement of financial position				
Non-current assets				
Right-of-use asset	4.1, 4.2	204,652	(3,888)	200,764
Deferred tax	4.1	38,183	532	38,715
Capital and reserves				
Retained earnings	4.1	113,913	(746)	113,167
Non-controlling interest	4.1	123,164	(622)	122,542
Non-current liabilities				
Lease liabilities	4.1	287,708	(5,744)	281,964
Provisions	4.2	-	3,254	3,254
Current liabilities				
Provisions	4.2	1,773	503	2,276
Effect on Statement of comprehensive income				
CONTINUING OPERATIONS				
Revenue				
	4.3, 4.4	249,037	(8,194)	240,843
Cost of sales	4.5	(115,315)	1,215	(114,100)
Gross profit		111,641	1,215	112,856
Other revenue	4.4, 4.6	11,956	1,931	13,887
Other operating costs	4.4, 4.5	(111,391)	(4,874)	(116,265)
Operating profit		10,817	(339)	10,478
Dividend income	4.6	28	(28)	-
Profit / (loss) before tax		1,607	(367)	1,240
Income tax		(393)	103	(290)
Profit / (loss) for the year from continuing operations		1,214	(264)	950
Basic loss per ordinary share (cents)		(2.8)	(1.2)	(4.0)
Headline loss per ordinary share (cents)		5.4	(1.2)	4.2
Diluted loss per ordinary share (cents)		(2.8)	(1.2)	(4.0)
Diluted headline loss per ordinary share (cents)		5.4	(1.3)	4.1
Effect on Statement of changes in equity				
Effect on Retained earnings				
Total loss for the year		(302)	(144)	(446)
Balance of retained earnings at end of the period	4.1	113,913	(746)	113,167
Effect on Non-controlling interest				
Total profit for the year		1,627	(120)	1,507
Balance of retained earnings at end of the period	4.1	123,164	(622)	122,542

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS

5 Discontinued operations

Management has considered the Namibian operations to be a separate segment based on the geographical location of stores and customers. All stores located in Namibia were closed by 31 December 2020 and therefore the Namibian segment has been classified as a discontinued operation.

	Six months ended 31 December 2021 R'000	Six months ended 31 December 2020 R'000	Year ended 30 June 2021 R'000
Financial performance			
Revenue	-	2,878	2,878
Retail sales	-	2,878	2,878
Cost of sales	56	(1,480)	(1,480)
Gross profit	56	1,398	1,398
Gain on lease cancellations	-	1,724	1,724
Loss on disposal of fixed assets	-	(1,332)	(1,367)
Depreciation, impairment and amortisation	-	(222)	(222)
Other operating costs	(112)	(1,207)	(868)
Operating (loss) / profit	(56)	361	665
Finance costs	-	(250)	(106)
(Loss) / profit before tax	(56)	111	559
Income tax expense	-	-	-
(Loss) / profit for the period from discontinued operations	(56)	111	559

Cash flow information

Net cash inflows from operating activities	(45)	2,193	337
Net cash outflows from financing activities	-	(2,447)	(723)
Net decrease in cash and cash equivalents from discontinued operations	(45)	(254)	(386)

6 Revenue

Revenue from contracts with customers

Retail sales	300,524	226,956	464,961
Management fee income	1,415	1,332	2,722
Tenant recoveries	2,051	1,903	3,853
Profit on sale of property	11	-	-
	304,001	230,191	471,536

Timing of revenue recognition:

Products transferred at a point in time	300,535	226,956	464,961
Recognised over the period services are rendered	3,466	3,235	6,575
	304,001	230,191	471,536

Revenue from lease agreements – IFRS 16

Rental income	9,999	10,624	19,853
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Revenue other than from contracts with customers

Dividends received			
Dividends received other	1,168	28	38

Total revenue	315,168	240,843	491,427
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Shown as:

Retail sales	300,524	226,956	464,961
Other revenue	14,644	13,887	26,466
	315,168	240,843	491,427

7 Right-of-use asset *

Fixed-term store leases

Cost at the beginning of the period *	182,749	231,967	231,967
Additions	20,757	616	21,532
Lease modifications	(7,426)	(4,781)	(10,792)
Depreciation charge for the period *	(25,735)	(27,038)	(52,718)
Impairment charge for the period	-	-	(7,240)
Accumulated amortisation and impairment at the end of the period	170,345	200,764	182,749

* Prior period figures restated. Refer to note 4.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS

	Six months ended 31 December 2020 R'000	Six months ended 31 December 2019 R'000	Year ended 30 June 2020 R'000
8 Investment in associate			
Interest in associate	182,272	163,515	170,081
Carrying value at the beginning of the period	18,364	18,882	18,882
Increase in investment at cost	-	421	421
Share of profit / (loss) of associate, including gain on bargain purchase	2,731	1,250	(939)
Dilution loss on investment in associate	-	(32)	-
Carrying value at the end of the period	21,095	20,521	18,364
Loan to associate at the beginning of the period	151,717	149,670	149,670
- Capital	125,000	125,000	125,000
- Accrued dividends	26,717	24,670	24,670
Accrued dividends repaid during the period	-	(15,166)	(15,166)
Accrued dividends recognised during the period	9,460	8,490	17,213
Loan to associate at the end of the period	161,177	142,994	151,717
- Capital	125,000	125,000	125,000
- Accrued dividends	36,177	17,994	26,717
Shown as:			
Non-current assets	182,272	163,515	170,081
Current assets	-	-	-
	182,272	163,515	170,081
Secured loan raised to finance investment in associate			
Balance at the beginning of the period	82,067	82,187	82,187
Interest repaid during the period	-	(7,425)	(7,425)
Interest accrued during the period	3,567	3,872	7,305
Balance at the end of the period	85,634	78,634	82,067
Loan payable - Non-current	85,634	78,634	82,067
Loan payable - Current	-	-	-
Total	85,634	78,634	82,067
9 Other investments			
Unlisted shares			
Business Partners Limited			
- 104 800 (2020: 104 800) shares at fair value	734	734	734
Listed shares			
Texton Property Fund Limited			
- 3 046 323 (2020: 333 334) shares at fair value	10,967	479	1,083
Sanlam Limited			
- 1 356 (2020: 1 356) shares at fair value	80	80	83
Other	4	4	4
Total at fair value through other comprehensive income	11,785	1,297	1,904
10 Inventories			
Inventories at cost	90,697	120,788	91,340
Net realisable value provision	(9,113)	(14,672)	(10,103)
	81,584	106,116	81,237
Net realisable value provision as percentage of inventory	% (10.0)	(12.1)	(11.1)
The net realisable value provision represents an allowance for the markdown of inventory and inventory obsolescence taking into account historic sales information, seasonality of inventory and customer preferences.			
	Six months ended 31 December 2020 R'000	Six months ended 31 December 2019 R'000	Year ended 30 June 2020 R'000
11 Lease liability *			
Fixed-term store leases			
Balance at the beginning of the period *	260,929	346,249	346,249
New leases	20,757	616	21,532
Lease modifications	(8,512)	(5,400)	(40,099)
Finance cost	(11,507)	(16,626)	29,604
Finance cost paid	11,507	16,626	(29,604)
Capital repaid	(31,830)	(31,244)	(66,753)
Balance at the end of the period	241,344	310,221	260,929
Included in Non-current liabilities	182,341	281,964	204,210
Included in Current liabilities	59,003	28,257	56,719
	241,344	310,221	260,929

* Prior period figures restated. Refer to note 4.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS

	Six months ended 31 December 2020 R'000	Six months ended 31 December 2019 R'000	Year ended 30 June 2020 R'000
12 Provisions *			
Customer returns	2,050	1,773	1,228
Provision for occupancy commitments *	4,180	3,757	4,015
	6,230	5,530	5,243
Shown as:			
Non-current liability	4,180	3,254	3,078
Current liability	2,050	2,276	2,165
	6,230	5,530	5,243

* Prior period figures restated. Refer to note 4.

12.1 Customer returns

At the beginning of the period	1,228	1,076	1,076
Movement in profit or loss	822	697	152
At the end of the period	2,050	1,773	1,228

12.2 Provision for occupancy commitments

At the beginning of the period	4,015	3,931	3,931
Movement in profit or loss	165	(174)	260
Provisions released in current period	-	-	(176)
At the end of the period	4,180	3,757	4,015

13 Acquisition: Investment in Telemedia (Pty) Ltd

The last outstanding condition precedent, being written consent to the transaction from the Independent Communications Authority of South Africa (ICASA), was received on 9 February 2022. The transaction is now unconditional in accordance with the terms of the agreement, with the effective date being 1 March 2022. Refer to JSE SENS issued on 13 November 2020 and subsequent announcements for further detailed information.

14 Events subsequent to the reporting date

No events material to the understanding of the condensed consolidated preliminary financial statements have occurred between the financial year-end and the date hereof.

COMMENTARY

The principal operating subsidiary, Rex Trueform Group Limited, reports as follows:

"Financial review

Group revenue increased by 30.9% to R315.2m (2020: R240.8m), mainly due to an increase in retail segment turnover. Other revenue, comprising of rental income, tenant recoveries and management fee income, increased by 5.5% to R14.6m (2020: R13.9m). Investment income increased by 13.3% to R11.5m (2020: R10.2m).

The group realised an operating profit of R39.0m in the current year compared to R11.2m in the prior year. The net profit after tax from continuing operation was R27.2m (2020: R1.8m) resulting in earnings per share of 119.4 cents (2020: 3.6 cents). Headline earnings per share increased to 126.0 cents (2020: 11.9 cents). Refer to the reconciliation of headline earnings in the summarised statement of comprehensive income for reasons for the movement between earnings per share and headline earnings per share.

The group's capital and reserves increased by R50.0m to R305.2m (2020: R255.2m). Net asset value per share increased by 19.9% to R14.05 (2020: R11.72).

Retail

The period under review saw a significant improvement in the results of the retail segment compared to the prior period, the latter which was still impacted in the aftermath of the COVID-19 pandemic outbreak and the resultant series of government imposed lockdowns which commenced in March 2020. The Namibian operations ceased in December 2020 and has accordingly been disclosed as discontinued operations in the results. During the period there were one (1) store closure and two (2) new store openings bringing the total number of walk-in stores to eighty (80) at 31 December 2021. Queenspark's online sales platform has experienced significant growth since its launch in June 2020 and has contributed 1.8% to the segment's turnover.

Retail segment sales increased by 32.4% to R300.5m (2020: R227.0m). This, accompanied with lower stock levels and accordingly less markdowns, has seen the gross profit margin increase to 53.5% (2020: 49.7%). The gross profit increased by 42.4% to R160.8m (2020: R112.9m). Operating costs increased by 19.5% to R126.7m (2020: R106.0m) due to operating levels returning to normal after the COVID-19 pandemic. The segment realised a net profit after tax of R15.4m (2020: R6.5m loss).

Property

The Rex Trueform Office Park complex in Salt River is the main income generating operation within the group's property segment. There are a further two undeveloped properties in the Salt River precinct: one has heritage significance and the other is vacant land. One further property is situated in the Wynberg precinct in Cape Town and is leased to Queenspark as a distribution centre.

Revenue remained constant at R16.4m (2020: R16.4m), which contributed to a 10.7% decrease in operating profit for the segment to R7.3m (2020: R8.2m).

Water infrastructure

The equity-accounted earnings from our investment contributed a profit of R2.7m (2020: R1.2m) to after tax earnings, resulting in an increase of 107.9% in the operating profit for the segment to R5.0m (2020: R2.4m). The underlying operating subsidiaries are profitable and cash generative.

Group services

The net cost of group services decreased by 38.9% to R2.4m (2020: R3.9m).

Outlook

The retail segment continues to have a strong brand in a niche market. Online sales performance has exceeded expectations and will be a key area of focus for future growth. Stock efficiency has improved which has in turn improved liquidity. Organic growth via store footprint optimisation and expansion will be another crucial focus area.

The property segment has proved to be resilient since the advent of COVID-19. The group will continue to seek opportunities for undeveloped properties in conjunction with seeking out opportunities to expand our property portfolio.

The group's water assets are performing and are successful working examples of private-public partnerships and are well positioned to take advantage of any new opportunities which may arise within the water and sanitation sector.

The group's investment in its media and broadcasting asset, Telemedia, became effective as from 1 March 2022. The group can now focus on working together with the existing management team on the opportunities that exist in operating and expanding the business's comprehensive bouquet of media and broadcasting services which include broadcast and teleport services, media equipment supply and solutions, studio and playout services, data centres, SNG and microwave link services.

With the expected fourth wave behind us, restrictions have been further lifted. This has contributed to the normalisation of economic activity and there is an expectation that consumer spending will return to pre COVID-19 levels. Other factors putting immense pressure on consumer and business spending include inflation which has reached record highs in the fourth quarter of 2022, anticipated future interest rate hikes, electricity and fuel price increases. We therefore anticipate that the economic environment will remain fairly challenging.

Conversely the difficult economic conditions also present opportunities to seek alternative investments in other sectors, to seek alternative revenue streams within our current business segments, to optimise our cost base and to implement strategies aimed at driving efficiencies within the group.

References to future financial performance have not been reviewed or reported on by the group's external auditors and do not constitute an earnings forecast."

MR Molosiwa

(Chairman)

Cape Town
29 March 2022

MA Golding

(Chief Executive Officer)

Directors: MR Molosiwa* (Chairman), MA Golding (Chief Executive Officer), WD Nel (Financial Director), HB Roberts*, PM Naylor*, LK Sebatane*

*Independent non-executive

Registered office: 263 Victoria Road, Salt River, Cape Town, 7925

Company secretary: AR Mushabe

Transfer secretaries: Computershare Investor Services Proprietary Limited: Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Sponsor: Java Capital Trustees and Sponsors Proprietary Limited: 6th Floor, 1 Park Lane, Weirda Valley, Sandton, 2196

Websites: www.queenspark.com - www.rextrueform.com