

Rex Trueform Group Limited

(Incorporated in the Republic of South Africa - Registration Number: 1937/009839/06)

JSE share codes: RTO - RTN - RTOP

ISIN: ZAE000250387 – ZAE000250395 – ZAE000250403

("Rex Trueform" or "the company" or "the group")



REX TRUEFORM
GROUP LIMITED

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	Six months ended 31 December 2020	Year ended 30 June 2021
	%	Unaudited	Unaudited Restated *	Audited
	Change	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 *	19.5%	(136,393)	(114,142)	(218,928)
Operating profit	247.9%	39,008	11,212	50,078
Dividend income		-	-	-
Investment income		11,546	10,188	20,749
Finance costs		(17,038)	(20,524)	(37,259)
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	1631.8%	36,247	2,093	32,629
Income tax expense		(9,035)	(290)	(9,083)
Profit for the period from continuing operations		27,212	1,803	23,546
DISCONTINUED OPERATIONS				
(Loss) / profit for the period from discontinued operations		(56)	111	559
Profit for the period	1318.8%	27,156	1,914	24,105
* 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	-	103
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		487	61	531
Other comprehensive income for the period, net of taxation		621	61	634
Total comprehensive income for the period		27,777	1,975	24,739
Profit attributable to:				
Equity holders		24,755	759	23,095
Non-controlling interest		2,401	1,155	1,010
Profit for the period		27,156	1,914	24,105
Total comprehensive income attributable to:				
Ordinary and "N" ordinary shareholders of the parent		25,376	820	23,729
Non-controlling interest		2,401	1,155	1,010
Total comprehensive income for the period		27,777	1,975	24,739
Reconciliation of headline earnings				
Equity holders		24,747	751	23,078
Adjusted for:				
Loss from disposal of property, plant and equipment, net of taxation		1,375	1,690	2,194
Impairment on right-of-use asset		-	-	5,213
Dilution loss on investment in associate		-	32	-
Non-headline earnings items included in earnings from associate		3	5	5
Profit from disposal of property, plant and equipment, net of taxation		3	5	5
Headline earnings		26,126	2,478	30,490
Basic earnings per ordinary share (cents)	3 216.7%	119.4	3.6	110.9
Headline earnings per ordinary share (cents)	958.8%	126.0	11.9	146.6
Diluted earnings per ordinary share (cents)	3 202.8%	118.9	3.6	110.5
Diluted headline earnings per ordinary share (cents)	964.4%	125.6	11.8	146.1
Weighted average number of equity shares on which earnings per share is based (000's)		20,732	20,795	20,802
Weighted average number of equity shares on which diluted earnings per share is based (000's)		20,806	20,942	20,876
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	%	43.3	47.4	44.5
Retail segment operating profit margin	%	11.3	3.0	9.1
Operating profit margin	%	13.0	4.9	10.8
Retail segment net profit after tax margin	%	5.1	(2.9)	2.2
Net profit after tax margin	%	9.1	0.8	5.1

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				
Property, plant and equipment		504,199	534,977	511,015
Investment property		37,031	48,383	43,284
Intangible assets		59,691	62,016	60,829
ROU asset *	7	11,633	16,786	14,924
Investment in associate	8	170,345	200,764	182,749
Other investments	9	182,272	163,515	170,081
Loans receivable		11,781	1,293	1,900
Deferred tax asset *		4,809	3,505	4,581
		26,637	38,715	32,667
Current assets				
Inventories	10	238,997	232,830	212,167
Trade and other receivables		81,584	106,116	81,237
Forward exchange contracts		17,375	19,120	19,336
Income tax receivable		504	-	-
Accrued operating lease asset		4,301	5,966	211
Cash and cash equivalents		1,044	1,715	819
Assets classified as held for sale		134,189	99,052	110,564
		-	861	-
Total assets		743,196	767,807	723,182
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital		305,235	255,243	277,195
Share premium		5,619	5,619	5,619
Treasury shares		25,836	25,836	25,836
Share-based payment reserve		(714)	(117)	(714)
Other reserves		6,611	7,313	6,340
Retained earnings *		3,329	2,135	2,708
Non-controlling interest		251,262	203,421	226,515
		13,292	11,036	10,891
Non-current liabilities				
Lease Liability *	11	284,761	376,809	301,893
Post-retirement liability		182,341	281,964	204,210
Provisions *	12	44	383	221
Loan payable	8	4,180	3,254	3,078
Deferred tax liability		85,634	78,634	82,067
		12,562	12,574	12,317
Current liabilities				
Lease liability	11	153,200	135,755	144,094
Trade and other payables		59,003	28,257	56,719
Provisions *	12	92,147	94,879	85,036
Forward exchange contracts		2,050	2,276	2,165
Liabilities directly associated with assets classified as held for sale		-	1,818	174
		-	8,525	-
Total equity and liabilities		743,196	767,807	723,182

* 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	%	16.8	(30.6)	8.7
Return on capital	%	35.9	(26.5)	26.4
Return on assets	%	13.3	(9.9)	9.3
Inventory turn	times	2.6	2.0	2.3
Asset turn	times	0.7	0.5	0.6
Net asset value per share	R	14.05	11.72	12.78

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	75,732	54,894	95,507
Working capital changes	9,494	16,418	37,020
Interest received	1,931	16,774	18,495
Interest paid	(13,471)	(24,328)	(37,290)
Dividends paid	(8)	(8)	(17)
Dividends received	1,168	28	38
Income tax paid	(6,995)	(3,010)	(412)
Net cash inflows from operating activities	67,851	60,768	113,341
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	(625)	(667)	(1,626)
Loans repaid	553	-	-
Investment in associate	-	(421)	(421)
Other investments	(9,253)	(418)	(402)
Net cash outflows from investing activities	(12,396)	(2,883)	(7,015)
Cash flows from financing activities			
Lease liabilities repaid	(31,830)	(31,243)	(66,753)
Shares repurchased by subsidiary	-	-	(1,419)
Net cash outflows from financing activities	(31,830)	(31,243)	(68,172)
Net increase in cash and cash equivalents	23,625	26,642	38,154
Cash and cash equivalents at the beginning of the period	110,564	72,410	72,410
Cash and cash equivalents at the end of the period	134,189	99,052	110,564

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			
Opening balance	5,619	5,619	5,619
Share premium			
Opening balance	25,836	25,836	25,836
Treasury shares			
Opening balance	(714)	(117)	(714)
Treasury shares purchased	-	-	(1,419)
Delivery of treasury shares	-	-	822
Share-based payment and other reserves			
Opening balance	9,940	9,448	9,048
Gain on post-retirement defined benefit plans	9,048	8,706	8,706
Delivery of treasury shares	134	-	103
Equity-settled share-based payment	-	-	(822)
Fair value adjustment on assets held at fair value through other comprehensive income	271	681	530
	487	61	531
Retained earnings *			
Opening balance *	251,262	203,421	226,515
Profit for the period	226,515	202,670	202,670
Preference dividends paid	24,755	759	23,095
Equity-settled share-based payment	(8)	(8)	(17)
	-	-	767
Non-controlling interest			
Opening balance	13,292	11,036	10,891
Profit for the period	10,891	9,881	9,881
	2,401	1,155	1,010
Total capital and reserves	305,235	255,243	277,195

* 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
Finance income			
- African and Overseas Enterprises Limited ³	156	90	208
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			
- African and Overseas Enterprises Limited ³	4,809	2,959	4,029
- SA Water Works Holding Company (RF) Proprietary Limited ¹	161,176	142,994	151,717
- Unsecured loans to share scheme participants ⁴	-	546	552

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	-	-	650
Value of other benefits	30	29	57
Retirement fund contributions	31	30	55
	1,580	1,797	3,865

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	8,231	15,364
Water infrastructure	2	(13)	(122)
Group services*	(2,382)	(3,897)	(7,263)
Total group operating profit	39,008	11,212	50,078
Segment net profit / (loss) after tax			
Retail	15,447	(6,501)	10,165
Property	5,343	5,954	11,125
Water infrastructure	5,002	2,406	2,104
Group services*	1,420	(56)	152
Total group net profit after tax	27,212	1,803	23,546
Depreciation and amortisation			
Retail	36,163	37,326	72,931
Property	1,411	1,431	2,867
Total group depreciation and amortisation	37,574	38,757	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*	134,691	120,586	127,117
Inter-segment eliminations	(70,032)	(62,946)	(67,520)
Total group assets	743,196	767,807	723,182
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*	13,388	13,709	12,838
Inter-segment eliminations	(68,322)	(61,993)	(63,294)
Total group liabilities	437,961	512,564	445,987
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	8	8	17

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 notes 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 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 year.
- 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	GROUP			
	Previously reported 31 December 2020 R'000	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	204,789	(1,368)	203,421
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	249,128	(8,285)	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	(112,046)	(3,485)	(115,531)
Operating profit		11,551	(339)	11,212
Dividend income	4.6	28	(28)	-
Profit / (loss) before tax		2,460	(367)	2,093
Income tax		(393)	103	(290)
Profit / (loss) for the year from continuing operations		2,067	(264)	1,803
Basic earnings per ordinary share (cents)		4.9	(1.3)	3.6
Headline earnings per ordinary share (cents)		13.2	(1.3)	11.9
Diluted earnings per ordinary share (cents)		4.8	(1.2)	3.6
Diluted headline earnings per ordinary share (cents)		13.1	(1.3)	11.8
Effect on Statement of changes in equity				
Effect on Retained earnings				
Total profit for the year		1,023	(264)	759
Balance of retained earnings at end of the period	4.1	204,789	(1,368)	203,421

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

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

Carrying value 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)
Carrying value 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 2021 R'000	Six months ended 31 December 2020 R'000	Year ended 30 June 2021 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
Total at fair value through other comprehensive income	11,781	1,293	1,900
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)	(11.1)
		(12.1)	
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.			
	260,929	346,249	346,249
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 2021 R'000	Six months ended 31 December 2020 R'000	Year ended 30 June 2021 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

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.

MA Golding

(Chairman)

Cape Town
29 March 2022

CL Lloyd

(Chief Executive Officer)

Directors: MA Golding† (Chairman), CL Lloyd (Chief Executive Officer), D Franklin (Financial Director), HB Roberts*, PM Naylor*, LK Sebatane*, MR Molosiwa*
† Non-executive * Independent non-executive

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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.rextrueform.com - www.queenspark.com