

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 - ZAE000009718 - ZAE000000493

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



UNAUDITED INTERIM CONDENSED CONSOLIDATED RESULTS for the six months ended 31 December 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	% Change	Six months ended 31 December 2023 Unaudited R'000	Six months ended 31 December 2022 Unaudited Restated* R'000	Year ended 30 June 2023 Audited R'000
Revenue	4	2.0%	479,981	470,774	899,284
Retail sales		(0.2%)	385,385	386,318	719,621
Cost of sales			(206,127)	(199,107)	(365,199)
Gross profit		(4.2%)	179,258	187,211	354,422
Other revenue		12.0%	94,596	84,456	179,663
Net foreign exchange gain			1,785	-	8,385
Other operating costs		38.8%	(234,786)	(169,162)	(408,456)
Operating profit		(60.1%)	40,853	102,505	134,014
Finance income			18,527	15,340	32,773
Finance costs			(27,417)	(20,664)	(47,331)
Impairment losses on financial assets			-	-	(2,883)
Fair value (loss) / gain on contingent consideration			(2,915)	-	8,500
Share of profit / (loss) of associate			3,532	(15,136)	(4,256)
Profit before tax		(60.3%)	32,580	82,045	120,817
Income tax expense			(8,287)	(26,245)	(32,656)
Profit for the period		(56.5%)	24,293	55,800	88,161
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Loss on post-retirement defined benefit plan			(28)	-	(146)
Fair value adjustment on assets held at fair value through other comprehensive income			197		(4,140)
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			-	(3,805)	-
Other comprehensive income for the year, net of taxation			169	(3,805)	(4,286)
Total comprehensive income for the year			24,462	51,995	83,875
Profit attributable to:					
Equity holders			9,029	32,472	48,366
Non-controlling interest			15,264	23,328	39,795
Profit for the period			24,293	55,800	88,161
Total comprehensive income attributable to:					
Ordinary and "N" ordinary shareholders of the parent			9,104	30,486	46,138
Non-controlling interest			15,358	21,509	37,737
Total comprehensive income for the period			24,462	51,995	83,875

*Measurement period adjustment - during the current period, the comparative information for December 2022 was retrospectively adjusted due to the accounting for the business combination and asset acquisition being finalised during 2023. Refer to notes 15 and 16 for further disclosures.

Basic earnings per ordinary share (cents)	5	-72.3%	76.3	275.9	408.2
Headline earnings per ordinary share (cents)	5	-72.3%	76.5	275.9	412.6
Diluted earnings per ordinary share (cents)	5	-72.3%	76.3	275.9	408.2
Diluted headline earnings per ordinary share (cents)	5	-72.2%	76.5	275.5	412.6

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December 2023 Unaudited R'000	As at 31 December 2022 Unaudited Restated* R'000	As at 30 June 2023 Audited R'000
ASSETS				
Non-current assets				
		843,255	741,431	846,385
Property, plant and equipment	6	158,509	74,622	151,626
Right-of-use asset	9	181,868	198,719	189,880
Investment property	7	254,042	254,619	253,434
Intangible assets	8	24,326	29,084	28,707
Investment in associates	10	202,927	170,301	202,133
Deferred tax asset		8,188	1,065	8,772
Other investments		13,395	12,260	11,833
Loans receivable	11	-	761	-
Current assets				
		267,985	275,137	244,353
Inventories	12	141,670	145,028	152,023
Trade and other receivables		54,538	30,248	37,640
Income tax receivable		2,970	-	1,032
Loans receivable	11	94	-	88
Accrued operating lease asset		4,017	1,243	2,407
Forward exchange contracts		42	-	713
Cash and cash equivalents		64,654	98,618	50,450
Total assets		1,111,240	1,016,568	1,090,738
EQUITY AND LIABILITIES				
Capital and reserves				
		468,204	411,896	443,742
Ordinary share capital		9,163	9,163	9,163
Preference share capital		550	550	550
Share premium		6,616	6,616	6,616
Other reserves		198	(1,423)	110
Share-based payment reserve		2,743	4,518	2,743
Retained earnings		213,610	188,738	204,599
Non-controlling interest		235,324	203,734	219,961
Non-current liabilities				
		480,274	415,988	461,167
Provisions		4,844	-	4,961
Deferred tax liability		10,227	11,844	10,709
Lease liability	13	163,533	176,622	169,158
Interest-bearing borrowings	14	301,573	132,547	276,196
Loan payable	14	-	94,934	-
Post-retirement liability		97	41	143
Current liabilities				
		162,762	188,684	185,829
Provisions		4,227	7,877	16,728
Trade and other payables		96,625	107,749	94,699
Forward exchange contracts		-	202	-
Income tax payable		-	240	2,068
Lease liability	13	51,236	54,376	53,307
Interest-bearing borrowings	14	10,674	18,240	19,027
Total equity and liabilities		1,111,240	1,016,568	1,090,738

*Measurement period adjustment - during the current period, the comparative information for December 2022 was retrospectively adjusted due to the accounting for the business combination being finalised during 2023. Refer to note 15 for further disclosures.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Six months ended 31 December 2023 Unaudited R'000	Six months ended 31 December 2022 Unaudited Restated* R'000	Year ended 30 June 2023 Audited R'000
Cash flows from operating activities				
Operating profit before working capital changes	19	88,980	115,795	200,415
Working capital changes	19	(20,988)	(21,910)	(36,988)
Interest received		20,534	2,578	4,776
Interest paid		(25,967)	(15,653)	(35,175)
Dividends paid		-	-	(50)
Dividends received		879	344	379
Income tax paid		(11,314)	1,737	(14,346)
Net cash inflows from operating activities		52,123	82,890	119,011
Cash flows from investing activities				
Additions to property, plant and equipment	6	(19,153)	(19,878)	(113,468)
Additions to investment property	7	(3,553)	(92,184)	(89,109)
Additions to intangible assets	8	-	(202)	(2,501)
Proceeds from disposal of property, plant and equipment		-	396	66
Loans advanced		(6)	(761)	(88)
Other investments		(1,364)	-	-
Acquisition of interests in associates	10	-	-	(5,924)
Repurchase of shares in subsidiary		(1,000)	-	-
Asset acquisition, net of cash acquired	16	-	221	221
Net cash outflows from investing activities		(25,076)	(112,408)	(210,803)
Cash flows from financing activities				
Lease liabilities repaid	13	(28,732)	(27,730)	(57,035)
Loans repaid		(6,508)	-	(952)
Loan received		22,397	65,137	109,500
Net cash outflows from financing activities		(12,843)	37,407	51,513
Net increase/ (decrease) in cash and cash equivalents		14,204	7,889	(40,279)
Cash and cash equivalents at the beginning of the period		50,450	90,729	90,729
Cash and cash equivalents at the end of the period		64,654	98,618	50,450

*Measurement period adjustment - during the current period, the comparative information for December 2022 was retrospectively adjusted due to the accounting for the business combination being finalised during 2023. The comparative information for December 2022 was further retrospectively adjusted for the errors identified in the cash flows. Refer to note 20 for further disclosures.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended 31 December 2023 Unaudited R'000	Six months ended 31 December 2022 Unaudited Restated* R'000	Year ended 30 June 2023 Audited R'000
Share capital	9,163	9,163	9,163
Opening balance	9,163	9,163	9,163
Preference Share Capital	550	550	550
Opening balance	550	550	550
Share premium	6,616	6,616	6,616
Opening balance	6,616	6,616	6,616
Share-based payment and other reserves	2,941	3,095	2,853
Opening balance	2,853	(13,776)	(13,774)
Loss on post-retirement defined benefit plans	(15)	-	(76)
Put option liability	-	18,857	18,856
Fair value adjustment on assets held at fair value through other comprehensive income	103	(1,986)	(2,153)
Retained earnings	213,610	188,738	204,599
Opening balance	204,599	156,266	156,266
Profit for the period	9,029	32,472	48,366
Preference dividends paid	-	-	(33)
Change in degree of control	(18)	-	-
Non-controlling interest	235,324	203,734	219,961
Opening balance	219,961	183,006	183,006
Profit for the period	15,264	23,328	39,795
Preference dividends paid	-	(8)	(17)
Asset Acquisition	-	(773)	(766)
Gain on post-retirement defined benefit plans	(13)	-	(70)
Fair value adjustment on assets held at fair value through other comprehensive income	94	(1,819)	(1,987)
Change in degree of control	18	-	-
Total capital and reserves	468,204	411,896	443,742

*Measurement period adjustment - during the current period, the comparative information for December 2022 was retrospectively adjusted due to the accounting for the business combination being finalised during 2023. Refer to note 15 for further disclosures.

SUMMARY OF RELATED PARTY BALANCES AND TRANSACTIONS

	Six months ended 31 December 2023 Unaudited R'000	Six months ended 31 December 2022 Unaudited R'000	Year ended 30 June 2023 Audited R'000
Goods purchased			
- Tru-Fi Electronics S A Proprietary Limited	56	6	56
Media and broadcasting income			
- Media Cloud Proprietary Limited	502	287	534
- Media Host Proprietary Limited	337	438	663
- Telelet Proprietary Limited	-	52	185
- Rentals and Workflows Proprietary Limited	70	206	218
-The Horse Racing Channel Proprietary Limited	65	112	112
Rental income received			
- BSF Breeding Proprietary Limited	365	-	59
Tenant recoveries			
- BSF Breeding Proprietary Limited	171	-	123
Management and administration fees received			
- SA Water Works Holding Company (RF) Proprietary Limited ¹	1,555	1,454	2,959
Management and administration fees paid			
- Geomer Managerial Services Proprietary Limited ²	1,449	1,380	2,760
- Quoin Online Proprietary Limited	2,238	-	3,533
Dividend income			
- Texton Property Fund Limited ¹	848	308	308
Accrued dividends on loan to associate			
- SA Water Works Holding Company (RF) Proprietary Limited ¹	17,006	12,762	27,790

Related party transactions during the period were as follows:

SUMMARY OF RELATED PARTY BALANCES AND TRANSACTIONS

Six months ended 31 December 2023 Unaudited R'000	Six months ended 31 December 2022 Unaudited R'000	Year ended 30 June 2023 Audited R'000
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Related party balances during the period were as follows:

Loans receivable

- African and Overseas Enterprises Limited ³	7,513	5,848	4,984
- SA Water Works Holding Company (RF) Proprietary Limited ¹	194,732	171,342	197,469

Loans payable

- Telelet Proprietary Limited	-	3	-
- Telemedia Africa	94	-	-

¹ Associate company

² Indirectly controlled by MA Golding

DIRECTORS' REMUNERATION

Six months ended 31 December 2023 Unaudited R'000	Six months ended 31 December 2022 Unaudited R'000	Year ended 30 June 2023 Audited R'000
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Directors' fees	445	538	671
Fees for other services	128	171	256
Basic salary	1,075	755	1,999
Performance related payments	410	260	260
Value of other benefits	33	30	60
Retirement fund contributions	38	34	68
	2,129	1,788	3,314

GROUP SEGMENTAL REPORTING

Six months ended 31 December 2023 Unaudited R'000	Six months ended 31 December 2022 Unaudited R'000	Year ended 30 June 2023 Audited R'000
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Revenue

Retail	382,677	386,440	708,489
Retail sales	382,549	386,318	708,013
Retail sales - inter-segment	128	-	237
Management fee income	-	122	239
Property	41,300	30,837	70,286
Rental income - External	25,963	18,975	43,302
Rental income - Inter-segment	3,492	3,793	7,663
Tenant recoveries - External	10,526	7,389	17,630
Tenant recoveries - Inter-segment	1,319	680	1,691
Media and broadcasting	58,342	56,340	126,919
Retail sales - External	2,836	-	11,604
Media and broadcasting income - External	55,506	56,340	115,115
Profit on sale of property - External	-	-	200
Water infrastructure	1,201	1,128	2,362
Management fee income - External	1,201	1,124	2,325
Dividend income - External	-	4	37
Group Services	4,293	5,199	15,508
Management fee income - External	1,722	280	713
Management fee income - Inter-segment	1,693	2,575	5,950
Dividend income - External	878	344	345
Dividend income - Inter-segment	-	2,000	8,500
Profit on sale of property - External	-	-	-
Inter-segment eliminations	(7,832)	(9,170)	(24,280)
Total group revenue	479,981	470,774	899,284

GROUP SEGMENTAL REPORTING

	Six months ended 31 December 2023 Unaudited R'000	Six months ended 31 December 2022 Unaudited Restated* R'000	Year ended 30 June 2023 Audited R'000
Segment operating profit / (loss)*			
Retail	23,323	78,294	95,923
Property	17,586	14,463	31,294
Media and broadcasting	4,376	7,121	21,790
Water infrastructure	(43)	(34)	(139)
Group services**	(3,803)	2,661	(6,355)
Inter-segment eliminations	(586)	-	(8,499)
Total group operating profit	<u>40,853</u>	<u>102,505</u>	<u>134,014</u>
Segment net profit / (loss) after tax*			
Retail	8,489	51,702	58,071
Property	7,976	7,608	14,659
Media and broadcasting	2,216	5,264	14,206
Water infrastructure	7,635	(12,469)	1,459
Group services**	(1,712)	3,695	8,262
Inter-segment eliminations	(311)	-	(8,496)
Total group net profit after tax	<u>24,293</u>	<u>55,800</u>	<u>88,161</u>
Employment costs			
Retail	56,016	49,267	104,020
Media and broadcasting	12,826	11,718	23,035
Group services**	4,121	4,853	7,597
Total employment costs	<u>68,842</u>	<u>60,985</u>	<u>127,055</u>
Occupancy costs			
Retail	18,664	17,064	36,567
Property	13,912	9,109	19,353
Media and broadcasting	1,276	993	2,315
Total occupancy costs	<u>33,852</u>	<u>27,166</u>	<u>58,235</u>
Depreciation and amortisation*			
Retail	39,871	35,126	72,279
Property	3,691	2,612	6,026
Media and broadcasting	6,664	6,251	12,750
Group services**	27	-	22
Total group depreciation and amortisation	<u>50,253</u>	<u>43,989</u>	<u>91,077</u>
Impairment			
Retail	(1,458)	-	2,883
Total group impairment	<u>(1,458)</u>	<u>-</u>	<u>2,883</u>
Segment assets*			
Retail	484,988	445,684	482,126
Property	330,920	274,380	343,150
Media and broadcasting	112,188	83,469	111,580
Water infrastructure	199,472	167,923	186,885
Group services**	190,544	160,237	176,526
Inter-segment eliminations	(206,872)	(115,125)	(209,529)
Total group assets	<u>1,111,240</u>	<u>1,016,568</u>	<u>1,090,738</u>
Segment liabilities			
Retail	316,261	283,686	317,355
Property	267,642	132,987	247,960
Media and broadcasting	33,234	37,465	34,853
Water infrastructure	176,207	168,737	180,738
Group services**	14,504	87,555	31,078
Inter-segment eliminations	(164,812)	(105,760)	(164,988)
Total group liabilities	<u>643,036</u>	<u>604,672</u>	<u>646,996</u>
Capital expenditure			
Retail	18,445	10,561	45,769
Property	3,612	195,228	155,201
Media and broadcasting	894	1,610	4,109
Total group capital expenditure	<u>22,951</u>	<u>207,399</u>	<u>205,079</u>

** Group services include corporate costs.

*Measurement period adjustment - during the current period, the comparative information for December 2022 was retrospectively adjusted due to the accounting for the business combination being finalised during 2023. Refer to note 15 for further disclosures.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

1 Basis of preparation

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the JSE Listings Requirements and the Companies Act of South Africa. The accounting policies applied in the preparation of these interim financial statements are in terms of the 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 interim condensed consolidated financial statements have been prepared under the supervision of WD Nel CA (SA), the company's chief financial officer, and were approved by the board of directors on 27 March 2024.

3 Dividends

	Six months ended 31 December 2023 Unaudited R'000	Six months ended 31 December 2022 Unaudited R'000	Year ended 30 June 2023 Audited 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	-	-	33

The directors have not proposed a dividend in respect of the preference, ordinary and 'N' ordinary shares.

4 Revenue

	Six months ended 31 December 2023 Unaudited R'000	Six months ended 31 December 2022 Unaudited R'000	Year ended 30 June 2023 Audited R'000
Revenue from contracts with customers			
Retail sales	385,385	386,318	719,621
Management fee income	1,722	1,404	3,038
Media and broadcasting	55,506	56,340	115,109
Tenant recoveries	10,526	7,389	17,631
Profit on sale of property	-	-	200
	453,139	451,451	855,599
Disaggregation of revenue from contracts with customers			
South Africa	439,485	440,496	825,426
Rest of Africa	5,651	7,112	19,286
Asia	3,009	632	5,127
Europe	2,647	1,710	3,684
North America	1,950	1,296	1,871
Australia	397	205	205
	453,139	451,451	855,599
Timing of revenue recognition:			
Products transferred at a point in time	385,385	386,318	719,821
Recognised over the period services are rendered	67,754	65,133	135,778
	453,139	451,451	855,599
Revenue from lease agreements – IFRS 16			
Rental income	25,963	18,975	43,303
Revenue other than from contracts with customers			
Dividends received	879	348	382
Total revenue	479,981	470,774	899,284
Shown as:			
Retail sales	385,385	386,318	719,621
Other revenue	94,596	84,456	179,663
	479,981	470,774	899,284

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

5 Earnings per share

	Six months ended 31 December 2023 Unaudited R'000	Six months ended 31 December 2022 Unaudited Restated* R'000	Year ended 30 June 2023 Audited R'000
Reconciliation of headline earnings			
Profit Attributable to Equity holders			
Profit for the year attributable to owners of the company for continuing operations	21,701	57,227	48,366
Adjusted for:			
Preference dividends attributable to preference shareholders	-	-	(33)
Loss from disposal of property, plant and equipment, net of taxation	33	26	624
Non-headline earnings items included in earnings from associate	35	-	87
Total tax effects of adjustments	(18)	(7)	(192)
Headline earnings	21,751	57,246	48,852
Number of equity shares in issue (000's)	11,841	11,781	11,841
Weighted average number of equity shares on which earnings per share is based (000's)	11,841	11,771	11,841
Weighted average number of equity shares on which diluted earnings per share is based (000's)	11,841	11,792	11,841
Issued shares net of treasury shares at beginning of year	11,841	11,781	11,596
Weighted average number of shares issued and repurchased during the reporting period	-	(10)	245
Weighted average number of ordinary and "N" ordinary shares in issue	11,841	11,771	11,841
Weighted average number of ordinary and "N" ordinary shares in issue	11,841	11,771	11,841
Dilutive effect of share options	-	21	-
Weighted average number of diluted ordinary and "N" ordinary shares	11,841	11,792	11,841
Basic earnings / (loss) per ordinary share (cents)	76.3	275.9	408.2
Headline earnings per ordinary share (cents)	76.5	275.9	412.6
Diluted earnings / (loss) per ordinary share (cents)	76.3	275.9	408.2
Diluted headline earnings per ordinary share (cents)	76.5	275.5	412.6

*Measurement period adjustment - during the current period, the comparative information for December 2022 was retrospectively adjusted due to the accounting for the business combination being finalised during 2023. Refer to note 15 for further disclosures.

6 Property, Plant and equipment

	Six months ended 31 December 2023 Unaudited R'000	Six months ended 31 December 2022 Unaudited Restated* R'000	Year ended 30 June 2023 Audited R'000
Carrying value at the beginning of the period	151,626	64,991	64,991
Additions	19,153	19,878	113,468
Transfer to investment property	-	-	(4,907)
Depreciation charge for the period	(12,270)	(9,620)	(20,231)
Disposals	-	(627)	(1,695)
Carrying value at the end of the period	158,509	74,622	151,626

Acquisitions in the current year relate to the normal operations of the group.

*Measurement period adjustment - during the current period, the comparative information for December 2022 was retrospectively adjusted due to the accounting for the business combination being finalised during 2023. Refer to note 15 for further disclosures.

7 Investment Property

	Six months ended 31 December 2023 Unaudited R'000	Six months ended 31 December 2022 Unaudited R'000	Year ended 30 June 2023 Audited R'000
Carrying value at the beginning of the period	253,434	58,683	58,683
Additions through asset acquisition*	-	106,016	106,016
Additions from subsequent expenditure recognised as an asset	3,553	92,307	89,109
Depreciation charge for the period	(2,945)	(2,387)	(5,281)
Transfer from property, plant and equipment	-	-	4,907
Carrying value at the end of the period	254,042	254,619	253,434

Acquisitions in the current year relate to the normal operations of the group.

*During the current period, the comparative information for December 2022 was amended to disclose additions through asset acquisition separately. Refer to note 16.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

8 Intangible assets

	Six months ended 31 December 2023 Unaudited R'000	Six months ended 31 December 2022 Unaudited Restated* R'000	Year ended 30 June 2023 Audited R'000
Carrying value at the beginning of the period	28,707	31,660	31,660
Additions	-	188	2,500
Amortisation charge for the period	(4,381)	(2,764)	(5,453)
Carrying value at the end of the period	24,326	29,084	28,707

*Measurement period adjustment - during the current period, the comparative information for December 2022 was retrospectively adjusted due to the accounting for the business combination being finalised during 2023. Refer to note 15 for further disclosures.

9 Right-of-use asset

	Six months ended 31 December 2023 Unaudited R'000	Six months ended 31 December 2022 Unaudited R'000	Year ended 30 June 2023 Audited R'000
Carrying value at the beginning of the period	189,880	182,092	182,092
Additions	32,259	41,705	67,448
Landlord contributions	(429)	-	(491)
Lease modifications	(9,184)	4,140	945
Depreciation charge for the period	(30,658)	(29,218)	(60,114)
Carrying value at the end of the period	181,868	198,719	189,880
Retail segment - fixed term store leases - depreciated over 1 to 10 years	155,832	168,269	161,650
Media and broadcasting segment facilities - depreciated over 7 to 8 years	24,189	28,088	26,186
Property segment facilities - depreciated over 5 to 6 years	1,847	2,362	2,044
	181,868	198,719	189,880

10 Investment in associates

SA Water Works Holding Company (RF) Proprietary Limited

The group's investment in SA Water Works Holding Company (RF) Proprietary Limited ("SAWW") consists of a 30.79% (2022: 30.79%) controlled interest which is held via a 52% controlled subsidiary, Ombrecorp Trading (RF) Proprietary Limited ("Ombrecorp"). The group's effective interest in SAWW is 16.01% (2022: 16.01%). SAWW's investments consist of entities which provide water and water services to the City of Mbombela and Illembe District municipalities.

Ombrecorp received loan funding from 27four Life for the sole purpose of acquiring the group's 30% interest in SAWW. Rex Trueform's shares in Ombrecorp, Ombrecorp's shares in SAWW and Ombrecorp's bank account have been ceded and pledged in favour of 27four Life until such time as the loan has been fully settled.

Ombrecorp provided shareholder funding to SAWW in order to invest in the underlying subsidiaries which conduct business in the water utility sector in accordance with water concession agreements concluded with the relevant municipalities. The shareholder funding is unsecured, bears interest at prime plus 5% and is repayable out of profits and cash available for distribution. All shareholder loan repayments are subject to 75% shareholder approval. The loan to associate has accordingly been classified as an equity instrument.

Program Buyer Limited

The group's investment in Program Buyer Limited ("Program Buyer") consists of a 20.83% (2022: 0%) controlled interest which is held via a 63.71% controlled subsidiary, Telemedia Proprietary Limited ("Telemedia"). Rex Trueform Group Limited owns 63.71% of the issued share capital of Telemedia.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

10 Investment in associates continued

	Six months ended 31 December 2023 Unaudited R'000	Six months ended 31 December 2022 Unaudited R'000	Year ended 30 June 2023 Audited R'000
Interest in associate	197,785	170,301	196,273
Carrying value at the beginning of the period	9,904	14,095	14,095
Share of profit / (loss) of associate	4,248	(15,137)	(4,191)
Carrying value at the end of the period	14,152	(16,178)	5,648
Loan to associate at the beginning of the period	186,369	158,580	158,580
- Capital	125,000	125,000	125,000
- Impairment of loan receivable	(11,100)	(11,100)	(11,100)
- Accrued dividends	72,469	44,680	44,680
Accrued dividends repaid during the period	(19,742)	-	-
Accrued dividends recognised during the period	17,006	12,763	27,790
Loan to associate at the end of the period	183,633	171,343	186,370
- Capital	125,000	125,000	125,000
- Impairment of loan receivable	(11,100)	(11,100)	(11,100)
- Accrued dividends	69,733	57,443	72,470
Interest in associate - Program Buyer	5,143	-	5,859
Carrying value at the beginning of the period	5,859	-	-
Increase in investment at cost	-	-	5,924
Share of loss of associate	(716)	-	(65)
Carrying value at the end of the period	5,143	-	5,859
Shown as:			
Non-current assets	202,928	170,301	202,133
Current assets	-	-	-
	202,928	170,301	202,133

11 Loans Receivable

	Six months ended 31 December 2023 Unaudited R'000	Six months ended 31 December 2022 Unaudited R'000	Year ended 30 June 2023 Audited R'000
Loans receivable comprise the following balances			
Loan to Directors	-	540	-
Loan to Quoin Online Proprietary Limited	-	221	-
Loans to Telemedia Africa Enterprises	94	-	88
	94	761	88
Shown as:			
Non-current assets	-	761	-
Current assets	94	-	88
	94	761	88

The group provided a loan to Telemedia Africa Enterprises. The loan is interest free with no fixed terms of repayment and is therefore classified as current.

12 Inventories

	Six months ended 31 December 2023 Unaudited R'000	Six months ended 31 December 2022 Unaudited R'000	Year ended 30 June 2023 Audited R'000
Inventories at cost	155,930	159,908	165,048
Provision for net realisable value	(14,260)	(14,880)	(13,025)
Provision for net realisable value as percentage of inventory	141,670	145,028	152,023
	% (9.1)	(9.3)	(7.9)

Inventory write-downs are due to the seasonal nature of products.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

13 Lease liability

	Six months ended 31 December 2023 Unaudited R'000	Six months ended 31 December 2022 Unaudited R'000	Year ended 30 June 2023 Audited R'000
Balance at the beginning of the period	222,465	242,326	242,326
New leases	32,185	41,298	66,006
Lease modifications	(11,203)	(24,896)	(28,943)
Finance cost	10,456	(9,234)	20,647
Finance cost paid	(10,402)	9,234	(20,536)
Capital repaid	(28,732)	(27,730)	(57,035)
Balance at the end of the period	214,769	230,998	222,465
Included in Non-current liabilities	163,533	176,622	169,158
Included in Current liabilities	51,236	54,376	53,307
	214,769	230,998	222,465
Fixed-term store leases	185,397	198,380	191,687
Media and broadcasting facilities	27,323	30,197	28,599
Property facilities	2,049	2,421	2,179
	214,769	230,998	222,465

Lease liabilities bear interest at rates from 6.00% to 11.75% and are repayable from 2024 to 2032 including renewal periods where applicable.

14 Interest-bearing borrowings

	Six months ended 31 December 2023 Unaudited R'000	Six months ended 31 December 2022 Unaudited R'000	Year ended 30 June 2023 Audited R'000
Secured loans to finance purchase of properties			
Balance at the beginning of the period	194,198	-	-
Loans received during the period	18,575	150,650	195,150
Additions through business combinations	(4,214)	(4,255)	(952)
Repayments during the period	9,717	4,392	14,202
Interest accrued during the period	(7,347)	-	(14,202)
Balance at the end of the period	210,929	150,787	194,198

The secured loans bears interest at the 3 month Jibar interest rate plus 2.3% to 2.8% (between 8.713% and 10.733%) and are repayable over 5 years.

Secured loan raised to finance investment in associate

Balance at the beginning of the period	101,025	89,792	89,792
Interest repaid during the period	(8,123)	-	-
Interest accrued during the period	6,888	5,142	11,233
Balance at the end of the period	99,790	94,934	101,025

Ombrecorp received loan funding from 27four Life for the sole purpose of acquiring the group's 30% interest in SAWW, refer to note 10. The loan bears interest at the 6 month Jibar interest rate plus 5% and is repayable on or before 28 February 2029. As at 31 December 2023, the loan is not repayable within 12 months and is therefore non-current.

Unsecured loan raised to finance insurance premiums

Balance at the beginning of the period	-	-	-
Loans received during the period	3,822	-	-
Repayments during the period	(2,294)	-	-
Interest accrued during the period	94	-	-
Interest repaid during the period	(94)	-	-
	1,528	-	-

The unsecured loan bears interest at 4.1% and is repayable by 1 April 2024.

Interest bearing borrowings - Non-current	300,045	227,481	276,196
Interest bearing borrowings - Current	10,674	18,240	19,027
	310,719	245,721	295,223

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

15 Business Combinations

Acquisition of Telemedia Proprietary Limited

In November 2020, the company together with its subsidiary company, Rex Trueform Group Limited, entered into a sale of shares agreement subject to certain suspensive conditions, to acquire 75% of Telemedia Proprietary Limited for a consideration of R67.5m to be settled in cash and shares, with the company acquiring a 11.29% interest for a consideration of R10.0m and its subsidiary acquiring a 63.71% interest for a consideration of R57.5m. All suspensive conditions were met on 1 March 2022, being the effective date of the acquisition.

Telemedia is a broad-based media broadcast facility manufacturer and supplier. Telemedia's services include the installation of satellite transmission and radio and television signal distribution. In addition, Telemedia is a supplier of microwave and satellite news gathering services including broadcasting, studio recording and services ancillary thereto. Refer to SENS dated 13 November 2020. Details of the purchase consideration and the net assets acquired are as follows:

Payment of the purchase consideration

An initial purchase consideration of R30m comprising the issue of 368,750 new ordinary shares by the company at R27 per share (R10.0m), the issue of 857,212 new ordinary shares by Rex Trueform Group Limited at an issue price of R18 per share (R15.4m), and a cash payment of R4.6m made by Rex Trueform Group Limited.

The balance of the purchase consideration, being R37.5m, shall be discharged by the company in cash should the profit undertakings given by the sellers for the financial years ending 30 June 2021, 30 June 2022 and 30 June 2023 be cumulatively met on a 20%, 20% and 60% basis. As the cumulative profit undertaking given by the sellers was not be achieved by 30 June 2023, the balance of the purchase consideration was reduced pro rata by the shortfall of actual profits to warranted profits, and a final cash payment was made to the seller on 8 December 2023 of R12.4m.

Issue of ordinary shares and share price underpin

The fair value of the ordinary shares (368,750) issued by the company as part of the consideration paid amounting to R14.6m was based on the published share price on 1 March 2022 of R17 per share. In terms of the sale and purchase agreement, Rex Trueform Group Limited undertook to underpin the share price at R18 per share for 12 months from the effective date of the transaction giving rise to a contingent consideration of R3.6m.

The fair value of the Ordinary shares (857,212) issued by Rex Trueform Group Limited as part of the consideration paid amounting to R 14,6m was based on the published share price on 1 March 2022 of R17 per share. In terms of the sale and purchase agreement Rex Trueform Group Limited undertook to underpin the share price at R 18 per share for 12 months from the effective date of the transaction giving rise to a contingent consideration of R796,606.

Furthermore, the company and its subsidiary undertook to guarantee the repurchase of the shares in the event that a buyer of the ordinary shares cannot be found or the company and its subsidiary fail to provide the necessary consent for the sale. The guarantee gave rise to a put option liability of R6.1m in the company and R12.8m in its subsidiary, Rex Trueform Group Limited. On 1 July 2022 the company and its subsidiary were relinquished from their undertaking to underpin the share price and its option to purchase the ordinary shares. The financial liability was therefore reversed on 1 July 2022.

Significant estimate: contingent consideration - profit warranties

Cumulative profit undertakings given by the sellers for the period 1 March 2020 to 30 June 2023 amounted to R78.7m. As at 30 June 2023, it was management's view that Telemedia will achieve R48.4m in profits for the warranty period. As a result, the fair value of the contingent consideration payable at acquisition date was estimated to be R10.4m.

The contingent consideration in respect of the share price underpin was unwound and the profit warranty was determined by calculating the present value of future cash flows using a discount rate of 7.5%. The contingent consideration was settled within the interim period ending 31 December 2023.

	Six months ended 31 December 2023 Unaudited R'000	Six months ended 31 December 2022 Unaudited R'000	Year ended 30 June 2023 Audited R'000
Contingent Consideration			
Opening balance	9,521	17,209	17,209
Change in fair value of contingent consideration	2,915	(6,529)	(8,500)
Finance cost on contingent consideration	-	408	812
Settlement of contingent consideration	(12,436)	-	-
	-	11,088	9,521
Put Option Liability			
Opening balance	-	18,857	18,857
Movement in other reserves	-	(18,857)	(18,857)
	-	-	-

Fair values of net assets acquired

At the time of authorisation and publication of the 2022 annual financial statements, the group had not yet concluded the fair values of the identifiable assets and liabilities acquired and these were therefore disclosed as provisional fair values. During the year, the information pertaining to the fair value of the property, plant and equipment and intangible assets were finalised and the following measurement period adjustments were recorded. Remeasurements were made to the fair value recognised in respect of teleport satellite equipment of R21.0 million, marketing-related intangible assets of R4.2 million, and contractual and non-contractual client relationship intangible assets of R18.2 million.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

15 Business Combinations continued

	Year ended 30 June 2022 R'000
Purchase consideration:	
Cash paid	4,614
Ordinary shares issued	20,657
Contingent consideration - share price underpin	4,395
Contingent consideration - profit warranties	10,423
Total purchase consideration	40,089

	Year ended 30 June 2022 Audited R'000	Measurement Period Adjustments* Reviewed R'000	Year ended 30 June 2022 Reviewed R'000
Property, plant and equipment	7,243	21,002	28,245
Intangible assets	-	22,429	22,429
Right-of-use asset	31,472	-	31,472
Trade and other receivables	6,849	-	6,849
Cash and cash equivalents	22,435	-	22,435
Lease liability	(31,472)	-	(31,472)
Current tax payable	(1,051)	-	(1,051)
Deferred tax	(380)	(11,702)	(12,082)
Trade and other payables	(8,603)	-	(8,603)
Net identifiable assets acquired	26,493	31,729	58,222
Less: non-controlling interests	(6,621)	(7,933)	(14,554)
Add: goodwill	20,218	(20,218)	-
Less: gain on bargain purchase	-	(3,578)	(3,578)
Net assets acquired	40,090	-	40,090

*Measurement period adjustments - during the current year, the comparative information for December 2022 was retrospectively adjusted to recognise:

- (1) The fair value adjustment on teleport satellite equipment was finalised, which resulted in an increase in property, plant and equipment, and an increase in the deferred tax liability.
- (2) The marketing-related and client relationship assets were identified and recognised as attributable to the purchase of Telemedia, which resulted in an increase in intangible assets and an increase in the deferred tax liability.
- (3) These adjustments resulted in the derecognition of goodwill and the recognition of a gain on bargain purchase. The gain on bargain purchase is largely attributable to the finalisation of the fair values of identifiable assets which increased as a result of the measurement period adjustment which was determined post the agreement of the purchase price.

Impact of measurement period adjustment on statement of profit or loss and other comprehensive income:

	Year ended 31 December 2022 Unaudited R'000	Measurement Period Adjustments* Unaudited R'000	Year ended 31 December 2022 Unaudited Restated R'000
Other operating costs	(165,050)	(4,112)	(169,162)
Income tax expense	(27,139)	894	(26,245)
Non-controlling interest	23,717	(389)	23,328

Acquired receivables

The amortised cost of acquired trade receivables is R6.8m which approximates its fair value. The gross contractual amount for trade receivables due is R12.4m with a loss allowance of R5.5m.

	Year ended 30 June 2022 R'000
Purchase consideration – cash outflow at acquisition date	
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	4,614
Less: Cash balances acquired	(22,435)
Net outflow of cash – investing activities	(17,821)

Acquisition-related costs

Acquisition-related costs of R1.9m that were not directly attributable to the issue of shares are included in administrative expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows in the 2022 financial year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

16 Asset Acquisition: Investment in Belper Investments Proprietary Limited

On 3 August 2022 all conditions precedent to the acquisition of a 51% interest in a property letting enterprise, Belper Investments Proprietary Limited ("Belper Investments"), were fulfilled. The entity has acquired five (5) industrial properties located in Epping, Cape Town, for a total consideration of R104.2m. Accordingly, the transaction is now unconditional in accordance with the terms of the agreement, with the effective date being 3 August 2022. Included in the company's loan receivables as at 31 December 2023 is an amount receivable from Belper Investments amounting to R25.5m.

At the time of publication of the unaudited interim condensed consolidated results for the six months ended 31 December 2022, the group had not yet concluded whether the investment in Belper Investments met the definition of a business combination or an asset acquisition. During the year, the group finalised their assessment and concluded that the investment in Belper Investments does not meet the definition of a business combination, and subsequently corrected the error in the comparative results and recorded the investment as an asset acquisition. References made in the previously issued results for the period ended 31 December 2022 to business combination, have been updated to refer to asset acquisition, in line with the nature of the investment. Furthermore, references made in the previously issued results for the period ended 31 December 2022 to negative goodwill, have been updated to refer to loss on acquisition, in line with the nature of the investment.

The fair values of the assets and liabilities recognised as a result of the acquisition are as follows:

	Six months ended 31 December 2022 Unaudited R'000	Movement Unaudited R'000	Year ended 30 June 2023 Audited R'000
Investment property	106,014	-	106,014
Lease accrual asset	198	-	198
Trade and other receivables	2,302	(13)	2,289
Bank and cash	221	-	221
Long term loans	(85,650)	-	(85,650)
Trade and other payables	(4,587)	606	(3,981)
Shareholder loans	(20,068)	(615)	(20,683)
Retained earnings at acquisition	-	-	(1,592)
Recognition of non-controlling interests	(769)	1,549	780
Recognition of negative goodwill	(801)	801	-
Recognition of loss on acquisition	-	812	812
Net assets acquired	(1,570)	3,140	-

Purchase consideration - cash outflow at acquisition date:

Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration - shareholder loans*		20,683
Cash balances acquired		222
		<u>20,905</u>
Net inflow of cash – investing activities		<u>222</u>

*This loan was made to Belper Investments Proprietary Limited before the asset acquisition transaction to fund the acquisition of the properties.

17 Accounting policy choice for non-controlling interests

The group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Telemedia Proprietary Limited and Belper Investments Proprietary Limited, the group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets.

18 Financial instruments

	Six months ended 31 December 2023 Unaudited R'000	Six months ended 31 December 2022 Unaudited R'000	Year ended 30 June 2023 Audited R'000
Financial instruments at amortised cost			
Trade and other receivables **	13,705	13,787	24,075
Cash and cash equivalents **	64,654	98,618	50,450
Loans receivable ***	94	761	88
Lease liabilities ***	(214,769)	(230,998)	(222,465)
Interest-bearing borrowings ***	(312,247)	(150,787)	(295,223)
Trade and other payables **	(65,748)	(69,675)	(71,662)
Rent deposits ***	(6,602)	(5,608)	(6,424)
	(520,913)	(343,902)	(521,161)

** Approximates the fair value of the financial instruments as all short term in nature (no time value of money applicable).

*** Approximates the fair value of the financial instrument as it is linked to market related interest rates.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

18 Financial instruments continued

Financial instruments at fair value through other comprehensive income

Other investments - Listed shares (Level 1)	12,661	11,526	11,099
Other investments - Unlisted shares (Level 2)	734	734	734
	13,395	12,260	17,112

Financial instruments at fair value through profit or loss

Forward exchange contracts (Level 2)	42	(202)	713
Loan to associate (Level 3)	183,633	171,343	186,370
Contingent consideration (Level 3)	-	(11,088)	(9,521)
	183,675	160,053	177,562

Significant unobservable inputs in relation to the loan to associate

Accrued dividend rate: 16.75% (2022: 13.25% – 15.50%)

Term: 6.25 – 6.83 years (2022: 7.25 – 7.83 years)

Valuation of financial instruments

The group measures fair values using the following fair value hierarchy that reflects the significance of each input used in making these measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between not based on observable data and the observable inputs have a significant effect on the instruments' valuation. This category includes instruments that are the instruments.

The fair value of held at fair value through other comprehensive income assets was based on the latest market price of the invested shares.

Fair values of the forward exchange contracts was determined by comparing the contracted forward rate to the present value of the current forward rate of an equivalent contract with the same maturity date.

The fair value of the loan to associate was calculated by using the income approach. This approach used the estimated future cash flows and present value these cash flows using the applicable weighted average cost of capital. A probability weighted scenario analysis is then performed on these discounted forecasted future cash flows.

19 Cash flows from operating activities

	Six months ended 31 December 2023 Unaudited R'000	Six months ended 31 December 2022 Unaudited Restated* R'000	Year ended 30 June 2023 Audited R'000
Profit for the year	24,293	55,800	88,161
Adjustments for:	-	-	-
Income tax expense	8,287	26,245	32,656
Finance income	(18,527)	(15,340)	(32,774)
Finance costs	27,417	20,664	47,331
Depreciation and amortisation expense	50,253	43,989	91,078
Bad debt expense	(1,458)	-	2,883
Unrealised foreign exchange gains and losses	670	990	76
Dividends received	(879)	(348)	(382)
Gain on lease modification	(2,021)	(29,038)	(29,889)
Share of profit / loss of associate	(3,532)	15,137	4,256
Flooring allowances received	-	25	541
Gains and losses on disposal of non-current assets	33	26	1,396
Movement in post-retirement liability	56	(44)	(91)
Change in fair value of contingent consideration	2,915	(6,529)	(8,500)
Movement in inventory provision	1,235	4,704	2,849
Other non-cash movement	238	(486)	12
Loss on acquisition	-	-	812
	88,980	115,795	200,415
Working capital changes			
Adjustments for decrease / (increase) in inventories	9,669	(24,772)	(29,912)
Adjustments for (increase) / decrease in trade and other receivables and operating lease assets	(17,050)	4,152	(7,300)
Adjustments for (decrease) / increase in trade and other payables and provisions	(13,607)	(1,291)	224
	(20,988)	(21,910)	(36,988)

*Measurement period adjustment - during the current period, the comparative information for December 2022 was retrospectively adjusted due to the accounting for the business combination being finalised during 2023. The comparative information for December 2022 was further retrospectively adjusted for the errors identified in the cash flows. Refer to note 20 for further disclosures.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

20 Correction of material error in Statement of Cash Flows

An error has been identified in the cash flows recognised for the period ended 31 December 2022 in accounting for the property, plant and equipment and loans acquired as part of the asset acquisition of Belper Investments Proprietary Limited. The error resulted in a material overstatement in the cash flows from investing activities and the cash flows from financing activities.

Further to the above, an error was identified in accounting for the movement in the inventory provision for the period ended 31 December 2022. The error resulted in the overstatement of operating profit before working capital changes and the understatement of working capital changes.

The remaining adjustments on the cash flows relate to the measurement period adjustment as well as the other non-cash movement disclosed in the note to the Statement of Cash Flows. Refer to note 15 for further disclosures on the measurement period adjustment.

The errors have been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Statement of Cash Flows (extract)

	Six months ended 31 December 2022		Decrease/ (Increase) R'000	Six months ended 31 December 2022	
	Unaudited R'000			Unaudited R'000	Restated* R'000
Cash flows from investing activities					
Additions to property, plant and equipment	(178,130)		85,946		(92,184)
Net cash outflows from investing activities	(178,130)		85,946		(92,184)
Cash flows from financing activities					
Loan received	150,787		(85,650)		65,137
Net cash outflows from financing activities	150,787		(85,650)		65,137
Cash flows from operating activities					
Operating profit before working capital changes	111,795		4,000		115,795
Working capital changes	(17,615)		(4,295)		(21,910)
Net cash inflows from operating activities	94,180		(296)		93,884

21 Events subsequent to the reporting date

In June 2023, Telemedia Proprietary Limited, a Rex Trueform subsidiary, entered into an agreement with Telelet Proprietary Limited and The Bretherick Family Trust where it would be purchase nine properties situated in Johannesburg for a purchase consideration R51.5m. The agreements lapsed in February 2024 and were re-signed in March 2024. The acquisition will be funded by R7m in cash and R44.5m in bank loans. As at the reporting date, the properties have not as yet transferred to Telemedia Proprietary Limited.

In September 2023, Telemedia Proprietary Limited entered into a shareholders agreement to acquire 35% of Interactive Television Africa Proprietary Limited for a cash consideration of R18m. All conditions precedent were met and the transaction became effective on 1 February 2024.

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

COMMENTARY

		Six months ended	Six months ended	Year ended
		31 December 2023	31 December 2022	30 June 2023
		Unaudited R'000	Unaudited Restated* R'000	Audited R'000
Other information and key ratios				
Statement of profit or loss and other comprehensive income				
Gross profit margin	%	46.5	48.5	49.3
Other operating costs to revenue	%	48.9	35.9	45.4
Operating profit margin	%	8.5	21.8	14.9
Net profit after tax margin	%	5.1	11.9	9.8
Statement of financial position				
Capital commitments				
Authorised - not contracted for	R'000	12,357	5,025	21,193
Authorised - contracted for	R'000	23,431	-	15,062
Return on equity	%	5.7	13.8	4.9
Return on capital	%	28.5	44.8	15.0
Return on assets	%	11.8	18.2	6.1
Inventory turn	times	2.6	2.9	0.7
Asset turn	times	0.7	0.8	0.1
Net asset value per share	R	19.62	17.62	18.88

*Measurement period adjustment - during the current period, the comparative information for December 2022 was retrospectively adjusted due to the accounting for the business combination and asset acquisition being finalised during 2023. Refer to notes 15 and 16 for further disclosures.

Financial review

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

Group revenue increased by 2% to R480.0m (2022: R470.8m), mainly due to an increase in property segment turnover. Other revenue, comprising of media and broadcasting income, rental income, tenant recoveries and management fee income, increased by 12.0% to R94.6m (2022: R84.5m), mainly due to the acquisition of property assets in the comparative financial period. Investment income, consisting mainly of finance income from associates, increased by 21.4% to R18.9m (2022: R15.6m).

The group realised an operating profit of R41.4m in the current year compared to R99.1m in the comparative period. Net profit after tax was R25.2m (2022: R52.7m) resulting in earnings per share of 100.0 cents (2022: 265.1 cents) and headline earnings per share of 100.3 cents (2022: 265.2 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 R58.1m to R476.2m (2022: R418.1m). Net asset value per share increased by 5.7% to R20.50 (2022: R19.39).

Retail segment sales decreased by 1.0% to R382.7m (2022: R386.m) which is reflective of the general subdued consumer demand brought about by high interest rates, high inflation and the overall constrained economic environment. Gross margin has decreased to 46.1% (2022: 48.5%) resulting in gross profit decreasing by 5.7% to R176.5m (2022: R187.2m) and the net profit after tax decreasing to R8.5m (2022: R51.7m). There were a total of 102 (2022: 93) retail stores as at 31 December 2023.

Property segment revenue increased by 33.9% to R41.3m (2022: R30.8m) as a result of the acquisition of a 51% interest in Belper Investments (Pty) Ltd, which own five industrial properties in Epping, Cape Town, in August 2022 and the acquisition of an industrial property in Fitzmaurice Avenue, Epping, Cape Town. No new property acquisitions were made during the current financial period. The segment realised a net profit after tax of R8.0m (2022: 7.6m).

Media and broadcasting revenue increased by 3.6% to R58.3m (2022: R56.3m). The segment realised a net profit after tax of R2.2m (2022: R5.3m). The reduction in profitability was partly attributable to its share of equity accounted losses, amounting to R0.7m, emanating from Telemedia's investment in United Kingdom based, Program Buyer.

The company's water infrastructure investment yielded an equity-accounted profit of R4.3m (2022: loss of R15.1m) and a net profit after tax of R7.6m (2022: loss of R12.5m).

Group services contributed a loss of R0.8m to after tax earnings (2022: profit of R0.6m).

Outlook

South Africa's economic growth is forecasted to be 1% year on year for 2024, an improvement on 2023 but still well below the desired growth levels with energy and logistics being the driving factors behind the low growth forecasts. Managing the associated risks and negative impact on profitability levels in each of the operating segments remain key elements of the company's strategy.

The group continues to ensure that operating segments have resilient financials and a competitive advantage in their respective industries. In response to the continued power crisis and blackouts, the group is investing in alternative energy sources in order to reduce the current and future adverse impact on operations and profitability.

We will continue to leverage our skills and expertise to optimize our current portfolio of investments while actively pursuing opportunities for expansion and diversification. This approach will position us for long-term success.

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
27 March 2024

MA Golding

(Chief Executive Officer)

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

*Independent non-executive

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