



VISUAL INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
 (Registration number 2006/030975/06)
 ISIN Code: ZAE000187407 Share Code: VIS
 (“Visual” or “the Company” or “the Group”)

**UNAUDITED INTERIM CONDENSED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED
 31 AUGUST 2024**

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	6 months 31 August 2024 Unaudited R	6 months 31 August 2023 Unaudited R
Revenue	13 092	1 072 656
Other operating income	67 776	54 600
Movement in credit loss allowances	(2 599 913)	(2 326 294)
Other operating expenses	(2 632 751)	(2 554 023)
Operating loss	(5 151 796)	(3 753 061)
Investment revenue	2 600 310	2 326 347
Finance costs	(1 446 280)	(1 355 002)
Loss before taxation	(3 997 766)	(2 781 716)
Taxation	168 114	193 590
Loss for the period	(3 829 652)	(2 588 126)
Other comprehensive income	-	-
Total comprehensive loss for the period	(3 829 652)	(2 588 126)
Loss attributable to:		
Owners of the parent	(3 829 652)	(2 588 126)
Non-controlling interest	-	-
	(3 829 652)	(2 588 126)
Loss per share (cents)	(0.93)	(0.63)
Weighted average shares in issue	410 265 547	410 265 547

CONDENSED STATEMENT OF FINANCIAL POSITION

	31 August 2024 Unaudited R	29 February 2024 Audited R	31 August 2023 Unaudited R
Assets			
Non-Current Assets			
Investment property	363	2 537	13 420 000
Property, plant and equipment	13 420 000	13 420 000	4 710
Loans to shareholders	26 000 000	26 000 000	6 500 000
	39 420 363	39 422 537	19 924 710
Current Assets			
Current tax receivable	1 686	1 686	1 686
Trade and other receivables	210 800	152 548	318 267
Cash and cash equivalents	962	999	572
	213 448	155 233	320 525
Total Assets	39 633 811	39 577 770	20 245 235
Equity and Liabilities			
Equity			
Stated capital	79 489 025	79 489 025	79 489 025
Accumulated loss	(89 021 794)	(85 192 141)	(101 425 285)
Equity Attributable to Equity Holders of Parent	(9 532 769)	(5 703 116)	(22 296 260)
Non-controlling interest			-
			(21 936 260)
Liabilities			
Non-Current Liabilities			
Loans from shareholders	14 001 635	13 163 465	12 296 733
Borrowings	5 930 622	5 655 662	2 639 651
Deferred tax	123 681	300 502	510 586
	20 055 938	19 119 629	15 447 245
Current Liabilities			
Borrowings	3 294 852	3 072 105	5 735 939
Trade and other payables	18 448 283	16 647 352	15 273 511
Current tax payable	60 723	52 016	52 016
Provisions	7 106 784	6 389 784	5 672 784
Other liabilities	200 000	-	-
	29 110 642	26 161 257	26 734 250
Total Liabilities	49 166 580	45 280 886	42 181 495
Total Equity and Liabilities	39 633 811	39 577 770	20 245 235
Net asset value per share (cents)	(2.32)	(1.39)	(5.43)
Net tangible asset value per share (cents)	(2.32)	(1.39)	(5.43)
Shares in issue	410 265 547	410 265 547	410 265 547

CONDENSED STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Share capital	Accumulated loss	Total attributable to equity holders of the group	Non-controlling interest	Total equity
Balance at 01 March 2023	79 129 025	(98 837 155)	(19 708 130)	-	(19 708 130)
Total comprehensive (loss) profit for the year	-	13 645 014	13 645 014	-	13 645 014
Issue of Shares	360 000	-	360 000	-	360 000
Balance at 29 February 2024	79 489 025	(85 192 142)	(5 703 117)	-	(5 703 117)
Shares issued during the period	-	-	-	-	-
Total comprehensive loss for the period	-	(3 829 652)	(3 829 652)	-	(3 829 652)
Balance at 31 August 2024	79 489 025	(89 021 794)	(9 532 769)	-	(9 532 769)

CONDENSED ABRIDGED STATEMENT OF CASH FLOWS

	6 months 31 August 2024 Unaudited R	6 months 31 August 2023 Unaudited R
Cash flows generated by/(used in) operating activities		
Loss before taxation	(3 997 766)	(2 781 716)
Adjustments for:		
Depreciation	2 714	2 174
Interest received	(2 600 310)	(2 326 347)
Finance costs	1 446 280	1 355 002
Expected credit losses	2 599 913	2 326 294
Provisions	717 000	717 000
Changes in Working Capital		
Trade and other receivables	(58 252)	(304)
Trade and other payables	1 800 929	1 324 204
Operating expenses paid through loan accounts	100 000	-
Trade and other payables settled with issue of shares	-	360 000
Cash generated by/(used in) operations	9 968	976 306
Interest income	397	53
Finance costs	(3 654)	(4 187)
Net cash generated by/(used in) operating activities	6 711	972 172
Cash flows (used in)/from financing activities		
Repayment of borrowings	(6 748)	(975 339)
Net cash (used in)/generated by financing activities	(6 748)	(975 339)
Total cash movement for the year	(37)	(3 167)
Cash at the beginning of the year	999	3 739
Total cash at end of the year	962	572

BASIS OF PREPARATION

The board of directors of Visual ("the Board") presents the unaudited condensed consolidated interim results ("Interim Results") for the six months ended 31 August 2024. The results have been prepared in accordance with the requirements of the South African Companies Act, 71 of 2008, as amended, the JSE Listings Requirements, as well as the framework concepts and the recognition and measurement principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, including IAS 34 *Interim Financial Reporting*. The accounting policies used in preparation of the interim results are in terms of IFRS and are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 29 February 2024.

These Interim Results were compiled by Ms T Kritsiotis CA(SA) and have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the Company's auditor.

HISTORY AND NATURE OF BUSINESS

Visual was incorporated as a private company on 5 October 2006 under the name Presto Financing Proprietary Limited. The Company's name was changed, and it was converted to a public company on 23 December 2013. Visual then acquired the controlling interest in Visual International Proprietary Limited ("Visual International") from CKR Investment Trust with effect from 1 March 2012 and became the holding company of the various subsidiaries of Visual. Thus Visual, with its wholly owned subsidiary Visual International, commenced operating as a group for the year ended 29 February 2013.

During the formation of the Visual group, loans receivable and loans payable arose from RAL Trust and CKR Investment Trust respectively. Visual listed on the JSE on 23 May 2014.

Visual is essentially a property developer that acquires land, rezones the land, installs the relevant services and then constructs houses and apartments on the land for sale to homeowners or investors. Visual focuses on the development of entire suburbs which comprise houses, apartments, lifestyle and retirement accommodation, retail facilities, schools, offices, and recreation as well as other related facilities. With this focus, Visual is able to ensure the overall quality and integrity of the suburb. It enables Visual to supply quality residences and other facilities at affordable prices. Furthermore, providing these combinations in a single suburb leads to job creation, which is important to the owners and occupants.

To date, more than 600 homes and apartments have been developed by Visual at Stellendale, with the completion of construction of Phase 1 at Stellendale Junction during the period under review.

FINANCIAL RESULTS COMMENTARY

As previously advised, the Company has been negatively impacted by the impact of the delay in the commencement of the further development of Stellendale due to a number of constraints, including the banking sector contracting its lending to property developers and potential homeowners in the middle-income segment. This situation has improved, and the group has finally commenced earning revenue as evidenced in the results for the year ended 29 February 2024. During the period under review, the building of Phase 1, The Knysna was completed and 24 apartments were transferred through the Deeds Office. In terms of the development agreement for Stellendale Junction, Visual earns a 50% profit share, with a minimum of R35 000 in certain instances. Due to various delays with the first apartment block, it is unlikely that a profit will be realised. As there still are apartments to be sold or rented at The Knysna, the profit share has still to be determined and the timing of the revenue recognition properly determined. There are a further 6 apartment blocks to be constructed at Stellendale Junction and shareholders are referred to Events after the Reporting Date below.

Other operating income is not material and is once off in nature.

Operating expenses are in line with the prior period primarily due to ongoing containment of costs.

The provision for credit losses of R2.6m (2023: R2.3m) arose on the RAL Trust loan and amounted to the corresponding interest receivable on the RAL Trust loan. The increase was due to the increase in the prime interest rate. Shareholders are reminded that although a large provision for credit loss has been raised against the RAL Trust loan, the higher loan still attracts interest. The provision for credit losses in line with the interest receivable raised leads to a neutral effect on the Statement of Comprehensive Income.

Finance costs increased due to the increase in the interest rate, with overall interest-bearing liabilities being in line with the prior period.

Investment properties comprise of three properties, namely Imperial Bank Terraces (storage units) of R600 000 (2023: R600 000), South Bank Erf 26103 (retirement village land) of R12 000 000 (2023: R12 000 000) and Machadadorp of R820 000 (2023: R820 000).

Borrowings primarily comprise loans from Makoro Property Developers Pty Ltd ("Makoro") of R2.8m, My Place Trust R2.4m and Diepwater Trust at R2.9m. The Company repaid the balance of the Chynge Finance Proprietary Limited loan compared to the prior period from proceeds from The Marine property development fees.

Trade and other payables increased by 10.8% compared to the end of February 2024, primarily due to operational expenses and provisions, including audit fees and directors' fees. The amount for Provisions relates to director salaries, which quantum and timing of payment remains uncertain and is dependent on future profitability and cash flows of the group. The provision in the current year has increased to R7.1m from R6.4m at 29 February 2024.

The repayment of a portion of the Makoro loan is expected from the proceeds relating to the sale of, or rental of, the first 56 apartments at The Knysna, being Phase 1 of Stellendale Junction, expected to be completed in early 2025.

SEGMENTAL REPORTING

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specific criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker.

The group determines and presents its operating segments based on the information that is provided internally to the Chief Executive Officer, who is the chief operating decision maker. Furthermore, a segment is a distinguishable component of the group that is engaged either in providing related products or services (business segment), in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of the other segments. The group does not have different operating segments. The business is conducted in South Africa and is managed at a central head office with no branches. The group is managed as one operating unit. The disclosures required have therefore been presented as applicable for a single reportable segment. The group does not hold any non-current assets in foreign countries.

HEADLINE LOSS INFORMATION

	31 August 2024	31 August 2023
	Unaudited	Unaudited
	R	R
Headline loss reconciliation		
Net loss for the period	(3 829 652)	(2 588 126)
Adjustments:		-
Headline loss for the period	(3 829 652)	(2 588 126)
Headline loss per share (cents)	(0.93)	(0.63)

ACQUISITIONS AND DISPOSALS

There were no acquisitions or disposals during the period under review.

ISSUE AND REPURCHASE OF SHARES

The Company did not issue or repurchase any shares during the period under review.

Certain of the directors and creditors of the Company have agreed to the settlement of amounts due to them, also at 4 cents per share, subject to shareholder approval at a General Meeting to be held on 11 December 2024 as announced on SENS.

DIVIDENDS

The Company has not declared a dividend for the period ended 31 August 2024 (2023: RNil).

LITIGATION

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened, of which the company and the Group are aware that may have or have had in the last 12 months, a material effect on the Company's or the Group's financial position.

However, as previously disclosed, SARS has claimed that RAL Trust owe taxation arising from the restructure to form the Visual group ahead of the listing on the JSE. Professional advice was obtained from a recognised audit firm around the formation of the group and substantial taxation was paid at the time of the establishment of the Visual group. RAL Trust is defending this matter. It is not known whether there will be any impact on the Visual group or the RAL Trust, although no impact is expected.

In addition, the former auditors have launched an action against the Company, which is being defended by the Company and a counterclaim is under consideration related to events associated with COVID-19. The obligations are fully provided for by Visual and accordingly, are not expected to have a material impact on the group's financial position.

CONTINGENT LIABILITIES

At the reporting date the Group does not have any contingent liabilities (2023: RNil).

COMMITMENTS

Ahead of its listing, the Group had entered into an agreement in terms of which it is required to purchase a property, consisting of Erf 18362 from the RAL Trust, subject to the successful rezoning of Erf 18362 from agricultural. The purchase price will be equal to the fair value of Erf 18362 on the date that it is rezoned as determined by an independent property valuer, to be approved by the JSE, and will be used to settle all or part of the loan receivable from the RAL Trust to the extent of the fair value after rezoning.

Shareholders are advised that the rezoning to General Business 6 was finally achieved after the period end and are referred to the Going Concern and Events after the reporting period note below.

No adjustment has been made to the RAL Trust provision at 31 August 2024. An independent property valuer has been appointed to undertake the property valuation and the approval of the valuer has been submitted to the JSE for consideration. An announcement will be made on SENS once the property valuation has been completed.

RELATED PARTIES

Related parties and agreements are the same as reported in the previous period and as reported in the Annual Financial Statements, with no new transactions as envisaged in the amended JSE Listings Requirements and thus no further disclosure is provided in these interim results.

GOING CONCERN AND EVENTS AFTER THE REPORTING PERIOD

The Group results have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets, and the settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. It is noted that the current liabilities exceed the current assets by 84 times, however, the history and forward-looking information below sets out the reasons why Visual remains a going concern.

- During the year ended 29 February 2019, Visual International agreed terms for the disposal of land with Makoro in terms of which Visual International disposed of the property described as Erf 25312 Kuils River, situated in the registration division of Stellenbosch in extent of 2.7 hectares ("Stellendale Junction") for a consideration of R10 million. Zoning rights are in place for this property and the disposal was finalised in October 2019 with the transfer of the property. The proceeds of R10 million were received, substantially reducing the debt in the group.

- Simultaneously with the sale agreement, a property development management agreement in respect of Stellendale Junction was concluded by Visual International with Makoro in terms of which Visual International will receive 50% of the net profit for the development of each phase ("Property Development Management Agreement"). Furthermore, Makoro concluded a loan agreement for a loan of R2 million with the Company, which attracts interest at 3% above the prime rate charged by ABSA Bank. This amount will be repaid through the completion of the development of the initial two buildings under the development project.
- The Company manages the development processes, and Makoro pays for all development expenses and for securing the development funding for Stellendale Junction. The development potential in respect of the Stellendale Junction land is approximately 500 apartments on the site. The sale and development of these apartment buildings will bring revenue and additional cash flow to the Group over the next two to three years, with Phase 1 comprising 56 apartments launched in 2023 and completed in the first half of 2024.
- Phase 1 was fully sold out in 2021, with construction of the apartments originally expected in June 2023 and expected completion by December 2023. Due to delays with the building plan approval through the City of Cape Town, the approval was only received during the prior year and construction commenced in late 2023, with the expectation that transfers will be finalised before the end of December 2024. Certain pre-sales were cancelled but new sales have already realised a higher selling price by around R100 000. The plan now is to convert certain of the remaining apartments into student accommodation, to be available from early 2025.
- The Company has included a portion of the Makoro loan under current liabilities as this will be repaid through proceeds from the transfer of Phase 1, The Knysna.
- Subsequent to year end, various related parties and creditors of the Company have agreed to capitalise amounts owed to them, a portion of which envisages the acquisition of creditor claims before 28 February 2025. The amount to be capitalised is up to R29 879 688, which is still subject to shareholder approval at the General Meeting to be held on 11 December 2024. This will have the effect of substantially reducing the debt on the balance sheet, including repaying interest bearing loan accounts and restoring the solvency of the Company.

The directors have considered the operational budget and cash flow forecasts for the ensuing year which are based on the current expected economic and market conditions as well as the expected proceeds from the Property Development Agreement mentioned above, which revenues are expected to commence from 2025 onwards (once the Makoro debt has been settled) and the directors believe the company has adequate financial resources to continue as a going concern.

The directors believe that due to the Stellendale Junction property development fees from the profit share, the Company will have adequate financial resources to continue as a going concern. In addition, the remaining creditors are those that are close to the Company and support the turnaround initiatives of the Company. Accordingly, the directors have adopted the going concern basis in the preparation of these results and there is no material uncertainty with regard to these matters.

The Company has commenced generating revenue and expects to secure access to funding resources to grow the Group's property assets. Visual is now actively seeking development funding or partners in order to continue with the development of the rest of Stellendale.

Shareholders are reminded that the zoning of Erf 18362 has finally been received, rezoning the property from Agricultural for General Business 6 for the purpose of an office park development. The Board will be evaluating the opportunities around this valuable piece of land as well as addressing the outstanding JSE Listings Requirements noted at the time of listing. This should result in the recovery of all or part of the RAL Trust loan.

CHANGES TO THE BOARD

There have been no changes to the Board during the period under review and to the date of the publication of these results.

PROSPECTS

Visual concluded the sale of Stellendale Junction during the year ended 29 February 2020, has secured the Property Development Management Agreement in relation to Stellendale Junction from which revenue will now be earned, firstly to be applied to reduce the Mokoro debt.

Preparations are being made for the development during the 2025 calendar year of the second building in Stellendale Junction, The Glentana. The Glentana will be a 4-storey walk-up building, comprising of 56 apartments and be able to house 246 students. Most of these students will be funded by the National Student Financial Aid Scheme ("NSFAS") and study at University of Stellenbosch, from the beginning of 2026. The apartments have been redesigned to meet or exceed the NSFAS requirements.

The Board will be considering the size and nature of properties held to start its key development initiatives and ensure that it has sufficient cash and funding resources to grow the Group's property assets. The Board is also exploring other opportunities to further recapitalise the business and settle the remaining creditors.

The company is also set to issue new shares in order to extinguish its liabilities. The share subscription will increase the share capital of the Company, thereby restoring the positive net asset value of the Company. The above, subject to certain conditions precedent, including shareholder approval, will result in the issue up to 746 992 210 Shares at R0.04 per Share in settlement of certain of its obligations to these parties.

By order of the Board

Cape Town

27 November 2024

Executive Directors: CK Robertson and R Kadalie

Independent Non-Executive Directors: RR Richards*#; CT Vorster*#; LT Matholwa*#; Z Mbokazi*#

Registered Address: 23 Kleinplaas, Hohenort Street, Stellenberg, 7550 (PO Box 3163, Tyger Valley, 7536)

Company Secretary: Light Consulting Proprietary Limited

Transfer Secretaries: JSE Investor Services Proprietary Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, 2017

Designated Advisor: AcaciaCap Advisors Proprietary Limited

Website: www.visualinternational.co.za

Designated Advisor

AcaciaCap Advisors Proprietary Limited

