

MANUF. — FURNITURE

1991

Black market boosts sales of furniture

By Jabulani Sikhakhane

Strong growth in the black market sector and the relaxation of credit restrictions helped boost sales of furniture, appliances, TV and audio equipment 25,8 percent in 1990, compared with the previous year

The executive director of the Furniture Traders' Association Frans Jordaan says sales to the black market accounted for 32,5 percent of this growth and 22,1 percent in the rest of the market

Mr. Jordaan says the strong growth in the black market is largely due to increasing home-ownership and more disposable income.

National sales figures for December, traditionally the boom period for the industry, showed an increase of 24,8 percent over December 1989 at current prices

Audio equipment and appliances showed the most significant growth of 50,9 percent and 31,4 percent respectively Television and video sales were up 23,4 percent, with furniture sales rising 16,7 percent

Mr Jordaan says although the high December sales are not expected to be confirmed by January figures, the furniture industry is optimistic about 1991

"Until March last year, the industry was battling under a heavy government-imposed burden of credit restrictions and import surcharges

Once they were relaxed and normal market forces came into play, the recovery in the industry was good

"There was an immediate surge in sales due to pent-up demand," he says

Furniture industry 'buoyed by 1990 sales'

Bloman
12/2/91 MARCIA KLEIN

(188)

THE retail furniture trade was saved from a "crisis situation" in 1990 by sales which were buoyant over the Christmas period and steady over the last six months.

Furniture Traders' Association executive director Frans Jordaan said at the weekend that sales of furniture, appliances, TV and audio equipment in December 1990 increased by 24,8% in total over December 1989.

National sales figures for December show increases of 16,7% for furniture, 31,4% for appliances, 23,4% for TVs and videos and 50,9% for audio equipment over December 1989 at current prices.

Jordaan said until March 1990 the industry was battling "under a heavy government-imposed burden of credit restrictions and import surcharges." However, once these were relaxed, the industry recovered well.

Pent up demand saw an "immediate surge in sales" and business for the second half of the year was steady.

Jordaan said a significant factor in the industry was the fact that the biggest growth area was in sales to blacks, which was "not altogether surprising" because of the increase of black home-ownership and disposable income.

"Overall growth across the board for the calendar year at current prices was 25,8%, with 32,5% in the black market sector and 22,1% in the rest of the market."

Jordaan said the FTA did not expect traditionally high December sales to be sustained in January, but said "we are cautiously optimistic about 1991".

Furniture sales boom has ended

FURNITURE sales figures have begun to level off this year following the "something near boom conditions" experienced during the second half of 1990

Furniture Traders Association (FTA) president Terry Simon said in the annual report that monthly turnover growth last year often averaged between 20% and 30% after the lifting of credit restrictions last March. *B | Day 15/3/91*

"This, however, was where the good news ends," he said

This year would be tougher for the industry as companies were "facing the realities of declining earnings and increased unemployment"

The industry was likely to be adversely affected both in terms of sales and collections, as the effects of the economic down-

MARCIA KLEIN

turn would be felt most severely by the lower income group "which constitutes a major and growing proportion of our customers", Simon said

The industry was working with government to achieve a mutually acceptable solution to pending changes to the debtors allowance in terms of Section 24 of the Income Tax Act.

The introduction of codes of conduct proposed last year was "a potentially harmful piece of legislation". It would be difficult to see how transgressions of such a code would be treated or how such a code could ever become law, Simon said

The FTA believed the code was unnecessary and unenforceable.

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Good times could soon be over for furniture industry

By Jabulani Sikhakhane **188**

After the near boom conditions in 1990, furniture sales figures for the first two months of this year are showing a slight decline compared with the same period last year.

If the trend continues, furniture retailers who have been reporting buoyant results (compared with other sectors) could come under pressure this year.

Furniture Traders Association executive director, Frans Jor-

daan says initial indications are that furniture sales in January and February grew just above inflation.

Although 1991 promises to be a tougher year, Mr Jordaan is looking at real growth of between three and four percent.

In his 1990 annual report, FTA president Terry Simon said the retail furniture industry took off during the second half of the year following the lifting of credit restrictions in March.

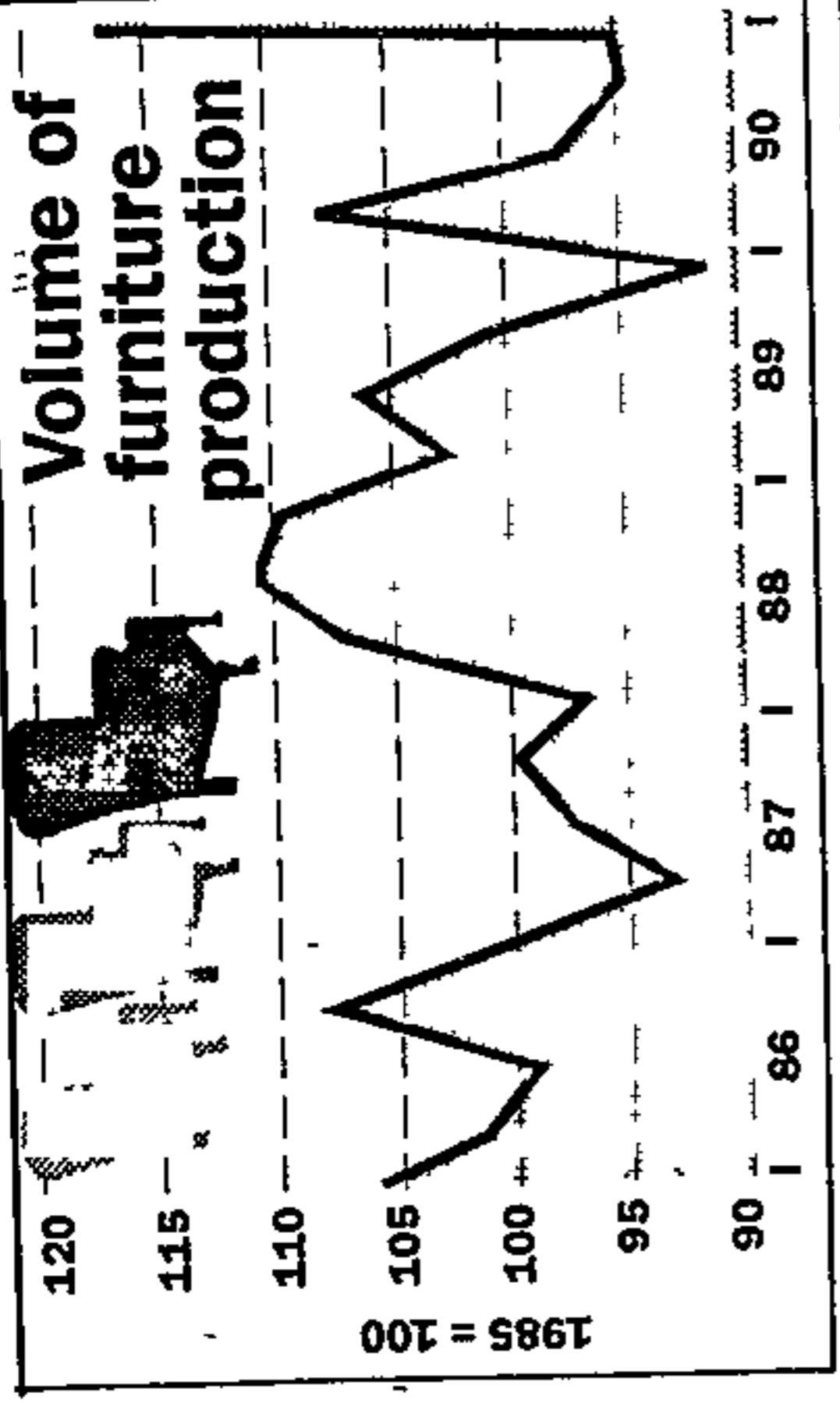
Growth in monthly turnovers

averaged 20 percent to 30 percent for this period, he says.

But he warns that 1991 is likely to be tougher with companies facing realities of declining earnings and increased unemployment.

Meanwhile, the physical volume of manufacturing production for furniture showed a 19,4 percent rise in December 1990 over the same period in 1989.

This would indicate that retailers are putting through orders in anticipation of continued buoyant sales this year.



Furniture retailers pinched

MARCIA KLEIN

TOTAL sales of furniture, appliances, audio equipment and TVs increased by only 15,1% in March, indicating that the retail furniture sector was feeling the pinch

Sales figures have been falling off since the end of last year. Bouyant sales for most of 1990 — with average increases of between 20% and 30% — dropped to a 17,6% increase in January and 20,1% in February.

March figures issued by the Furniture Traders Association (FTA) showed across the board sales were "not good", FTA executive director Frans Jordaan said yesterday.

While a 32,5% increase in sales of audio equipment indicated sales in this sector were still fairly bouyant, they were down on the growth in previous months.

Actual figures — which showed percentage increases at current prices — reflected a 10,3% increase in furniture sales compared to March 1990, while appliance sales grew by 20,2% and TV sales increased by 13,7%. Jordaan said the figures were a cause for concern.

"When you take the current inflation rate of about 15% into account, we are looking at negative growth in a couple of areas," he said.

A complete guide to all South Africa's trade unions

DIRECTORY OF SOUTH AFRICAN TRADE UNIONS:

SOUTHERN AFRICA LABOUR & DEVELOPMENT RESEARCH UNIT

Furniture industry starts to feel pinch

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Monday 14/6/91

MARCIA KLEIN

THE recession is starting to bite in the furniture industry after a prosperous 1990, latest Furniture Traders' Association (FTA) figures show

Industry players said yesterday that many manufacturers were now working on short time. Although sales were still rising from last year's figures, growth was negative in real terms.

Retailer Liaison Committee figures issued by the FTA showed that total sales of furniture, appliances, audio equipment and televisions increased 7.7% in April.

Industry spokesmen said preliminary figures for May showed growth of 8%, indicating no real growth in the industry during the past two months.

The downward sales trend compared with a prosperous 1990 for the industry, when growth across the board for the calendar year at current prices was 25.8%, and sales increased an average of 20% to 30% for most of the months.

January sales had increased 17.1%, February's 20.1% and March sales 15.1%. In April furniture sales showed 4% year-on-year growth, while television and video sales grew only 0.8%.

FTA executive director Frans Jordaan said appliance sales stayed at about the inflation rate while sales of audio equip-

ment were "better".

Although appliance sales had held up well, industry observers said these were also starting to level off.

Rusfurn CE Geoff Austin said yesterday that "universal chains" had shown growth of 2.3% at current prices, while chains which sold to the black market had increased growth by 18.1%, reflecting this market's relative buoyancy.

The white market had reached the limit of its debt capacity.

However, recent figures showed only a slow rate of growth compared with the huge decreases in growth during the last recession, when sales fell 40%.

JD Group chairman David Sussman said that 1991 had proved to be tough. However, the group was still in a strong position despite generally difficult sales. Although discount chains had kept their sales up, high margin chains had not fared well. With consumers more aware than ever of value for money, margins were under enormous pressure.

Sussman did not expect the situation in the industry to improve this year. However, he said that its medium-term prospects remained good.

Furniture (188) sales fall off

By Des Parker

Star
18/6/91

The honeymoon created by an easing of Government credit restrictions on furniture sales is over

Sales of furniture of all types in April were only seven per cent up on the same month last year, which translates into a decline of a similar percentage after inflation is accounted for

Furniture Traders Association executive director Frans Jordaan said while electrical appliance sales were about keeping pace with inflation, brown goods (predominantly wooden) grew by only four per cent, while television and video equipment rose by a mere 0,8 per cent

"Allowing for inflation, we are looking at a negative growth of more than 10 per cent in furniture and of 14 or 15 per cent in TV and video sales," he said

"In overall sales of furniture, appliances, audio equipment and TV, there has been a steady decline in sales since October last year

"In April, overall growth in the industry compared with April last year was 7,7 per cent at current prices"

The decline is being experienced at source, the head of a major small appliance manufacturer said last week that sales in the past 10 weeks had dropped alarmingly

Turnover was down to 60 per cent of what it was at the same time last year

Many answer call-up for army service

LINDEN BIRNS

HUNDREDS of young white men yesterday began their national service call-up — the first since the scrapping of the Population Registration Act which some lawyers believe renders whites-only conscription illegal

Most conscripts interviewed at the Nasrec show-grounds outside Johannesburg — gathering point for about 40% of this year's July intake — said they were apprehensive about the year ahead

Few of the conscripts were aware of the new Scrapping of Racially Based Legislation Act, which some lawyers recently said made the Defence Act, in term of which white men between 18 and 55 are liable for national service, unenforceable

Most conscripts interviewed yesterday agreed conscription should include all races, or that the system should be replaced with a volunteer service

Consumer spending on durable goods increases

MARCIA KLEIN

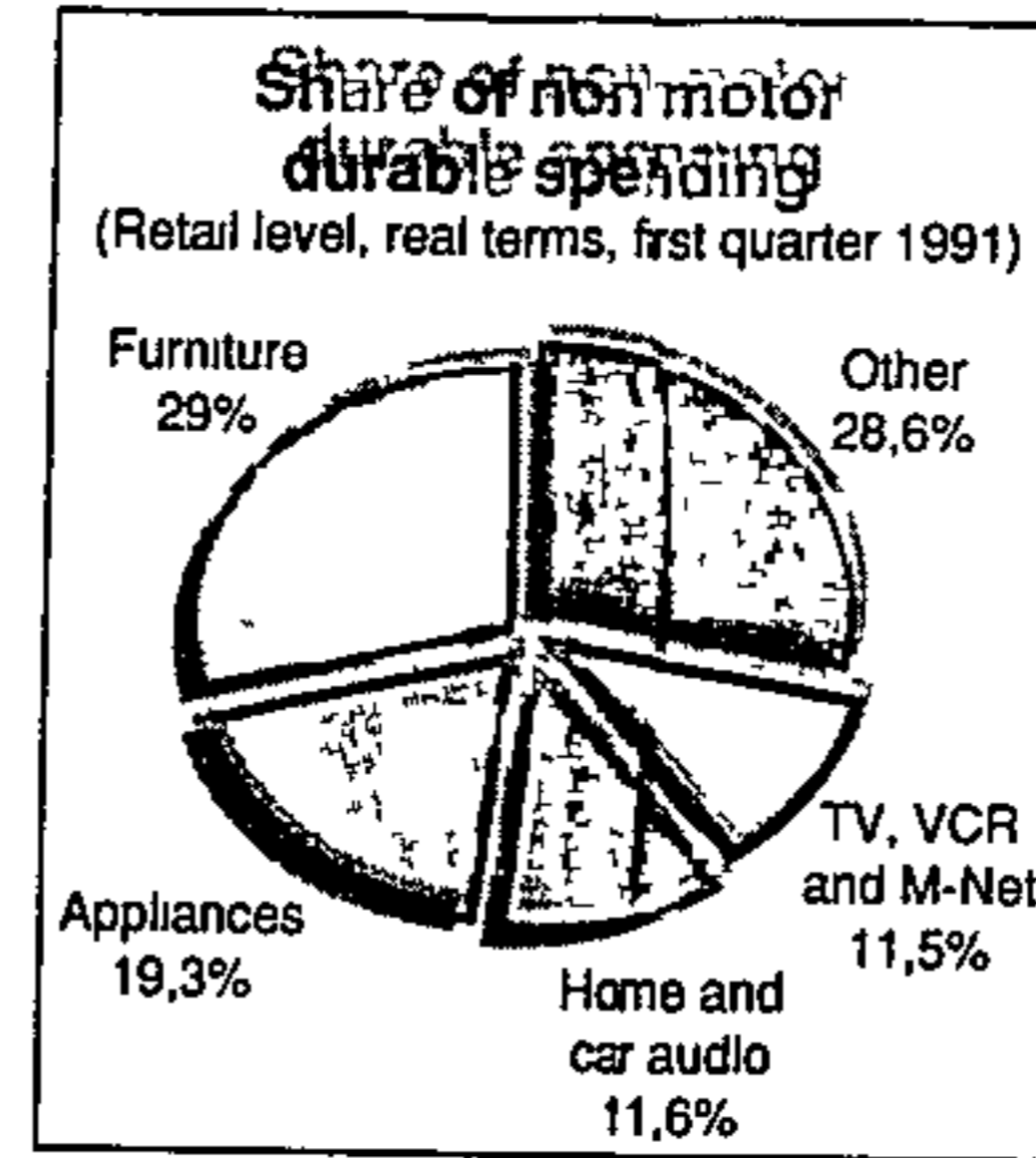
CONSUMER spending on non-motor durable goods increased 19% to R2,5bn for the first quarter from R2,1bn in the first quarter of 1990

This was achieved on the back of buoyant sales in furniture and TVs, VCRs and M-Net decoders

However, Tek Corp corporate planning director Laura Levetan said the trend was unlikely to continue for the rest of the year, and spending on these durables "has probably peaked in real terms at the historic high of R11bn for the 1990 calendar year"

There had already been signs of a softening in parts of the furniture, TV, VCR and M-Net decoder markets, which had fuelled the growth in spending due to pent-up consumer demand, the TV replacement cycle and a high level of competition among manufacturers and retailers

Prices inflated by just over 5% in the first quarter compared with the corresponding period last year, indicating "non-motor durables represent one of the lowest sources of in-



flationary pressure confronting local consumers"

Levetan said the introduction of VAT was unlikely to cause inflation in pricing, particularly at the manufacturing level

This would hit the cash flow of manufacturers at the outset, but there would be some compensation through less tax on capital goods and consumables

Appliances' share of consumer

spending on non-motor durables was 19% in the first quarter, compared with its usual range of 17% to 20%

The home and car audio share amounted to 11.6%, within its usual range of 10% to 13%. TV and visual products' share accounted for 11.5%, from a low of 8% in 1985/86. This was due mainly to TV replacement and M-Net decoder and video camera sales

Sales of furniture, TVs and other visual products were "the driving force behind the growth", despite high surcharges, import and excise duties and punitive HP and credit terms, Levetan said

With the Board of Trade and Industry's more lenient approach to duties and surcharges, Levetan said this sector could continue its strong run

While average households in wealthy countries spent about 10% to 13% of their disposable income on non-motor durables, the average SA household spent only 4% to 5%

Non-motor durables nevertheless accounted for between 63% and 68% of total consumer spending on durables, and were therefore a key economic indicator, she said

Poor figures for furniture trade reveal slump in sales

Business Day 16/7/91

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SALES of furniture, appliances, TV and audio equipment increased by only 5,7% at nominal prices in May compared with May 1990, reflecting a substantial real decline, according to figures compiled by the Retailer Liaison Committee.

In the first three months of the year the rate of increase in sales slowed down. Sales increased by 17,1% in January, 20,1% in February and 15,1% in March.

The nominal 7,7% increase in April was the beginning of a year-on-year decline in real sales.

Furniture Traders' Association (FTA) executive director Frans Jordaan said yesterday that figures for this year would not look good compared with those of 1990, due to "the spending spree" from March last year when credit restrictions were lifted.

Despite results for March being low, Jordaan said "the news is not all bad". The industry was still in good health and was taking a bigger view of sales patterns.

Trade could improve in the second half of the year due to positive factors in the retail furniture sector. These factors included the lifting of sanctions, the reasonable performance of the black market and

an expected drop in interest rates.

He said sales figures for the year to May 1991 showed an increase of 21,8% at current prices over the previous year, so there was still growth on an annual basis.

Jordaan said the lifting of sanctions would create more jobs and generate more money and purchasing power.

Also, manufacturers would be able to find cheaper markets for raw materials, where previously they paid higher prices to import materials through the back door.

Uncertainty

Other positive factors were that sales to blacks still remained fairly strong and massive housing projects would boost sales of furniture and household goods.

Jordaan expected sales to increase with the introduction of VAT as many people were holding back on purchases due to uncertainty over prices.

He said the FTA believed there would be little, if any, difference in prices with VAT's introduction.

FM 2/8/91

Not sitting comfortably

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Profits have been good but now sales are flagging

Some furniture traders tend to argue that they have never enjoyed a fair rating from the stock market. That is partly because their companies are not comparable to any other type of business — they have both shop and bank functions.

The discount on furniture shares is such that the old Beares Group, now Prefcor, will be relisted on the more highly rated Retailers & Wholesalers sector.

Furniture traders carry their own debtors' books, which is why their debt levels worry the market.

Furniture retailers lend to customers who often cannot obtain financing from banks. Moreover, risk does not just arise from bad debt — furniture, like the durable goods market as a whole, is a cyclical industry. Furniture purchases are usually among the first to be postponed during economic downturns.

Yet recently furniture shares have languished even though sales have grown

strongly. Conventional wisdom about furniture sales — and profits — suffering severely in a recession was turned on its head. There was substantial real growth for the whole of 1990 (see graph). Attributable earnings of furniture companies have recently held up well (see table) with Ellerines, Morkels and J D Group all showing substantial real growth in earnings, while earnings have been in decline in industrial companies generally. The optimistic view held that the require-

Continue →

ments of the burgeoning black market would insulate furniture traders from economic downturns. Construction of hundreds of thousands of low-cost houses would add further to their sales. Recent evidence shows, though, that the consumer recession was simply postponed. The industry is battling and major retailers confirm that sales are down in real terms. Beares is the only exception at this stage.

The downturn has claimed its first victim in Geoff Austin, chairman of Rusfurn, who was unable to meet the cash-flow requirements needed after the management-led buyout. The market is expecting no more than flat earnings from Rusfurn.

Austin says debt capacity of individuals had been building up since the 1984-1985 collapse of consumer spending. There had

been no real growth in furniture sales since then and consumers have been waiting for a decline in inflation and interest rates. Last year it became clear that rates would not come down substantially.

The decisive variable in furniture sales is not interest rates as such. Restrictions on HP terms are the key factor. The recent boom was boosted by the relaxation of tough terms on TV and audio in March 1990. A previously static sector of the market took off. Sales of audio equipment last year increased by 51% and TVs by almost 24%. But further relaxation in these restrictions is unlikely this year, so this factor was a one-off.

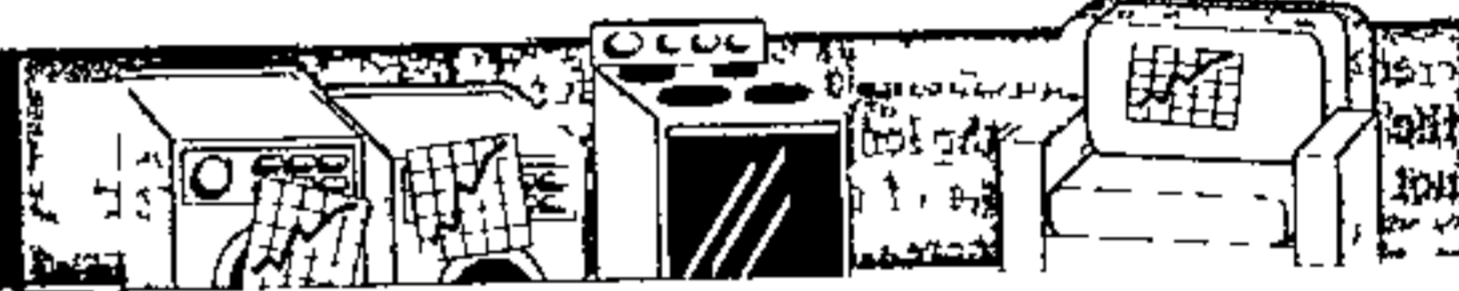
Perhaps, if the furniture boom had continued for the rest of the year, reratings would have been justified. But companies need to show sustained earnings growth over time.

Take for example the two best rated shares. Amrel lost 11c a share back in 1986, Ellerines had an earnings decline in 1988, followed by some fairly pedestrian results, before taking off in the last two-and-a-half years. Ellerines, at least, cannot complain about the run it has enjoyed over the last two years.

The rating of furniture companies was clouded to a large extent by uncertainties about their tax position. Under the old Section 24 allowance, furniture traders effectively paid no cash tax as long as their debtors books continued growing. They were able to offset the uncollected portion of a contract against any tax due. This enabled companies like Rusfurn not to show any tax on their income statements.

Government made it clear that changes to

Looking for value Key statistics from the leading furniture retailers



	Turnover (Rm)	% change	Operating profit (Rm)	% change	Operating margin	Stock turn	Debt/equity	Interest cover	Finance charges % change	EPS	% change	Tax rate	Return on equity	Market cap (Rm)	p/e ratio
Amrel ^F (March) 1991	1001	21.4	64.9	36.8	6.3	7.8	0.80	3.8	138.8	260	6.1	42.9	16.4	110	4.6
Ellerine ^F (Feb)	311	30	51.6	35.3	16.6	13.4*	nil	n/a	n/a	375	26.7	49	26.5	452	8.8
J D Group ^F (Dec) 847	647	36.9	83.6	25.7	12.9	7.5	0.55	3.8	32.6	143.2	39.8	17.2	24.0	150	3.1
Morkels ^F (March) 268	268	31.2	28.4	56.3	10.6	4.9	1.28	3.1	43.2	23.7	63.4	50.5	15.7	34	3.6
Rusfurn ^F (Dec) 848	848	21.9	109.8	30.8	12.9	6.7*	1.90	3.5	137.8	37.2	0.3	nil	27.7*	134	1.4

F = full year results I = interim results * = for the last full year = annualised

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Star 21/8/91

Picapli responds well to treatment

By Jabulani Sikhakhane

Picardi Appliances (Picapli) has reacted positively to shock treatment applied since financial 1990 ~~1989~~ (188)

The group reported a sharp turnaround in the 12 months to June, with earnings of 54c from a loss of 53c a share in the previous year.

No dividend is being paid as directors have decided to conserve cash until the group's gearing ratio improves

In financial 1990 the group disposed its low-margin audio business and withdrew from the local manufacture of portable audio products and television sets

This rationalisation programme was embarked upon after Picapli reported a pre-tax loss of R13,2 million for the year

During the review period, group turnover rose 95 percent (for competitive reasons Picapli does not provide actual turnover figures)

Improved operational efficiencies, the elimination of the low-margin business and improved penetration into the appliance market resulted in operating income rising 121 percent from R14,36 million to R31,77 million

Working capital management was tighter during the year, result-

ing in net assets falling from R139,44 million to R109,07 million

As a result, the group managed to cut a further R44 million off its interest-bearing debt.

The group received a R21 million loan from Picardi

Taken together, these factors helped reduce gearing from 319 percent to 130 percent

Interest payments fell 38 percent from R27,53 million to R17,15 million

This boosted income before taxation by 211 percent to R14,62 million from a loss of R13,17 million

After a tax payment of R608 000, taxed income was up 204 percent from

a loss of R13,472 million to R14 million

This is above taxed income of R10 million the directors forecast at the interim stage

Excluding the utilisation of assessed tax losses, earnings a share would have been 32c

Looking ahead, the directors are confident that Picapli's focus on branded products will see the group through difficult trading conditions

Continued tighter working capital management and further improvement in operational efficiencies will provide the basis for sustained profitability, they say.

FURNITURE retailers have finally succumbed to the pressures of the economy, continued high interest rates and a significantly lower rate of consumer spending, analysts say

After a spate of good results from major retailers, the most recent company results from Protea Furnishers (Proform) and Morkels — which both showed reduced earnings and minimal turnover growth — reflect the recent decline in consumer spending on furniture and household goods

Figures issued by the Furniture Traders Association show sales growth of 17.1% in January, 20.1% in February, 15.1% in March, 7.7% in April and 5.7% in May — compared

Days of reckoning for furniture firms

with an average sales growth of 25.8% in 1990

The Reserve Bank annual report confirms this trend, showing that the contraction in expenditure on durable and semi-durable goods and services since the beginning of 1991 was reflected in a growth rate of 0.5% in real private consumption expenditure in the first quarter, and a decrease of 0.5% in the second. This compares to annual growth rates of about 2% in all four quarters of 1990. An analyst said "The high interest rates had a depressing effect on con-

MARCIA KLEIN

summer expenditure and companies' ability to finance debtors' books"

Furniture groups Ellerne, J D Group and Rusfurn will report soon, and analysts are expecting them to show slower earnings growth

Ellerne reported a 27% increase in earnings to 375c a share in the six months to end-February, with sales growth of 30% to R311.3m. It was expected to perform "better than the rest", but not as well as before. Ed Hern, Rudolph analyst Sid

Vianello said that Ellerne might show a sub-inflation turnover growth in the second half. However, it had made such large provisions it could possibly even maintain margins

He said total pre-tax profit for the year would be in the region of R105m, up by 12% for the year. Total earnings would be up by about 16% to 17%

Irish & Menell Rosenberg analyst Aloma Jonker said there might be an increase in stock levels and a lengthening of the debtors book, but the group had always employed sound

working capital policy

J D Group boosted its earnings by nearly 40% to 143.2c a share in the year to December, from turnover up 36.9% to R645.7m

Vianello had heard talk that J D Group's profits would remain unchanged for the six-month period. He expected a 12% turnover rise, as the reporting period included the still buoyant earlier part of the year

Jonker was concerned that the group's interest cover was getting thin, and that bad debts in some divisions was high

Analysts said it was well known in the industry that Rusfurn was faced with a multitude of problems, and its bad debt position was more serious than the rest of the industry. Vianello said results depended on how prudent management's provisions were

Jonker was expecting "dismal results following the group's policy of rapid growth without due consideration of the risks involved"

Rusfurn announced a minimal growth in earnings to 37.2c a share on a 22% turnover rise to R849m for the six months to end-December

Jonker said that conditions were not looking good for the furniture trade, and even Ellerne, financially the most sound, could feel some of the pain

Furniture sector sees upturn

TOM HOOD, Business Editor

188 ARG 24/9/91

SALES of furniture, appliances, TV and audio equipment were depressed in the mid-year May to July period, but the Furniture Traders Association believes the decline has halted and that the last five months of the year may show an upturn.

"Factors that have depressed sales have been the general economic climate, and the fact that VAT will be introduced at the end of September 1991," says Frans Jordaan, executive director of the association.

"Many people who are planning a major purchase are waiting until October but the government's introduction recently of an additional 2,5 percent ad valorem excise duty on television, radios and audio equipment will negate the three percent difference between VAT and GST.

"There's no point in holding back on purchases of these specific items. The end price of these goods after September 30 will be the same as now," he said.

During the three months sales figures at current prices compared with the same period last year show that overall the black market is still growing faster than the other market sectors.

"Overall national growth in sales at current prices of furniture was 3,5 percent, appliances, 8,76 percent, TV and video 67,2 percent — total growth was 6,3 percent," says Mr Jordaan.

For the 12 months to July total furniture/appliance/audio/TV and video sales at current prices increased by 18 percent which represents 3 percent positive growth in real terms, albeit at reduced margins, he said.

During this period, sales to blacks rose by 25,8 percent and to other population groups by 13,6 percent.

"The traditional yearly sales pattern indicates that from October to December, there is a significant increase in sales.

"This year, we believe that when VAT replaces GST, we could also experience an upturn. Another factor that makes us optimistic is that the signing of the peace accord could mean a decrease in township violence and this will help sales," he says.

■ Sanctions were still being experienced as a constraint in some form or other by 46 percent gross of manufacturers, the Bureau for Economic Research at the University of Stellenbosch found in its latest manufacturing survey.

The volume of manufactured exports continued to increase at a faster rate than imports of manufactured goods and expectations were that this trend would continue over the next 12 months.

The survey involved 835 manufacturers representing 21 subsectors and was completed on August 30, 1991.

The Bureau said the manufacturing sector of South Africa had been in a recession since late 1988 and that it was one of the longest post war recessions, but not one of the most severe.

The timing of a turning point, both in peaks and troughs, could be of utmost importance for some manufacturers, especially those handling long production runs with comprehensive stocks encompassing many other intermediate sectors.

"It needs to be stressed, that expectations of short-term manufacturing leading indicators such as new orders received, unfilled orders and general business conditions were not realised in the third quarter and forecasts for the fourth quarter indicate lower levels than last year. General business conditions over the next 12 months, however, are expected to bottom out rapidly," the Bureau said.

Furniture, appliances still taking a beating

B 10 Aug 26/9/91 (188)
SALES of furniture, appliances, TV and audio equipment for the period May to June continued to be hammered by the recession and reduced consumer spending

Total sales of furniture, appliances, TV and audio equipment grew by only 6,3% at current prices during this period

Furniture sales grew by 3,5%, appliances by 8,7% and VCRs by 6,3%

The latest figures issued by the Furniture Traders' Association (FTA) show there has been no real growth in sales in the industry since April, when sales showed a nominal 7,7% rise compared to the 15,1% increase in the previous month

FTA executive director Frans Jordaan attributed depressed sales to the economic climate and to the imminent introduction of VAT. He said many people who were planning a major purchase were opting to wait until October

However, he said the recent introduction of a 2,5% ad valorem excise duty on TV, radios and audio equipment would negate the difference between VAT and GST

"The price of these goods after

MARCIA KLEIN

September 30 will be the same as now, so there is no point in holding back on purchases", he said

Sales figures were "not good", but might have bottomed out and could show some improvement in the last five months of 1991, he said

Traditionally, there was usually a significant increase in sales from October to December and there could also be an upturn this year as VAT replaced GST, Jordaan said

Reduced

A decrease in township violence following the signing of the peace accord was also a positive factor, he said

Total furniture, appliance, audio, TV and VCR sales in the 12 month period from August 1990 to July 1991 — including some buoyant months last year — rose by 18% at current prices.

But Jordaan said the 3% growth in real terms was at reduced margins

During this period, sales to blacks rose by 25,8% and to other population groups by 13,6%

Business Report

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WEDNESDAY, NOVEMBER 13 1991

120 closures hit furniture industry

(188)
CT 13/11/91

By MAGGIE ROWLEY
Deputy Business Editor

ABOUT 120 furniture manufacturers employing more than 1 350 workers were closed or liquidated in the first six months of this year, says Winston Smith executive director of the Federation of Furniture Manufacturers

In the Western Cape alone 431 workers were retrenched between January and June this year and a further 1 176 of the 5 574 workers employed in the region have been put on short-time

And Smith warned, further closures and retrenchments would be inevitable unless the authorities acted quickly to stimulate the economy

This call was echoed by Frans Jordaan, executive director of the Furniture Trad-

ers' Association, who said that figures released today for the three months to September showed a negative real growth in sales of furniture, appliances, TV and audio equipment

According to the associations Retailer Liaison Committee, furniture sales for the quarter were up 8,3% on the same period a year ago, appliances by 11,2%, audio equipment by 7,4% and television and videos by 13,5%

Jordaan pointed out that sales of audio equipment, appliances, television and videos were particularly good in 1990 due to the relaxation of credit restrictions.

"Therefore it means that this years figures in respect of these commodities are being measured off a fairly high base "Sales of furniture on the other hand have been de-

pressed for the past 12 months and this is causing grave concern in the industry

"If we annualise the figures, we are looking at a growth rate roughly the same as the inflation rate," he said

He said the current feeling in the industry was that the government had to act soon to stimulate the economy

"Failing this some sectors of our industry, particularly the manufacturing companies could be forced to make substantial retrenchments," he said

Smith said furniture sales had declined in real terms by 16,5% in the first six months of this year as a result of the downturn in the economy, high interest rates and pressure on disposable incomes.

He said furniture sales peaked in August 1983 prior to the introduction of the last ma-

for HP restrictions

"At that time there were 28 950 workers employed in the industry — 2809 more than the number employed as of June 30 this year"

Figures to June 30 1991 showed a total of 26 141 people employed in the industry, of which 3756 were working short-time

He said that the situation in the industry, at least in the Transvaal, appeared to have stabilised since July with no short-time being worked

"However this is due only to the fact we are now in the traditional seasonal peak for the industry Normally the industry works overtime from August through to end October which is not happening this year"

Smith warned that once the Christmas season was over the industry would again be in dire straits

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BUSINESS

Govt told it must act to save jobs in furniture industry

6/10/91
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MARCIA KLEIN

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THE furniture industry faces substantial retrenchments if government does not act to stimulate the economy, Furniture Traders' Association (FTA) executive chairman Frans Jordaan says.

Commenting on lacklustre sales figures for the third quarter, he said the industry felt that if nothing was done to stimulate the economy soon, "some sectors of our industry, particularly the manufacturing companies, could be forced to make substantial retrenchments"

Major manufacturer Afcol today reported a 47% decline in earnings for the six months to end-September. These results, as well as other figures which show a 17% decline in the manufacturing industry in the six months to end-June, indicated the furniture manufacturing industry was experiencing a huge slump, from which the smaller operations might not recover

Measured

Retailer Liaison Committee figures showed furniture sales grew 8,3% at current prices in the July-to-September quarter. Appliance sales grew 11,2%, audio equipment sales 7,4% and television and video sales 13,5%. At current prices, these figures reflected no real growth in the industry for the quarter

Jordaan said these figures had been measured off a base of particularly good sales at this time last year due to the relaxation of credit restrictions

Sales of audio equipment, appliances, televisions and videos were measured off a fairly high base, but "sales of furniture, on the other hand, have been depressed for the past 12 months and this causes grave concern", Jordaan said

Annualised sales figures showed a growth rate roughly the same as the inflation rate, Jordaan said. This was way below average sales figures for 1990, which varied between 20% and 30%

Record year for Grant Andrews

MARCIA KLEIN

GRANT Andrews Office Furniture (GAOF) has secured orders worth about R24m in the past six months.

Chairman Grant Andrews said 1990 was a record-breaking year, with turnover in the second half well above the expected target.

However, profits for financial 1991 were not expected to be higher than in 1990, when holding company Grant Andrews (Gahold) reported a 51% decline in earnings (on an annualised basis) in the 14 months to end-August.

Attributable income was 49% down at R2,29m, despite a 28% increase in turnover to R71,1m.

MD Mike Edwards said Gahold's policy in the past 18 months had been to lay a firm base and ensure the company's survival in the 1990s. *5/11/90*

With the economy in a downward spiral, it was essential to secure the group's position in the market.

A large investment had been made in research and development.

GAOF had focused on rentals, "which have soared at an alarming rate", and embarked on an export drive, securing orders for more than R2m in the past few months, Edwards said.

Major contracts had been secured in the past six months from corporate clients, such as Syfrets, Glaxo, Bankfin, M-Net, Lindsay Saker, UBS, Avis, Rio Tinto and Allied Bank.

R2,4m, whereas net borrowings increased by a lesser R542 000 to R4,8m

The annual report lists several factors of a non-recurring nature which dented margins. These include costs incurred and the disruption to trading arising from the relocation of Partquip's Johannesburg and Durban warehouses. Also, it was decided to take out Credit Guarantee cover on the exposure to Spareco — which turned out to be an excellent investment.

But there are also indications that overheads might generally have been getting out of hand, owing to the policy of divisionalising activities according to the various niche markets in which the group concentrates. This led to a multiplicity of distribution centres around the country. That it contributed to an uneconomic cost structure is suggested by the fact that five of these centres have since been closed — two serving the Autoquip division (accessories, tyres, and so on) and three in the case of Techniquip (bearings).

Given that the above factors are either non-recurring, or that corrective action has been taken, margins may recover this year. However, some uncertainty about this arises from last year's 11,8% trading margin, which was not out of line with the group's historical performance.

From 1984 to 1988 the pre-interest margin on sales averaged 11,5%, and a noteworthy feature was the consistency of this ratio — the high for these five years was 12,1% in 1985 and the low 10,7% in 1987. It could be argued the 14,6% for 1989 (when EPS jumped 49%) was out of line, and that 1990 merely saw a return to the long-term average.

Supporting this view is management's stated objective of achieving a net return on equity of at least 20% (calculated on average shareholders' funds and a full tax rate). Despite last year's lower trading margin, ROE would still have exceeded 25%, hardly suggesting the group was under-performing against its own objectives. 1989's ROE was well ahead of target at 35%.

If the assumption that 1989 was an exceptional year is correct, the return to normality reflected in the latest results may well be a sounder base from which to project future performance.

If so, the market has probably over-reacted in driving the share price down to the current 45c — giving a p/e of only 3,4 times and a high 11,1% dividend yield. Even accepting that trading conditions this year will remain difficult, it could be argued that Autoquip was more accurately valued at the 1989 high of 70c than is the case now.

Brian Thompson

Activities: Furniture, motor and property interests in Namibia and SA

Control: Directors 40%

Chairman: P J Tromp, MD N C Tromp

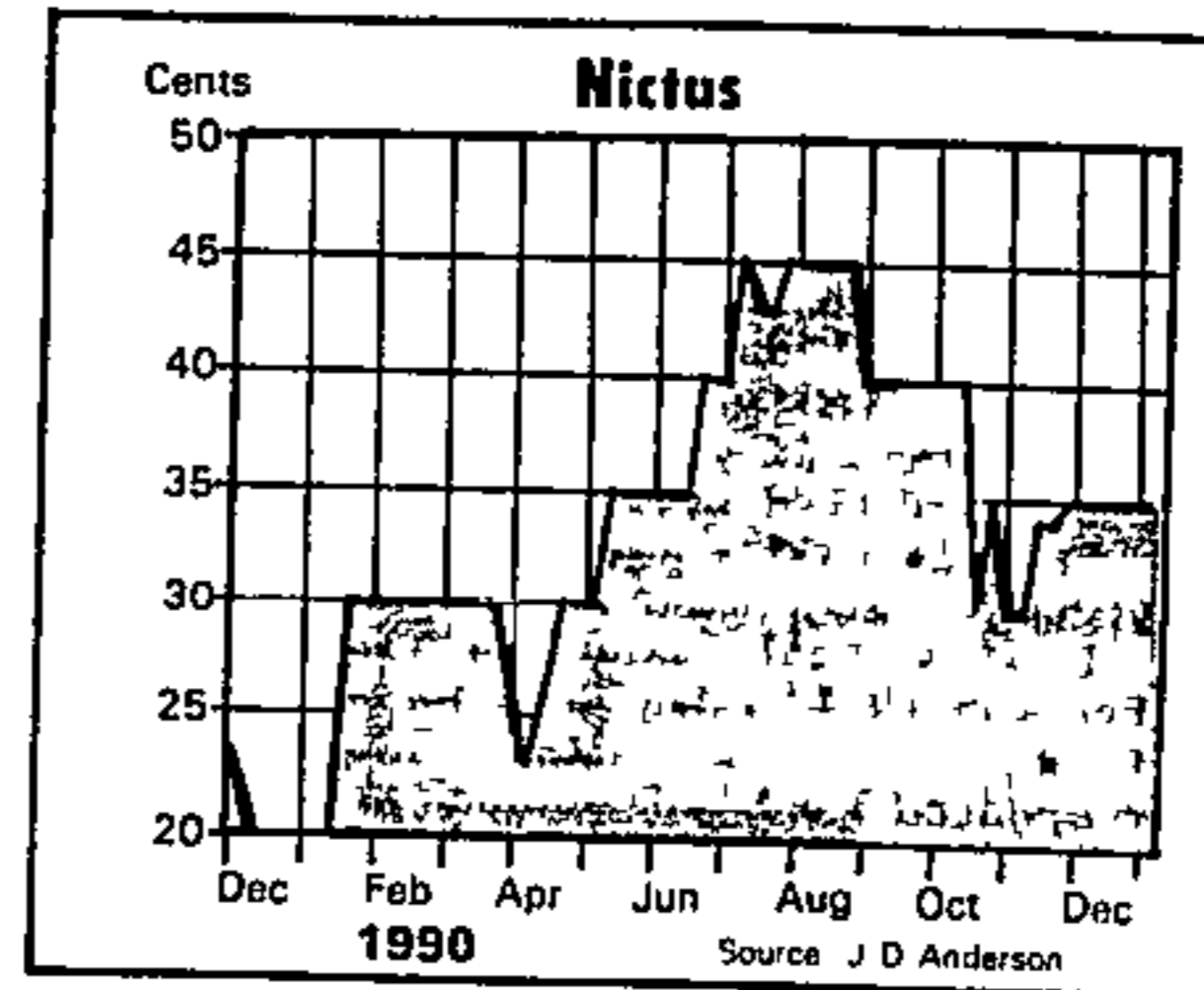
Capital structure: 7,12m ords Market capitalisation R2,1m

Share market: Price 34c 12-month high, 45c, low, 20c Trading volume last quarter, 79 000 shares

Year to June 30	'87	'88	'89	'90
ST debt (Rm)	3,6	5,5	6,1	7,3
LT debt (Rm)	2,1	2,3	2,2	1,8
Debt equity ratio	0,96	0,85	0,98	1,13
Shareholders interest	0,30	0,41	0,37	0,39
Int & leasing cover	2,36	2,39	0,69	0,77
Return on cap (%)	9,8	11,2	4,26	6,27
Turnover (% change)	97,1	50,2	12,1	0,22
Pre-int profit (Rm)	1,7	2,5	0,9	1,3
Earnings (c)	20,4	17,6	(6,8)	(4,9)
Dividends (c)	4	4	2	nil
Net worth (c)	131	124	117	113

dilemma. With the Untag and SADF presence out of the Namibian economy and little foreign investment forthcoming, it could be difficult to maintain operating income, let alone produce growth.

Last year's 35% advance in operating income (with some aid from Untag spending)



was wiped out by a R1,7m interest bill. This did not come as a surprise because Nictus has battled with low profitability and high gearing for some years. Three additional directors were appointed to increase management control. In line with this, directors' pay increased by 26,4%.

Furniture losses

Furniture, which contributes 48,5% of turnover, is the only division with branches in SA and it was these which incurred the big losses.

MD Nico Tromp is confident rationalisation of the division (seven SA shops were consolidated into four) has stopped the drain and says the division is now profitable. Inventory levels are much lower, as are finance charges. He notes that this year, the Namibian furniture trade is suffering.

Things don't look too bright on the vehicle side either. With government well stocked with UN vehicles, it is unlikely that any real government demand will develop within six to eight years. The motor division contributes 42% of turnover.

The share is unlikely to appreciate until basic problems are resolved — such as the return of only 6,3% on capital. Gerhard Stabber

FM 11/191
NICTUS 188
DEMAND DRIES UP

This troubled Namibian industrial holdings group — with interests in furniture, vehicles, carpets and property — is facing a new

Restructuring keeping Romano on upward trend

MARCIA KLEIN

(188)

ROMANO Furniture continued its upward trend in the six months to end-December following its restructuring during 1990. *By Day 18/1/91*

The furniture manufacturer posted a profit for the first time since December 1988, and management said yesterday it was confident the new structure which came out of the reorganisation "would ensure maintained profitability throughout the year to June 1991".

A net profit of R18 000 posted for the six months to end-December compared with an attributable loss of R225 000 for the same period in 1989, and earnings a share increased to 0,13c from a loss of 1,7c.

Despite a marginal decrease in turnover to R5,76m (R5,81m), net operating profit increased almost five times to R240 000 (R49 000).

Directors say the attributable profit for the six months reflects the success of the restructuring.

The restructuring included a concentration on Romano's core business, shutting down or closing marginal operations, the relocation of certain divisions, cutting down on stock and generating cashflow — finance costs came down from R271 000 to R222 000 in the six months to December.

The turnaround was achieved despite an uncertain political and economic environment, which caused highly volatile market conditions and lowered demand for furniture, the directors said.

Bank City orders anger suppliers

S/Times 3/2/91.

188

By DIRK TIEMANN

SOME suppliers who lost out on First National's Bank City contracts worth R14-million are shouting unfair, but the bank says it's sour grapes.

Office furniture and partitioning makers complain that the Johannesburg Bank City project team dealt only with a few suppliers, and should have called for tenders.

Some believe their product was rejected in favour of an imported one. They are loath to be quoted, for fear of being overlooked in later phases of the project.

Chairman of Mathieson & Ashley, the holding company of Dashing and Anglo Dutch, Winky Ringo, denies any irregularities in the contracts.

But he has been worried for some time about kick-backs, especially where architects and designers are paid by clients to recommend office furnishing suppliers while receiving commissions from those they back.

Illegal

Mr Ringo said in a letter to all members of the industry last June "A commission of any sort which is not disclosed to the buyer is illegal and punishable by law. I have advised companies in our group that they may not pay commissions to designers and in the event that this rule were not adhered to I would personally act on the side of the law without mercy."

He is sending another letter to the industry, saying that commissions are continuing and that the matter will have to be referred to the Attorney-General.

Dashing was awarded the Bank City office furniture and chair contracts for 2 000 workstations — for R11,5-million



WINKY RINGO A fair deal, but worried about kick-backs elsewhere

A chair manufacturer says he wrote to members of the Bank City furniture project team 18 months ago, inviting it to view his product and his manufacturing capability.

"It was as if we never sent any letters. I found out later that the chair contract for Phase 1 of the project was awarded to a single supplier without any tenders being asked for."

"This is the single biggest furniture contract this year and we were disappointed that no tenders were called."

Bank City project chief John Collett says the tender system is not favoured. "We did not want manufacturers telling us what they thought we needed. We approached companies we believed had the capacity to manufacture the product and which could deliver the goods according to our specifications."

"We dealt with all the major companies, but did not want our specifications and design ideas interpreted another way."

Mr Collett says the chair chosen was

originally from Anglo Dutch, "but it was decided not to manufacture the model. We then opted for the Wilkhahn chair, made in SA, from Dashing."

Dashing marketing director Don Bethell says most of the firm's products are made under licence from mainly German manufacturers.

Mr Bethell says Dashing won the order against Anglo Dutch, Grant Andrews, Masterplanners and Skandia. Dashing tooled up before the Bank City project, investing R4-million in machinery and dies.

Masterplanners has the order for the internal walling at its offer price of R3,5-million. The value of this contract has since increased.

Chief executive Douglas Troxler says "First National may have to change up to 150 workstations over a weekend. Our product, Interstat, meets these specifications and is made in SA under licence. The aluminium is from Huletts, the boards from Gypsum Industries and the fabric from Superweave."

Homework

"Companies were pre-selected for this job, but it was not a restricted tender. My company went through the pre-qualification procedure and we were unsuccessful with some contracts."

"Complaints that FNB was unfair in its contract offers are sour grapes. Companies either did not do their homework, or they did not meet the standard required."

Grant Andrews, which unsuccessfully competed for the furniture contracts, says "The contracts we were involved in were professionally handled and I am not aware of any products being imported."

"Most of our products are made here under licence. In the selling price there might be a 3% royalty and 10% worth of imported components, depending on the product range."

Good management holds key to growth

By Stacy 8/29/91

188

FURNITURE retailers should rely on good management and not on sales for growth in 1991, analysts say.

Growth in 1991 will "be dependent on managing credit and running a tight ship", says one analyst.

While there will be a slowdown in sales, furniture retailers will grow, although not to the same extent as last year, say analysts.

During 1990, furniture retailers experienced buoyant growth, with major groups Ellerne, Morkels, Rusfurn and JD Group posting increases in earnings of 50%, 46%, 54.5% and 32.8% respectively.

However, says one analyst, "disposable income is not increasing, the pent-up demand is satisfied by now, and unemployment is getting worse".

Analysts say the recession has been around for some time, and people "just don't have the money any more, and banks are not going to extend credit as before".

MARCIA KLEIN

Analysts feel Rusfurn will probably make its growth target of 20%, while Ellerne and JD Group will also show good growth, but probably not at the same high level as last year.

Major furniture retailers agree, saying they will show growth, but will have more problems in 1991 than in the previous year.

Ellerine chairman and MD Eric Ellerne says 1990 was "an outstanding year for the furniture retail trade", and that it will be difficult to maintain the same rate of increase in growth.

He says the industry

probably needs some consolidation.

Rusfurn CE Geoff Austin says his group is confident it will show growth, although he cannot make any promises.

JD Group financial director Colin Stein says much depends on SA's political conditions, but expects growth through to December 1991.

However, trading will be difficult, and economic and employment factors will be important influences.

Dispute deepens over duty on fabric imports

BEVERLY HUCKLESBY

By Stacy 8/29/91

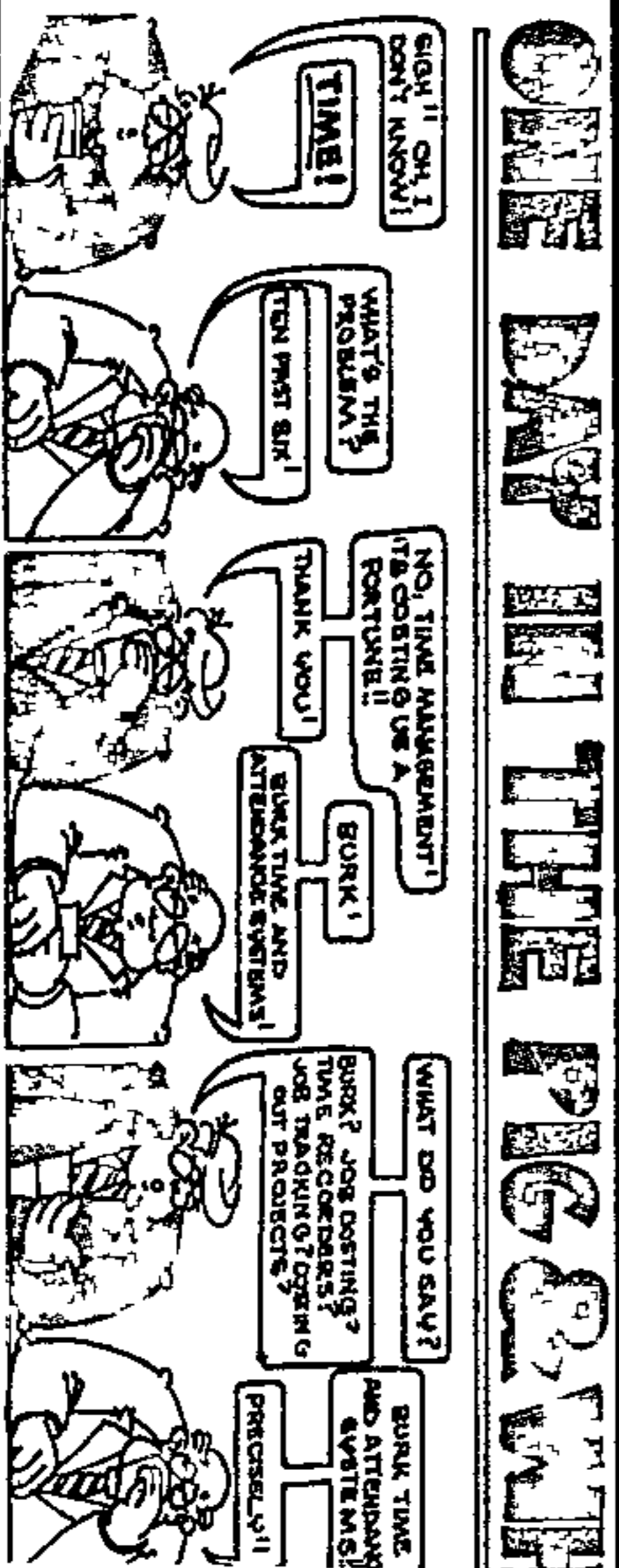
THE long-standing feud between the textile and clothing industries has intensified after a recent meeting with Deputy Trade and Industry Minister Theo Alant.

Central to the issue is the lifting of import controls by government in August 1989. The Textile Federation (TF) said last week local textile sale volumes had dropped by 30% and attributed this to the removal of the 20% duty charge on fabric imports.

However, according to the National Clothing Federation (NCF), latest figures indicated a 6% drop in the volume of fabric imports. It said further protection to yarn suppliers would perpetuate supply problems in SA and undermine international competitiveness.

The scheme had resulted in clothing exports reaching an annual figure of R200m — 5% of the total industry output.

The NCF said the annual growth rate was continuing at 30%.



FIM 8/2/91

tempts to enter export markets and new plans to import plant, hold a rights issue and acquire a foreign shareholder (188)

At least these latest plans seem to be more soundly based, for the recent interim report says the imported plant is being commissioned, though it is not expected to contribute to profit until the 1992 financial year

Both in the past year and subsequently, economic conditions have not been kind, especially to a company closely tied to luxury and semi-luxury markets. But while the six months to end-August 1990 produced interim earnings of only 0,79c a share, from turnover of R2,88m, against 2,05c from R3,03m 12 months before, this was usefully better than the mere 0,27c (from R2,95m) implicit for the second half of the previous year

The balance sheet remains fairly healthy. Net interest payable was a mere R30 000. Interest-bearing borrowings are negligible (there's also R316 000 interest-free from the controlling shareholders) and the current asset ratio, 4,4 1 at February 28 last, was still 3,5 1 at end-August. But stocks rose from R1,2m to R1,7m last year, much faster than turnover, and must be watched

The share price has been perky lately, though given the tight marketability it has not taken much to move it. It is now quoted at double tangible net worth, and with par value a nominal 1c it should be possible to hold a rights issue with minimal dilution of either net worth or earnings

SHO-CRAFT FIM 8/2/91

EXPORT HOPES (188)

Activities: Designs, makes and supplies shop-fittings, exhibition stands, marketing products, jewellery displays and packaging, and is SA licensee for the Swiss-developed SYMA construction system

Control: Directors 84,7%

Chairman: H H Schwarz, MD F V Haymann

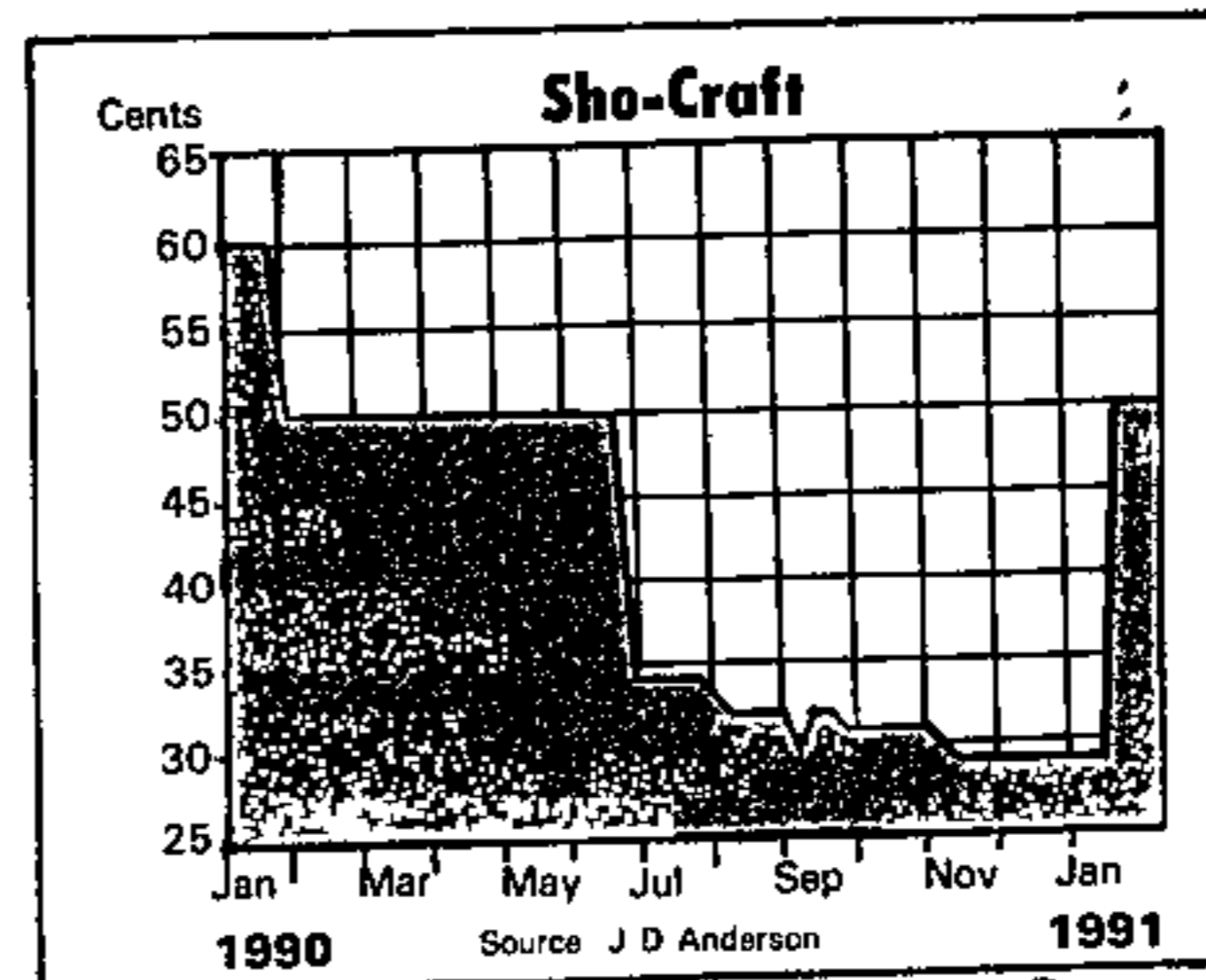
Capital structure: 13m ords Market capitalisation R4,4m

Share market: Price 45c Yields 2,2% on dividend, 5,1% on earnings, p/e ratio, 19,6, cover, 2,3 12-month high, 50c, low, 29c

Trading volume last quarter, 13 000 shares

Year to Feb 28	'87	'88	'89	'90
ST debt (Rm)	0,2	0,2	0,1	0,2
LT debt (Rm)	—	—	0,3	0,5
Debt equity ratio	0,3	0,1	—	0,1
Shareholders interest	0,62	0,82	0,83	0,69
Int & leasing cover	n/a	17,9	n/a	13,2
Return on cap (%)	n/a	14,7	17,6	9,9
Turnover (Rm)	3,6	3,7	5,3	6,0
Pre-int profit (Rm)	n/a	0,5	0,6	0,4
Pre-int margin (%)	n/a	12,4	11,9	6,6
Earnings (c)	3,3	3,1	4,2	2,3
Dividends (c)	—	1,5	2	1
Net worth (c)	17	20	21	22

Harry Schwarz's 1990 chairman's review in some ways reads like a re-run of his 1989 version. Then, he referred to a plan to relocate plant from abroad and hold a rights issue, some of which would be passed over to a foreign investor, to meet some of the costs, this time, to the "failure" of previous at-



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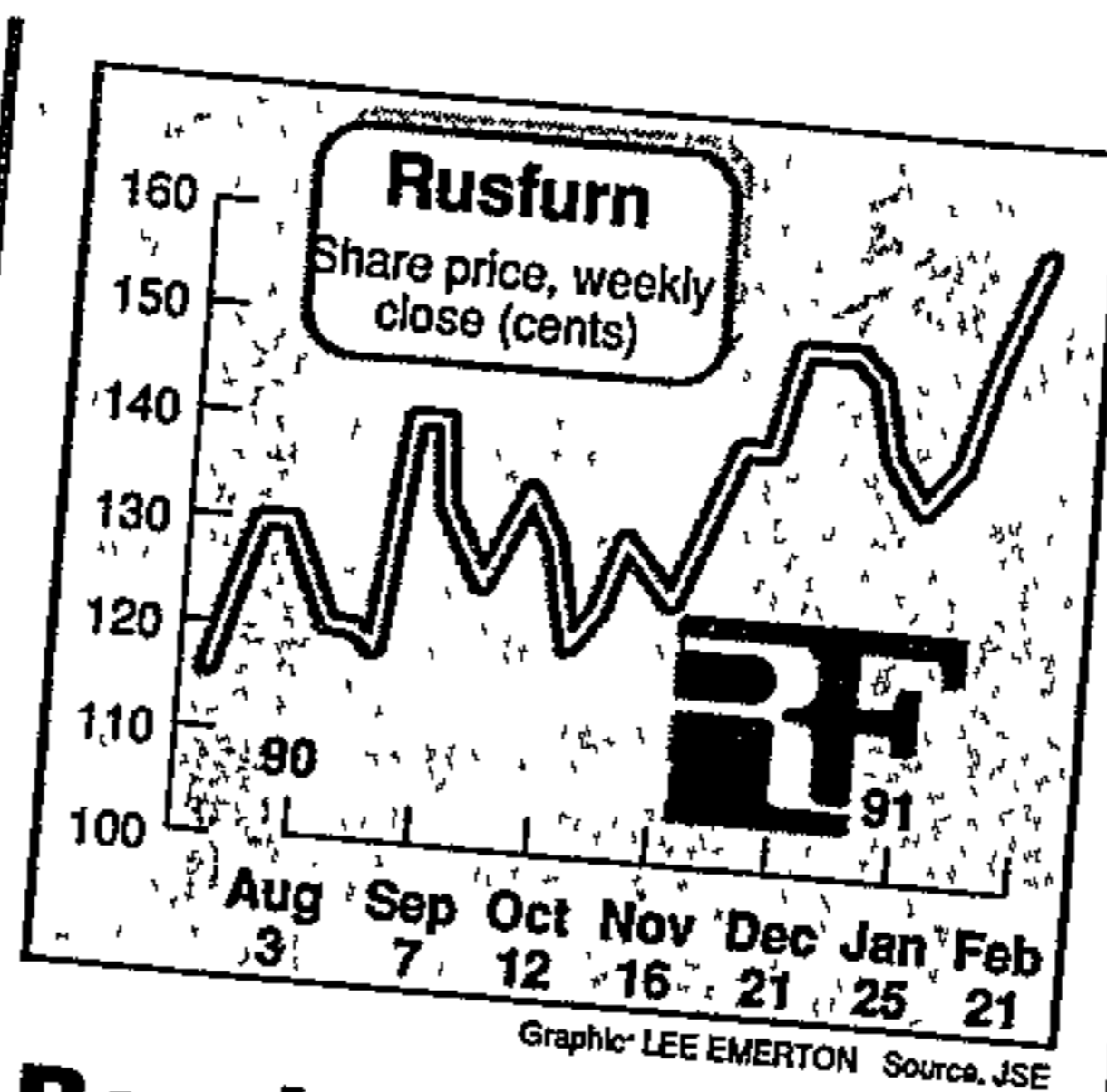
COMPANIES

Unlike many mid-Eighties new listings, Sho-craft appears to have been hurt by tough trading conditions rather than over-strained

finances and cloud-cuckoo-land projections. It could therefore be able to respond quickly to economic recovery, while export prospects

could be a useful sweetener. However, much of this optimism may already be in the share price

Michael Coulson



Results put a spoke in plans for Rusfurn

By Marcia Klein 188

LATEST results from Rusfurn for the six months to end-December 1990 have placed in jeopardy the directors' chances of upping their stake in the furniture group. The furniture retailer announced a slow 5% growth in attributable earnings to R64,8m (R61,5m), far off the annual rate management needs to achieve if it is to lift its interest in the group.

Chairman Geoff Austin said "directors would not make their conversion scheme this year". In terms of the scheme the directors could increase their stake by 15% over three years providing Rusfurn declared a minimum dividend of 16c a share at the June 1990 year-end (which it did) and declared an inflation plus 5% growth in dividends for financial 1991 and 1992.

The performance-linked share participation scheme follows the R232m manage-

□ To Page 2

Rusfurn 188 From Page 1

ment buy-out from Tradegro in 1989. Austin said it was unlikely that earnings would be made up in the second half. Problems arose from the Furngro acquisition and R8m had to be written off. Also, a hefty interest bill, minority and preference dividends and a decision to deliberately slow down the business saw earnings remain static at 37,2c (37,1c) a share after taking into account extra shares in issue. The interim dividend of 5,5c a share was maintained.

Rusfurn fell behind the industry turnover growth of 25% to 26% for the six month period by posting a 22% increase to R849,0m (R696,5m). The group "was not taking any chances", and credit terms were selectively reduced and minimum deposits increased to ensure that only top quality debtors are added to the book.

Profit before interest and tax increased by 31% to R110m (R83,9m), which was well ahead of turnover growth", and Austin said the good news was that operating margins continued to improve. At the interim stage margins were up to 12,95% compared with 12,3% at the June year-end, and 12,1% at the same time last year.

However, a hefty 138% increase in the interest bill to R31,7m (R13,3m) and no tax paid saw profit after tax up by 11% to R78,1m (R70,6m).

Austin said increased financing costs were substantial but "in line with budget, and reflect funding needs of the debtors book, which had a gross value of over R1,1bn at end-December".

The group was borrowing short-term from the banking sector to on-lend to customers for up to 24 months.

Extensive discussions and investigations were taking place to restructure the group's capital base, and the group was looking at a number of alternatives, the results of which would hopefully be finalised by year-end.

Austin said a marked decline in instalment collections — especially in the middle income sectors — indicated that "the middle income credit customer is approaching the limit of his debt capacity".

Rusfurn puts brake on growth

With first-half earnings and dividends unchanged, it looks as though Rusfurn will not produce the sort of full-year earnings and dividend figures needed to trigger the executive share incentive scheme

If it does really well in financial '92 — to end-June — the directors will be able to catch up and trigger sufficient conversion to take their initial stake of 10 percent to 21,7 percent.

Through a company called Furnhold, nine of Rusfurn's top executives hold 41,5 million "A" ordinary shares.

To trigger one-for-one conversion of these shares, the annual dividend must be lifted by five percentage points above inflation and dividend cover must be held at 3,5 times. For the year to June '90, the first 13,8 million of the "A" shares were converted.

If Rusfurn doesn't do really well in financial '92, the conversion scheme falls away

Given the possibility of changes to Section 24 of the Income Tax Act, which would necessitate tax payments, and the uncertain economic/political/social outlook with its unfavourable implications for the debtors' book, it seems unlikely that '92 will be a really good year

News 22/2/91

Diagonal
Street
188
ANN CROTTY



Chief executive Geoff Austin says that it was in the interests of the long-term profitability that action was taken to slow growth — and that the conversion scheme should only be regarded as icing on the cake.

For the six months to end-December, Rusfurn reported a 22 percent rise in turnover to R848,9 million (R696,4 million)

Trading profit was up 31 percent to R109,8 million (R83,9 million), reflecting an improvement in margins from 12,05 percent to 12,95 percent.

This improvement was achieved despite having to make an R8 million bad-debt provision at Furngro to bring its provisions into line with those of Rusfurn

(The Furngro acquisition has turned out to be a major headache for Rusfurn because the quality of the debtors' book was way below that suggested by published figures)

Any relaxation of bad-debt

provision would release funds into operating profit, which would improve margins. Mr Austin is emphatic that there has been no change in the treatment of debtors

Interest payments were up sharply to R31,7 million from R13,3 million.

This year's interim figure is not far off last year's full-year payment of R39,2 million. Higher interest rates and a 32 percent rise in the debtors' book to R928,8 million account for the much higher interest bill.

The group makes no allowance for tax. After a 47 percent increase in minorities and preference dividends, attributable earnings rose five percent to R64,7 million (R61,5 million)

The rise in shares in issue meant earnings per share were unchanged at 37,2c. An unchanged interim of 5,5c has been paid.

As with all retail groups that sell on HP, the key to long-term profitability is the quality of the debtors' book.

Mr Austin says Rusfurn's sales performance in the review period reflect the "conservative measures introduced by management to maintain and, where necessary, improve the quality of the debtors' book."



HENRY VORSTER No rights
issue

Another blow for an ailing Unidev

STimes 24/2/91

188

By JULIE WALKER

UNIDEV's image crumbled a little more this week after its mainstay investment in Rusfurn took a smack.

The Cape-based holding company of several embattled subsidiaries took a beating in the previous week when 71% held Cortech went into liquidation.

Rusfurn's shares dropped on two counts on Friday — interim results showed no growth in earnings or dividends, and the prospect of changes in the method of providing for deferred tax.

Rusfurn makes no such provision, and will be worst hit among furniture retailers. The shares shed 20c on Friday

to 140c — the price paid by Unidev in November 1989

Unidev issued R44.4-million of redeemable preference shares to buy a stake in Rusfurn. No guarantees or security were furnished for the payment of preference dividends (at 72% of prime) or for the shares' redemption.

On-balance sheet debt at December 1989 was R128-million, including the prefs issued for Rusfurn.

Chairman Henry Vorster said on Friday there would be no rights issue, but the group faced a major reconstruction and new blood would be brought in to manage Unidev

But an hour later, managing director Ronnie Stein told me a rights offer had not been ruled out.

Cortech's liquidation hardly constitutes a trading loss for the whole group because it contributed next to nothing last year

Management has already changed. Unidev founder Geoff Grylls was replaced last year as chairman by legal fundi Henry Vorster. Former ICL man John Miller took over from him as chairman at Cortech.

Promise

Rusfurn and Cortech are the latest of Unidev's problems. Previous casualties are numerous — Milly's, Prestige, Debonair are but a few.

Unidev warned shareholders in January that a restructure was under way, promising details within a couple of weeks. But shareholders are still in the dark.

Mr Stein said restructure details should be out this week along with results. Cortech would probably have sent the group into a loss.

Unidev has not published

any financial results since the 1989 report.

Mr Vorster's statement in the 1989 report said "prospects for sustained future growth are good and our results for 1990 should be well above the rate of inflation, providing shareholders with a real return on their investment."

In an interview published last April, Mr Stein "was confident that Unidev will make its own forecast earnings a share to at least 66c this year" — 20% growth

Largest

Shareholders must be weeping. The current share price of 37c is only two-thirds of historic earnings a share, and the dividend yield 37.8%. These ratings reflect the market's worries that the group has cash-flow problems.

In 1990 Unidev let go of several investments to raise cash. Its 28% stake in Mercantile Bank was sold, as was its 70% holding in Unidev Registrars. This leaves only two investments in financial services, by far the largest contributor to the bottom line in 1989. Equity earnings were R12.1-million out of R25.6-million.

The electronics division has gone under. Property is represented through 40% held Equikor, which chipped in only R1.7-million in equity accounted earnings in 1989. Some property has reportedly been sold.

Industrial holdings comprise the stake in Rusfurn, 81% of troubled Prestige, 53% of Medicor, 33% of Hyperette (formerly Milly's), and minor investments in Debonair after the 26% share was sold.

Rusfurn needs to beef up its balance sheet

Star 27/2/91

There are two types of balance sheets in the furniture industry — at the one extreme there's something like Ellerine's and at the other there's something like Rusfurn's

Ellerine's (for end-August '90) has shareholders' funds of R185,5 million and R60,1 million in deferred tax. It has debtors of R257,9 million but no long or short-term debt and a nil gearing position

Rusfurn's balance sheet (for end-June '90) has shareholders' funds of R248 million, outside shareholders' interests (preference shares) of R162 million. It has debtors of R772,5 million, long-term liabilities of R237,6 million and gearing of 150 percent

On the basis of comparative price/earnings ratings and dividend yields it is pretty safe to conclude that investors prefer Ellerine's balance sheet. It is on an historic p/e of 7,8 times and a dividend yield of 4,3 percent compared with Rusfurn's 2,5 times and 11,4 percent respectively

Changes in the treatment of section 24 allowances will see the situation deteriorate much more to Rusfurn's disadvantage than Ellerine's. Ellerine's provides fully for deferred tax in its income statement and its balance sheet shows an accumulated deferred tax of R60,1 million.

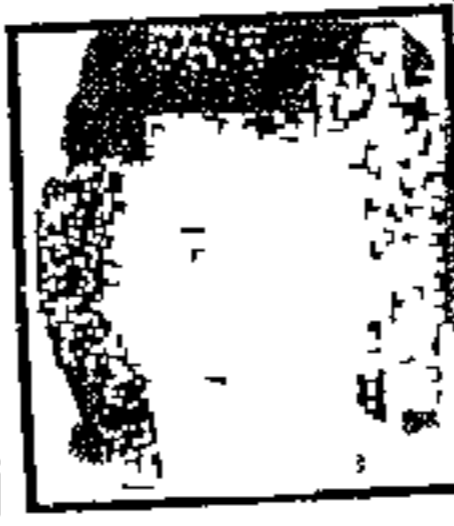
Rusfurn makes no provision in its income statement for tax and has no deferred tax reserves in its balance sheet.

At this stage the nature of the proposed changes to section 24 as they will relate to the furniture industry is unclear. The Receiver of Revenue has indicated that the banks will be brought more firmly into the tax net and the allowances enjoyed by them will be phased out over four years beginning in the coming tax year.

But according to sources in the industry, furniture companies will enjoy a year's moratorium in respect of the proposed changes. This will provide the industry with time to persuade the Receiver of the need for lenient treatment.

A major reason for some sort of preferential treatment could be deemed to be social with furniture companies stressing the high percentage of sales to black consumers. It would no doubt be noted by the industry that there is not much point in encouraging blacks to become house owners if furniture is prohibitively expensive.

Any tax relief provided to furniture companies could thus be seen as a subsidy to the consumer. There is little doubt that, to the extent that companies are



deprived of existing relief, consumers will be faced with higher charges

Whatever may be won through special pleadings it seems to be generally accepted in the industry that within 3-4 years furniture companies will be faced with tax rates of 20-30 percent.

Even companies that have made provision for tax will be hit by the cash flow implications of having actually to pay the tax each year. These tax payments will have to be matched by increased borrowings. This will be the extent of the impact on earnings.

For companies that have not made provision for tax there will be the cash flow impact as well as the 20-30 percent tax knock.

But a much greater source of concern in the industry is the possibility that changes will be implemented retrospectively and not just from business written on to the books from the beginning of the next tax year. At present total allowances enjoyed by the top 10 furniture companies are estimated to be at least R1,5 billion.

A retrospective change would mean combined cash tax payments of R750 million by the 10 companies over the next four years. It would represent a staggering burden on any of the companies.

Getting back to the comparative unattractiveness of the Rusfurn balance sheet, investor sentiment would no doubt be considerably enhanced if the balance sheet was strengthened. This could be done either by increasing the equity element or reducing the debt element.

Last week, management indicated that discussions were under way "to restructure the funding base." This could mean establishing a relationship with a bank similar to that between FNB and Prefcor and could allow Rusfurn to spin off part of its debtors' book to a bank.

Alternatively (or in addition) one of the bank's could build up an equity stake (through convertible debentures).

The most likely candidate for such a link is Bankorp.

Not only is Bankorp one of Rusfurn's main banks it also has an equity exposure to the furniture company via Senbank's exposure to Unidev — which has a 23 percent stake in Rusfurn.

Launch soon of office furniture supermarket

(188) MARCIA KLEIN

OFFICE furniture and equipment supermarkets are coming to SA with the launch of a new office furniture company by Matheson & Ashley (Math Ash) called Officemart

The new company's 9 000m² flagship store will open next week in Johannesburg, a second will open towards mid-year and several others in the pipeline would "take the company national" over the next 14 months, Math Ash chairman Winky Ringo said yesterday

Officemart will be headed by former Imperial Cold Storage executive Anton Fick

The concept's emphasis is on large stores with office furniture and a broad range of stationery and office equipment

The flagship store will have showrooms and supermarket-type racking, parking and an immediate delivery service

Ringo said he hoped Officemart would make R30m in the first year, which would contribute about 20% to Math Ash's turnover. This would "give the group entry into the R400m a year retail catalogue sales segment of the office furniture market"

A marketing thrust through catalogues will be launched in the next few days

Math Ash is also embarking on a school furniture programme in 1991, involving an initial outlay of about R1,5m.

Ringo said "while 1991 promises to be a difficult trading year, it is a great building opportunity"

UNIDEV F/M 11/3/91

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REFUNDING PLAN

Embattled Unidev — now counting the cost of the liquidation of its Cortech electronics subsidiary and flat results from Rusfurn — is expected to announce this week its long-awaited refunding plan

As expected, Unidev and its Unicon parent are to participate in rights issues, to be underwritten by Senbank, which will raise about R15m. When the *FM* went to press the

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number of shares to be issued had still to be decided. The group's last rights issue, in September 1989, raised R20m and increased Unidev's issued shares from 17,4m to 30,7m. Unidev's share now trades at 33c, on a historical dividend yield of 42,4%, while Unicon's price is 170c, yielding 4,7%.

Proceeds of the rights issue will be used to help trim Unidev's substantial debt. Additional funds for this purpose will be raised by disposing of what the group describes as non-core assets. These assets, mainly properties, are expected to bring in a further R30m. As no financial accounts have been published since the 1989 annual report, the group's present gearing level is difficult to gauge. However, the recapitalisation of Unidev should ensure that cash flow is positive.

In addition to these measures, a major clean-out of the Unidev board is expected, with all but chairman Henry Vorster and MD Ronnie Stein likely to be replaced.

Simon Cashmore

GEARING EFFECTS (188)

Euphoria among Rusfurn management on meeting the first year's target in financial 1990 after a buy-out in September 1989 was short-lived. At the end-December interim, the furniture group failed to report any growth in EPS and dividend, though margins improved. If the trend at bottom line continues in the second half, then the group's share conversion scheme could be in jeopardy, as well as its ability to reduce interest-bearing debt.

These are only some of the questions now being raised about Rusfurn. If developments over the next year remain adverse, a large rights issue may be in prospect.

The single biggest item of concern seems to be the group's gearing, which stood at 150% at December 31. CE Geoff Austin, for his part, says he is relaxed about it, especially with a cut in interest rates expected soon. The drop in financing costs that would follow a two percentage point reduction now, for example, would translate into additional annualised earnings of R12m.

Rusfurn borrows short-term from banks and on-lends to its customers for up to 24 months. With almost half of the group's income derived from banking activities, Austin says it is not the high gearing that worries him, but the fact that short-term funds are being used to finance debtors over a longer period. This is restraining the group's ability to grow.

He says the problem is being addressed, but no firm decision has been taken. One way of placing debtors on a firmer long-term basis would be to issue debentures. Management is also looking into selling part of the debtors book to a bank, but that could affect the group's profit margins negatively.

Analyst Sydney Vianello of broker Ed Hern Rudolph is less optimistic about Rusfurn's gearing. He reckons it will be difficult, if not impossible, for the group to reduce gearing out of trading cash flow. Rusfurn could then be in a quandary: its gearing would restrain profitability, which in turn reduces the opportunity to wind down interest-bearing debt. He expects gearing could

HIGHER MARGIN

Six months to	Dec 31 '89	Jun 30 '90	Dec 31 '90
Turnover (Rm)	696	591	849
Operating profit (Rm)	83.9	70.9	109.8
Attrib profit (Rm)	61.5	31.4	64.8
Earnings (c)	37.1	18.9	37.2
Dividend (c)	5.5	10.5	5.5

be as high as 180% at the June year-end, given the furniture trade's tendency to reduce creditors between January and June, while the book would continue to grow in line with turnover.

Tax is another concern. Rusfurn's bottom line has been enhanced by benefits from debtors allowances in terms of Section 24 of the Income Tax Act. Discussions between the industry and the Commissioner of Inland Revenue over amendments to Section 24 were resumed recently. The aim is apparently to remove ambiguity and uncertainties that have led to abuses by some companies.

Austin says the commissioner gave the furniture industry a one-year moratorium while matters are sorted out. A worry, however, is that changes to Section 24 could lead to retrospective tax for the industry. Austin assures me that if the changes lead to tax on only the current portion of the debtors book in a specific year, Rusfurn will cope very well.

He says Rusfurn's view of deferred tax is that it is a provision for future tax, and reduces earnings without contributing to the fiscus. The group will only start making provisions when tax is payable within three years.

Commenting on the first half, Austin says a marked decline in instalment collections has prompted concern about the high turnover growth throughout the industry. Consumers are still willing to incur debt irrespective of their ability to meet commitments. Rusfurn has selectively reduced credit terms extended to new customers, resulting in turnover growth 5% below that of the industry.

The Furnfair acquisition in late 1989 also turned out to be problematic. Despite audited assurances, Furnfair's debtors book was in bad shape. Austin says management wrote off R8m by increasing bad debt provisions.

The share shed 20c to 140c on publication of the interim results and could drop further.

Gerhard Slabber

Mark of quality for SA furniture

LESLEY LAMBERT

(188)

CAPE TOWN — The furniture industry has introduced a quality symbol similar to the wool mark to protect consumers against poor quality.

The Furniture Quality Mark, or Q Mark as it is called, was launched by the Federation of Furniture Manufacturers of SA in the western Cape yesterday, 8 10am 513 191

The Q Mark will act as a stamp of approval and will guarantee endorsed products for three years.

Furniture manufacturers wishing to become mark holders will have to enter into a contract and become registered with the federation. They will be charged a levy to fund materials and the policing of the system.

GERALD REILLY reports that speaking at the launch, National Productivity Institute executive director Jan Visser said the symbol would help mark holders become more productive and competitive.

He said it would not be possible to meet the standards of the mark without considerably more effort than had been displayed in the past.

Supreme Manufacturing in profit

MARC HASENFUSS

SUPREME Manufacturing Holdings (SMH), the manufacturing arm of Supreme Industrial Holdings, met its interim forecast and returned to profitability in its first full year of trading since undergoing restructuring in September 1989.

Attributable profit almost doubled to R1,96m for the year to end December 1990, compared with R994 000 recorded for the nine-month period to December 1989.

Earnings a share were lifted 5% to 2c (1,9c) after the number of shares in issue increased to 98 700 from 53 589. No dividend was declared.

At the interim stage SMH, comprising of furniture manufacturer Victoria Lewis, cold room and refrigeration unit manufacturer Insulated Structures and stainless steel fabricator Mewa Manufacturing, were firmly in the red, posting a net loss of R1,07m in the six months to June 1990.

Turnover for the period under review, a year of consolidation for the group, was boosted 65% to R63,8m (R38,5m), while management styles of various operations were co-ordinated into one group, said SMH chairman Edward Ronbeck.

"In addition, the Mewa results were ad-

versely affected by the economic downturn, high interest rates, labour unrest and a lacklustre performance of the building and construction industry throughout 1990."

He said problems in administrative and financial controls at Victoria Lewis, Insulated Structures and Mewa Manufacturing were identified and necessary corrective action taken.

Local manufacture of quality products was playing an increasingly important role in the SA economy, and it was precisely in this niche that Supreme expected to play a significant role, said Ronbeck.

"Accordingly, increased emphasis is being placed on upgrading the quality of all products manufactured by the group, and to this end substantial investments have been made for the acquisition of new plant and refurbishment."

Benefits from these efforts would be felt in the longer term, although the prevailing economic conditions meant it would be difficult to exceed earnings of 2,2c a share for 1991, Ronbeck said.

COMPANIES

Strong demand boosts Ellerines by 27%

STRONG demand for household durables was reflected in furniture giant Ellerine Holdings's (Ellerine's) 27% increase in earnings to 375c (296c) a share in the six months to end-February

Ellerine's ongoing expansion programme, which saw it open 17 new stores during the six-month period, helped it "increase its penetration of the middle and upper-middle markets", and helped boost turnover by 30% to R311,3m (R239,4m), chairman Eric Ellerine said yesterday

Operating profit rose by 35% to R51,6m (R38,1m), "reflecting continuing tight asset management and control of expenditure"

Net interest received almost halved to R1,3m (R2,4m), reflecting a reduction in liquidity attributable to the cost of the expansion programme and the increase in turnover, Ellerine said

This brought pre-tax profit up by 30% to R52,8m (R40,5m)

Current and deferred tax increased by 35% to R25,9m (R19,2m) — Ellerine provides fully for deferred tax

This resulted in earnings after tax being 27% up at R26,9m (R21,3m)

B/Day 14/3/91

MARCIA KLEIN

Results came off a high base, Ellerine said, and earnings had grown by an average 26,5% a year over the last five years, and by 55% a year over the last two years

Comparable results for the interim period to February 1989 have been restated "to take account of additional tax on deemed SA income which only came about after the release of the prior year's interim results", he said

As the interim dividend could not be adjusted, Ellerine said the 15% increase to 125c (109c) a share should be seen in this light. A cover of three times was maintained

Ellerine said the group was confident of its ability to maintain its performance over the next six months

The group had planned a further 10 to 12 new stores for the remainder of the current financial year, and Ellerine would also continue with the programme of upgrading existing stores and merchandise, he said

Supreme rides on back of subsidiaries

6/12/91 14/31/91
SUPREME Industrial Holdings (Supreme) boosted attributable profit 77% in the year to end-December on the back of a strong performance by its two listed subsidiaries, Protea Furnishers and Supreme Manufacturing

Supreme also announced a R20m rights issue to capitalise a portion of its loan

Subsidiaries Protea and Supreme Manufacturing, which recently reported their results, have traded as part of the group since their acquisition and subsequent restructuring in September 1989.

Attributable profit rocketed to R5,8m (R3,3m) for the year

Earnings a share increased 69% to 30c (18,6c) after the number of shares in issue were increased to 19 224 from 17 724, bettering the 25,4c forecast at the interim stage

A final dividend of 10c (7c) was declared, covered

MARC HASENFUSS

3 times According to group policy a single dividend is paid at year end

Turnover soared 186% to R216m (R76m) and improved margins saw after tax profit lift to R13m (R5m). The group's interest bill rose sharply to R20m (R2,6m)

Supreme chairman Edward Ronbeck said the results vindicated the decision to transform the group from a small Cape Town-based stainless steel fabricator into a diversified industrial holding company operating throughout SA

"Given no worsening of current trading conditions we expect earnings at 40c a share for the 1991 financial year," Ronbeck said. Supreme's shares came off their R2 high yesterday to settle at 190c

The share hit a 90c low in October last year

Star 14/3/91

Supreme returns to profit at year-end

By Jabulani Sikhakhane

Supreme Manufacturing Holdings has turned an interim loss into a trading profit for the full year ended-December.

Earnings were up 10,5 percent to 2,1c from 1,9c in the comparable nine months, but no dividend has been declared

Chairman Edward Ronbeck says trading results were affected by economic downturn, high interest rates, labour unrest and a lacklustre performance of the building and construction sector.

Despite this turnover still rose 65 percent to R63,828 million

(R38,529 million) and due to improved margins operating income was up 74,5 percent to R6,385 million from R3,659 million.

The group also managed to reduce long-term borrowings from R18,3 million to R10,5 million and gearing was lowered to 46 percent (63 percent).

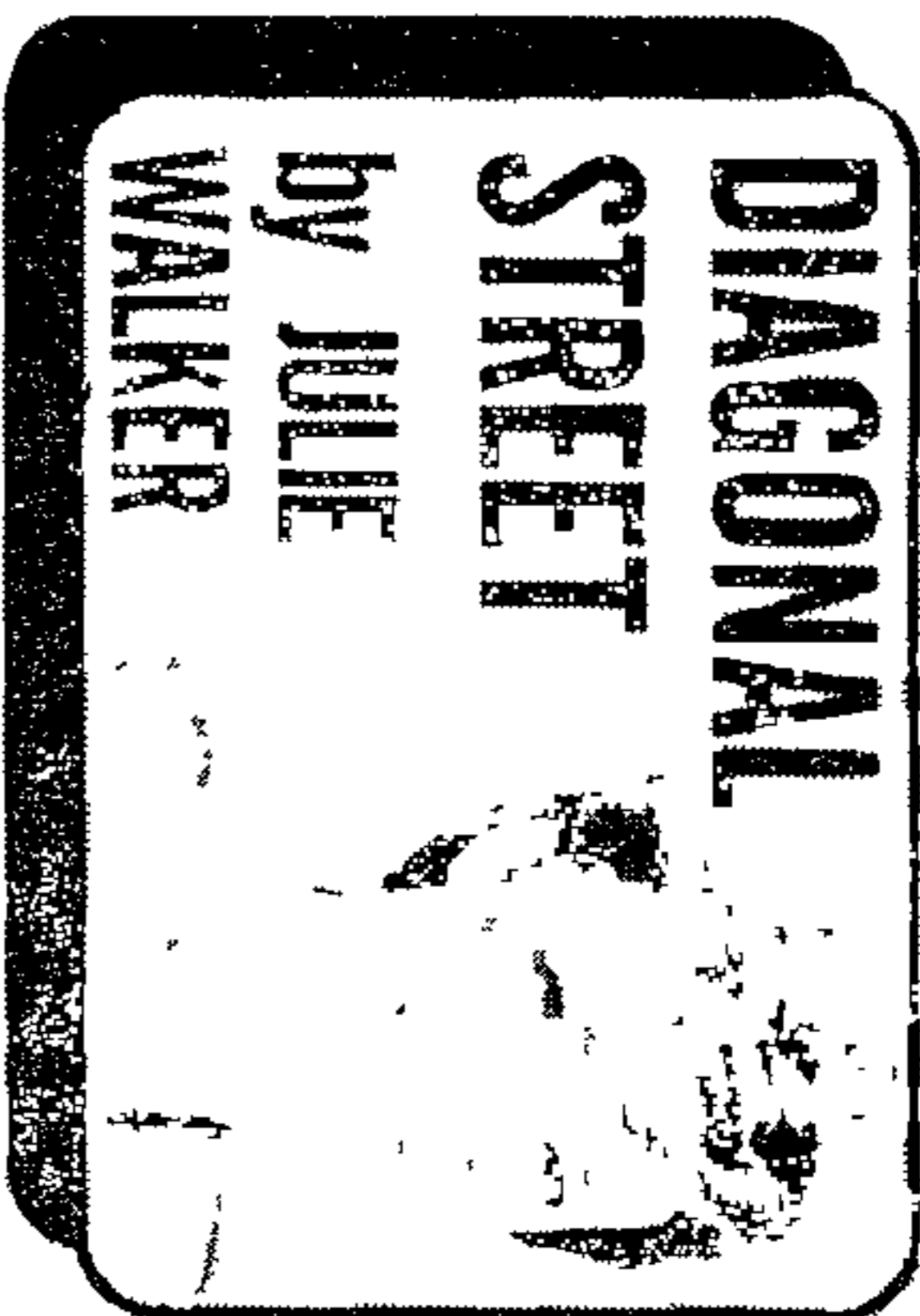
Mr Ronbeck says administrative and financial control problems in subsidiaries, Victoria Lewis, Insulated Structures and Mewe Manufacturing have been identified and necessary corrective action has been taken.

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Wesco's double bonus for Gomma Gomma

ST. Louis 17/3/51

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DIAGONAL STREET
by JULIE WALKER



HATS off to Gomma Gomma for attracting such a substantial shareholder as Wesco, which has brought with it both finance and support.

Wesco, owned by the Wessels family, well known for their business skill, also owns shares in Toyota, Met-ar and a couple of other things, including hotels.

It will now own 49% of the enlarged Gomma, wherein lies an interesting story.

Gomma Gomma is a household name, the company having been founded more than 50 years ago by the Steele brothers Ralph, Louis and Sam Gomma. It makes lounge suites and beds, and La-Z-Boy recliners under licence.

When the time of succession came to the group's chiefs, no one was evident. The Steele family sold its interest in Gomma to Decagon Investments in April 1989. Ralph Steele stayed on as chairman of the company he helped to found, returning a few months later.

ley and Albert Rapp of Wesco now that Wesco owns 49% of the company. It will be renamed Decovo.

Managing director Markus Jooste says that extraordi-nary costs arose from the removal of all the manufac-turing operations to Ga-rankuwa. Originally, only the woodmill was to be moved, but there were delays in bringing furniture to Johannesburg for upholstery. The whole show is now in Garankuwa.

"We did not seek orders until late last year to give ourselves a chance to train new staff and settle in. Even so, we could only fill 70% of our orders on time."

He is confident that this year's turnover will grow sig-nificantly from last year's R40-million and that enough profit will be earned from which to pay a dividend.

cost IDC financing and a shareholders' loan. This last item will be repaid with the proceeds of an underwritten rights offer which effectively sees Deca-gon exchanging debt for equi-ty in Decovo.

They have put a lot of mon-ey into Gomma, Decagon's exposure being R10,8-mil-lion. This will be converted into equity in a rights issue to be underwritten by Decagon.

The shares will then be consolidated one for five. Had the Wesco investment been in place during 1990, Gomma would have earned 4,3c instead of losing 7,2c and the net asset value would have been 30c instead of 42c.

Wesco has clipped in R13-million cash for the issue of shares which will give it its 49%. This money will enable Gomma to repay all interest-bearing debt except for low-

Gomma minorities can look forward to improved returns — Mr Delpont prom-ises a dividend this year. There are 30 000m² of fac-

tory, wholly owned land and buildings, no gearing and one cheap loan.

The directors say foreign inquiries come in daily and that exports are picking up, especially with the easing of sanctions.

Part of the deal announced this week includes Decovo's purchase from Decagon of its

27% holding in Cement In-dustries Cement is a private company in Namibia 350km north of Windhoek. Other shareholders include the Old Mutual.

The factory at Cement is complete and will be com-missioned during May. It is Namibia's first cement pro-ducer. It is expected to con-tribute a profit this year. At 40c, Gomma shares are worth a punt.

Decagon bought Gomma at 20c a share and made the minority an offer at 50c. Its stake rose to 84,5%. Even if minorities did not accept 50c, their investment has doubled since then to 40c. I think it will go better now.

Decagon's directoral trio Michael Delpont, Markus Jooste and Johan Willemse came all the way from Garankuwa in Bophutha-tswana to tell me about the deal which brought in Wesco and a new cement company to broaden Gomma's hori-zons. The factories had been moved to Garankuwa because of space constraints in its birthplace, Industria.

We met at the Johannes-burg offices of stockbroker Senekal Mouton and Kitshoff, whose corporate finance department played a part in bringing investor Wesco and seeker Gomma together.

Decagon's men became directors of Gomma and will be joined by Elizabeth Brad-

JD GROUP FM 22/3/91 (188)

FORECAST BEATEN

JD Group chairman David Susman was cautious in his interim report last year, when he forecast only that the full year's earnings growth would exceed inflation. However, he told the *FM* at the time that the second half's earnings growth could be in line with the first half's 32.7%, indicating EPS of 135c for the full year.

Last year turned out to be an exceptional year for the retail furniture industry, as well as for the JD Group. In the year to end-

continue →

December, EPS rose to 143.2c. The 37% rise in turnover came mostly from instalment sales, as the gross debtors' book grew by 38% to R529m during the period. Financial director Colin Stein says great care was taken to maintain and improve the quality of the group's debtor book and arrears came down from 7.4% to 6.1%.

There was vigorous growth in the group's discount chains, Price 'n Pride and Joshua Doore — which generally work on lower margins than Bradlows and Score Furnishers — resulting in a reduction in the group's operating margin. Stein contends that a swing by consumers towards purchases at discount stores is to be expected in the conditions that prevailed during 1990.

This year, says Stein, the group's stores will be expanded across the board in a controlled fashion. Three stores are scheduled to open during 1991. Stein says that, should suitable opportunities present themselves, they will be considered, provided adequate returns can be achieved. Any expansion will be funded out of trading cash flow and borrowings.

Gearing remained at the 54% level and did not fall as Susman was expecting at the halfway stage. Stein is comfortable with the group's gearing at current levels.

An uncertainty facing furniture companies selling on credit is the effect of any changes that may be made to deferred tax allowances under Section 24. The industry is currently negotiating with the Commissioner of Inland Revenue on the matter. In any event, considering the growth in the group's

debtors' book, management is confident that the group will not be adversely affected this year.

The share price has almost doubled to 615c since last July. It now stands on an earnings multiple of 4.3, a rating still well below the average of 6.8 for the furniture sector.

Gerhard Stabber

RISING TREND

Six months to	Feb 28 '90	Aug 31 '90	Feb 28 '91
Turnover (Rm)	907	891	969
Operating profit (Rm)	75	76	86
Attrib profit (Rm)	34	39	38
Earnings (c)	151,6	170	166,7
Dividend (c)	47	63	51

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contributor in 1990, with R93,6m — continued to perform well.

Some benefits of the shedding of the rigid plastics division was felt in the first half MD Ian Willis says more of these benefits should come in the second half. Also, in the first six months, Kohler had the benefit of running its corrugated division at near full capacity, thanks to the eight-week strike at Nampak.

Carlton Paper Corp had outstanding results, gaining from stable raw material prices and a growing market. Additional capacity was installed in the company's diaper facility and management hopes to see the effects in the second half. Carlton is to change its financial year-end to August, in line with the rest of Holdains.

There was also a good result from First Paper House, formerly Wiggins Teape, which Willis ascribes to two factors: excellent financial discipline stemming from the days when it had a foreign parent, and the advantages of operating in niche markets.

The group's biggest problem still seems to be Graphtec. It suffered reduced profitability due to lower volumes, though Willis is forecasting a turnaround in the second half.

Poor performers which were considered to be peripheral companies in the division have been sold. Based on the last full year's figures, these disposals would have resulted in the shedding of turnover of around R30m. Sale of these companies resulted in a 25% staff reduction at Graphtec and working capital is now said to be under control. Willis expects the company will make a significant profit contribution in the second half.

Holdains' performance should also be helped by profit contributions from Cape-based packaging group, Sunvest, acquired with effect from January 25 1991.

Since last July, the share price has more than doubled to R26,25c. It stands on an earnings multiple of 8,2, compared with the sector average of 9,6, and may appreciate further.

Gerhard Slabber

ABERDARE FM 22/3/91 MERGER WORKING

Improved production efficiencies, brought about by the merger with Asea and Scottish Cables in 1985, and tight management of working capital, helped cable manufacturer Aberdare end the Eighties with two years of impressive earnings growth.

With turnover in 1990 sliding, though slightly, management at this Powertech subsidiary had to implement more stringent financial controls to squeeze out an improvement in attributable earnings.

Impressive cash and asset management,

FOX FM 22/3/91

which helped to lift the operating margin from 15,8% to 17,1%, enabled Aberdare to advance operating profit by 7,4% in the year to end-December, despite turnover falling by R2,4m to R432,4m. Interest income of R9,9m (R5,4m), with R713 000 from associate company Electric Cable Associates — jointly owed with Berzack-Illman — helped to push attributable earnings up 14,6% to R43,7m.

A small increase in the issued shares meant that EPS, and the dividend, grew by 14,5% to 300c and 150c respectively.

Executive chairman Peter Watt attributes the fall in sales to recession, a slide in the copper price, political disturbances and capital expenditure cuts by major customers such as municipalities, mines and Eskom.

Trading in the second six months of 1990 proved considerably more difficult than in the first half. Operating profit for this period grew only 2,3%, with a 1,4% climb in turnover. With conditions unlikely to change for much of the current year, shareholders must be wondering whether Aberdare can continue to improve earnings.

Watt reckons further cost reductions are possible. The balance sheet is lean and un-gearred — return on total assets was 27,5% (27,8%) — and the group can expect substantial interest income from its cash reserves of R70m at year end. However, Watt says Aberdare's performance this year is likely to hinge on exports. "The local market will not support earnings growth," he says.

Aberdare, with Voltex, Usko and Siemens Africa, is part of an export consortium formed two years ago to market SA cables abroad. Though income from these exports is not thought to have made much impact on Aberdare's bottom line — Watt declines to quantify export income — offshore sales are said to be promising and have helped absorb slack in production capacity.

Substantial improvement in foreign sales will be needed if Aberdare is to avoid a drop in earnings. And Aberdare's performance will have a strong influence on the results of its major shareholder, Powertech. Last year it contributed nearly 70% of Powertech's earnings.

The market rates Aberdare ahead of rivals African Cables and Voltex, and the electronics sector in general. At a 12-month high of 2 250c, the share is on a p.e of 7,5 and a dividend yield of 6,7%. It looks fully priced, given the uncertainties about this year's earnings growth.

Simon Cashmore

ELLERINE FM 22/3/91

STILL RUNNING

Eric Ellerine's furniture group has finally grabbed the market's attention. The share, after standing on an earnings multiple of no more than five for some time, started gathering momentum when the results for financial 1990 became known. Good interim results for the 1991 year should enhance the rerat-

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ing that started about six months ago.

In the six months to end-February sales rose by 30%, and efficiency improvements saw operating income 35% higher. The trading margin widened from 15,9% a year ago to 16,6%, with help from excellent Christmas sales. It is, however, interesting to note that the margin is still below the 18% level attained for the full 1990 year.

After growing from 203c in 1988 to last year's 669c, EPS are set for further growth this year. But how long will it continue? Ellerine is confident the trend is not over yet, though he expects the furniture trade will have difficulty maintaining the pace set in 1990, which was an outstanding year.

One of the keys to Ellerine's success is that expansion is mainly financed out of trading cash flow. Cash flow was positive over the past two years and net interest received helped to boost the bottom line. However, the cash pile was reduced significantly in the first half due to start-up costs of new stores and additional tax payments. Net interest received almost halved as a result.

The group opened 17 new stores all over SA in the six months and another 10-12 will be opened in the second half. The western Cape market is considered particularly lucrative and the focus will shift to that area.

Another factor that contributed to the recent growth was the group's move into the middle and upper-middle segments of the furniture market.

Even though cash holdings fell, current assets increased by nearly 27%. Ellerine ascribes this to debtors rising by some R70m. He says he is not worried about the high level and the situation is being watched with "hawk eyes."

Nor is he worried about the Section 24 tax allowances. He says the group has always allowed for full tax and never been in favour of the partial method of providing for deferred tax.

The share price rose by R25,50 over the past six months to R55 and is probably close to being fully priced. Investors should bear in mind that any significant progress towards reducing the housing backlog could have unpredictable — and not necessarily favourable — effects on the retail furniture trade. Disposable income could go into bond repayments instead of furniture.

Gerhard Slabber

JD GROUP FM 22/3/91 FORECAST BEATEN

JD Group chairman David Susman was cautious in his interim report last year, when he forecast only that the full year's earnings growth would exceed inflation. However, he told the FM at the time that the second half's earnings growth could be in line with the first half's 32,7%, indicating EPS of 135c for the full year.

Last year turned out to be an exceptional year for the retail furniture industry, as well as for the JD Group. In the year to end-

continue →

Math Ash hit by downturn in the office furniture trade

RESULTS for office furniture and equipment group Mathieson & Ashley (Math Ash) for the six months to end-December reflect the continuing trend of decline in the business

Despite having to pay no tax, attributable profits dropped by 65,3% to R939 000 (R3m), yielding earnings of 8c a share compared with 26c recorded in the same period in 1989

Chairman Winky Ringo said in a statement that in light of high interest rates, disappointing results and opportunities being examined, he would not declare an interim dividend

The capital would assist in the maintenance of a strong balance sheet for future acquisitions or increased capital expenditure. The decision would be reviewed at the year-end.

Turnover was virtually

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B [Pam] 25/2/91
BEVERLY HUCKLESBY

maintained at R63,4m (R64,4m), but operating profit plunged more than 50% to R2,7m (R5,9m). The cost of financing soared by 76,4% to R1,2m (R283 000)

Math Ash's office furniture interests are held through Kallenbach-Hendler — jointly owned with SA Breweries — and subsidiaries Anglo Dutch and Fineseat, which relocated to new manufacturing facilities. The cost of the move was reflected as a non-recurring extraordinary item, Ringo said.

"The group launched a new venture, Officemart, in December last year, and recently agreed to sell most of the trading assets of the office equipment business of Mathieson & Ashley. All these developments should generate significant long-term benefits"

He said the group was in a strong position to take advantage of opportunities that would arise from "technology and investment in the newest computerised machinery, tools and dyes"

Math Ash has assessed tax losses of about R7m (R7,2m in June) which will be offset against future taxable income. Holding company Vestacor, with a 74,4% stake in Math Ash, posted similar decline in interim earnings to 6c (29c) a share. It will also not post an interim dividend

Math Ash's income dives

Finance Staff **188**

Office furniture group Mathieson and Ashley Holdings (Math Ash) reduced its operating margins in the six months to end-December so as to increase its share of a weaker market.

As a result turnover was little changed at R63,4 million (R64,8 million) but operating income dived to R2,7 million (R5,9 million)

Performance was further dented by the rise in finance costs to R1,2 million (R283 000)

Attributable income dropped to R939 000 from R3 million, equivalent to 8,2c (26,1c) a share. No interim dividend will be paid. *Star 25/3/91*

Earnings of Vestacor, which holds 74,4 percent of Math Ash, fell to 6c a share (1989 29c)

MATHIESON & ASHLEY (188)

CHASING SHARE Fm 29/3/91

Depressed trading conditions and a drive to increase market share have resulted in a hefty slide in operating margins at office furniture group Mathieson & Ashley (M&A)

Fm 29/3/91

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Operating income in the six months to end-December dropped by more than half to R2,7m, while turnover remained almost static at R63,4m. A steep climb in finance charges more than offset the group's zero tax bill and attributable earnings plunged just over two-thirds to R939 000. EPS, at 8,2c, were little more than the dividend declared at the previous interim. No interim payout was declared this year.

Newly appointed MD John Beck says trading conditions are likely to remain difficult for at least another 12 months. He is confident M&A will weather the storm better than most of its competitors, and is well-placed to increase market share further and make acquisitions in the upturn.

The relocation of the Anglo Dutch and Fineseat factories will improve manufacturing capacity and efficiencies, he says, and enable the group to respond quickly to a sudden upswing in local or offshore demand. These plants are running at about 80% capacity on a single-shift basis. M&A is looking to exports, particularly to the US and UK, to take up some slack. The group has also moved into the lower end of the office furniture market.

Beck expects earnings to improve slightly in the second half. A big question, he says, will be the effect of the exemption of VAT on capital goods. This could result in a lot of business being deferred until October.

With EPS for the year to end-June likely to fall well short of half of last year's 50,2c — which was 27% down on the previous year — it is easy to understand why the share is trading at a 12-month low of 290c. This is well down from the 650c recorded in March last year, and compares with a current NAV of 213c. At a forward P/E of around 16 times, the share still looks expensive.

Simon Cashmore

Profurn out of red and on profit trail

Blom 4/4/91
188

FURNITURE retailer Protea Furnishers (Profurn) will achieve its forecast of a 33% increase in earnings to 30c a share for financial 1991, chairman Edward Ronbeck says in the company's annual report

He says he is confident Profurn will sustain profitability "from a solid base and with the backing of the Supreme group" — the company was acquired by Supreme Industrial Holdings in September 1989

In the year to end-December 1990 Profurn's earnings of 22,5c a share reflected a turnaround from a loss of 130c a share in the year to August 1989 on a 125% increase in turnover to R160m

Ronbeck says "under the new management team installed by Supreme, significant managerial and operational restructuring took place resulting in the substantial turnaround for this period"

Growth opportunities in the furniture and television markets are expected and Profurn "is strongly positioned to take full advantage of these to further assist its organic growth"

Profurn has developed into "a major profitable furniture group operating in SA and the neighbouring states" in the first full year's trading activity since it was acquired, he says.

Ronbeck says results for the year reflect the successful implementation of asset management, expenditure controls and increased productivity "The decision taken at the time of acquisi-

MARCIA KLEIN

tion to concentrate on retailing furniture as the company's core activity was vindicated by the performance achieved."

He says results also reflect the successful expansion of two new chains, Supreme Furnishers, which operates in independent neighbouring states through eight stores, and TV Life, a specialist TV retailer selling to the local market through 11 stores

Through consistent controlled growth and development, Profurn "has both the financial and operational resources to meet future challenges and is well positioned to take advantage of any improvements in trading conditions, especially in a sector which stands to benefit significantly from the socio-economic changes which will come about as part of the new SA"

During 1990 13 stores were closed, four stores opened and 10 stores re-sited

All costs associated with these transactions were accounted for in the results for the year. The company has 69 profitable stores.

The company's future dividend policy is to declare a single dividend for the year covered at least five times by earnings

Profurn has made an allowance of R51m for taxation on income in anticipation of possible changes to Section 24 of the Income Tax Act



ANTON FICK Flagship supermarket gets off to a grand start

Picture GARTH LUMLEY

Office furniture in its worst recession

(Bus/T) STimes 3/1/91 (188)

A SHAKE-OUT is overdue in the office furniture industry.

Authoritative estimates say that the former R1-billion-a-year business has contracted by 30%. Results from the quoted major manufacturers confirm that the industry is in the grip of its worst recession.

Market leader Mathieson & Ashley passed its interim dividend in the six months to December 31 after a 65% fall in attributable earnings and a small decline in turnover.

This comes from a group which increased earnings by a compound 42% in the previous three years after a consortium led by chairman Winky Ringo took over the group.

Pressure

Grant Andrews Holdings' earnings fell by 49% in the 14 months to August 31. Chairman Grant Andrews says he is "pleased" about the group's performance in the first half of the current year, but he is not cheerful about the industry's prospects.

"There will have to be some rationalisation," says Mr Andrews.

The big companies are entrenched and have moved into different market segments to help them survive the full-blown recession.

M&A and GAH have completed major capital programmes in manufacturing, which must increase the pressure on the score or so lesser manufacturers who have traditionally filled small contracts and supplied the off-the-shelf market.

Competition has intensified to such a level that a

By IAN SMITH

recent contract attracted 17 tenderers.

Mr Ringo says margins throughout the industry have been cut to the bone. Trading conditions, particularly in the last three months of last year, were the toughest in 20 years.

He has high hopes for M&A in the office furniture super-market arena through the launch of the Officemart chain, headed by former Imperial Cold Storage executive Anton Fick.

The 9 000 square metre flagship store opened in Steeldale, Johannesburg, in February and the initial reaction has been excellent, says Mr Fick.

Although office furniture has mainly been a "jobbing" industry with short runs of tailor-made units, Officemart is geared up to order, say, 500 standard lines. This will lead to longer runs and economies of scale.

One-stop convenience for furniture and office equipment and supplies and discount prices should help to ensure the group's growth, says Mr Fick. Another four branches should open in the next 18 months.

Mr Ringo says "We do not see this venture as selling against ourselves. Each M&A company has its niche market and they normally compete vigorously."

"Officemart deals in high-volume sales. The up-market and specialised planning and consultancy services of our other companies and their exclusive ranges will continue to be in demand."

Mr Andrews is also pleased with his group's arrival in the retail sector through the Office Hypermarket chain, and is enthusiastic about prospects for exports.

Savings

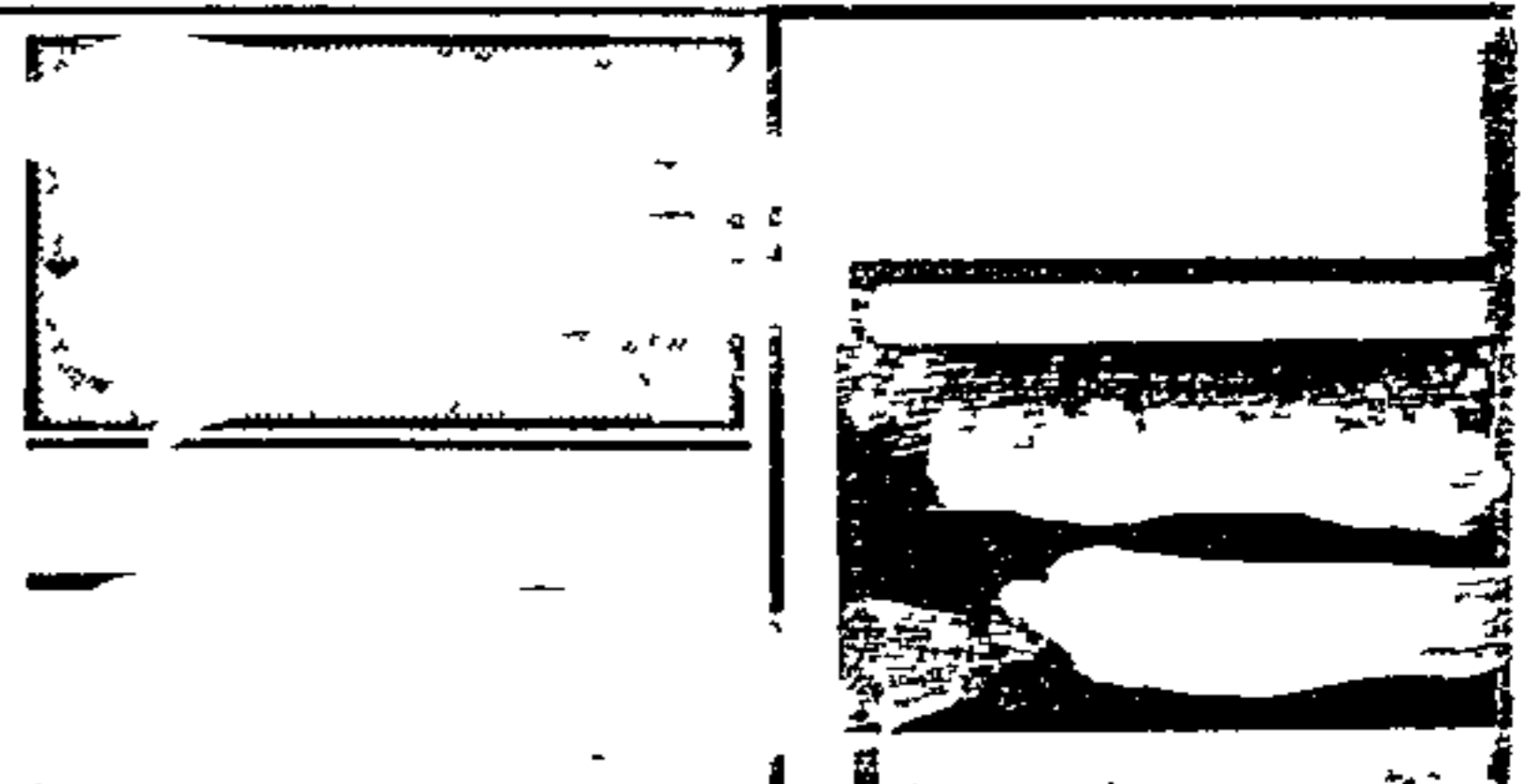
"We are doing a lot of business with African states."

But SA manufacturers must improve quality and productivity. SA's price advantage has been eroded by inflation.

Mr Andrews is encouraged by the fact that major building developments have not stopped in the recession.

"After the 1976 troubles all building stopped. If it was three years before demand for new furniture picked up."

"This time the building has not stopped. There is still demand for office furniture at the right price."



Due to the success of our

JD Group 'handles tough times'

^{13/0 cur 10/4/91}
JD GROUP, which encompasses Joshua Doore, Price 'n Pride, Bradlows and Score Furnishers, will "remain undaunted by difficult times", chairman and MD David Sussman says in the furniture retailer's annual report

While he makes no forecasts for the year ahead, Sussman says "the prospects of a new SA with social stability and the creation of jobs bodes well for all of us"

Sussman says the group increased its earnings almost 40% to 143,2c a share during the past year

At year-end, Sussman said the group had sufficient retained earnings to meet any changes in Section 24 allowances

Stock levels were consciously increased during the year to R86,6m from R59,2m "in anticipation of a shortage in availability", and although the group entered 1991 slightly overstocked, Sussman says all stock is "good clean saleable merchandise".

Borrowings were affected by an increase in credit sales and higher stock levels Sussman says this is disappointing

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MARCIA KLEIN

from a gearing point of view, but a wise long-term strategy as fixed interest rates at the time of the sales will be higher than expected rates during 1991

Margins also remain under pressure

In financial 1991 JD Group will be opening the first of an expected five central distribution centres

Sussman says although turnover for the year to end-December increased 36,9% to R645,7m, a dramatic increase in sales "should not undermine the quality of the debtors' book"

Joshua Doore, with 24 stores, increased sales 33,5% while its debtor's book grew R50m to R154m Bradlows, with 60 stores, increased sales 21,6% and its debtors' book grew by R42m. Sales at Price 'n Pride (23 stores) increased 56,8% and its debtors' book increased by R28m Score Furnishers — with 68 stores — increased sales 38,9% Its debtors' book grew by R25m

Supreme looks to better performance

810am 10/4/91
SUPREME Industrial Holdings, holding company of furniture companies Protea Furnishers (Profurn) and Supreme Manufacturing, expects to improve its performance and increase its earnings to 40c a share at pre-tax level in financial 1991.

Chairman Edward Ronbeck says in the group's annual report Supreme intends "to continue striving for above-average returns on shareholders' funds and annual growth of 30% in pre-tax earnings"

In the year to end-December, Supreme increased its pre-tax profit by 114% to R13m and its earnings by 69% to 30c a share on a 186% rise in turnover to R216m.

Ronbeck says results for the year "vindicate the decision to transform the group from a small Cape-based stainless steel fabricator into a substantial, diversified industrial holding company operating throughout southern Africa"

Financial 1990 was the first full year

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MARCIA KLEIN

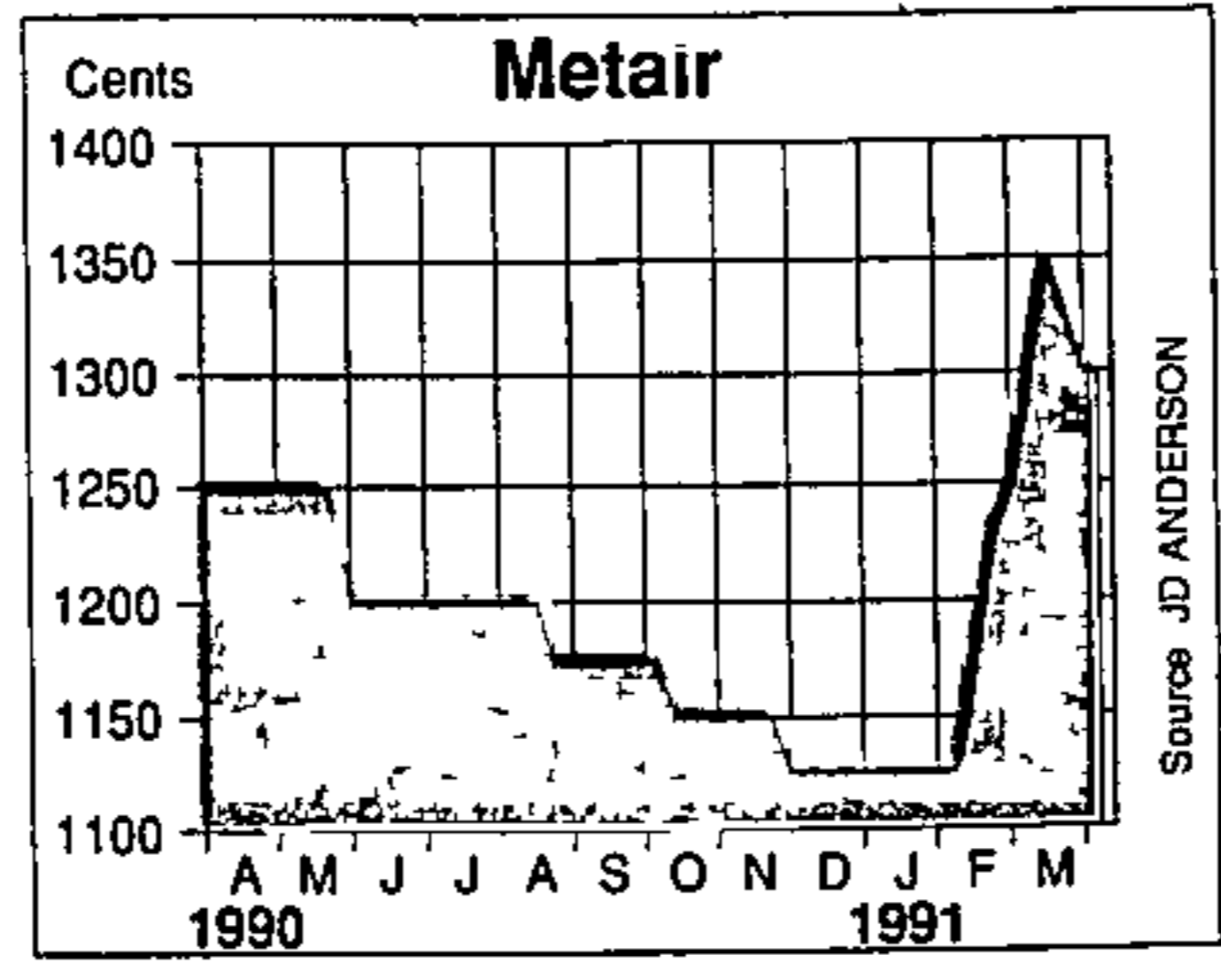
that Supreme's two subsidiaries, Profurn and Supreme Manufacturing, traded as part of the group since its major restructuring in September 1989.

Ronbeck says the "dramatic improvement in the group's fortunes has been attained at the cost of an increase in gearing" Directors intend to improve gearing by means of a R20m rights issue.

Ronbeck says Profurn has been transformed into a major profitable furniture group, expanding into two new chains Supreme Furnishers and TV Life.

Profurn's 221,8% gearing level represents borrowings of R70,7m from Supreme, not payable before December 31 1992.

Despite difficult conditions, Supreme Manufacturing turned a loss for the first six months of the year to a small trading profit for the whole year.



1992 By then it is hoped that vehicle sales will have started to improve, various new models will have been launched — contracts for the supply of components for some of these models have already been secured — and the group will be able to use its enhanced production facilities to increase penetration of the domestic and international component markets

The share has risen on the back of improved sentiment in the industrial sector, and touched 1350c in March. It stands at 1275c, on a p/e of 8.4 and dividend yield of 4.9%. Much will depend on Metair's ability in the next few years to generate sales to support its high investment in capital expenditure, but the share could appreciate significantly when the vehicle market recovers

Simon Cashmore

JD GROUP FM 19/4/91
SALES GALLOP

Activities: Furniture retailer (188)
Control: W&A, ultimate holding company is FSI Group
Chairman and MD: ID Sussman
Capital structure: 35.7m ords Market capitalisation R205m
Share market: Price 575c Yields 3.8% on dividend, 24.9% on earnings, p/e ratio, 4.0, cover, 6.5 12-month high, 615c, low, 290c
Trading volume last quarter, 172 000 shares

Year to Dec	*'88	'89	'90
ST debt (Rm)	0.60	0.35	0.28
LT debt (Rm)	77.0	79.2	115.7
Debt equity ratio	0.59	0.55	0.55
Shareholders interest	0.35	0.36	0.38
Int & leasing cover	4.5	3.7	2.9
Return on cap (%)	19.2†	16.4	15.1
Turnover (Rm)	422†	472	646
Pre-int profit (Rm)	50.4†	66.5	83.6
Pre-int margin (%)	12.0	14.1	13.0
Earnings (c)	86.8†	102.6	143.2
Dividends (c)	—	17	22
Net worth (c)	367	407	592

* Pro-forma figures † Six months figures annualised

One of the peculiarities of this downturn has been the continuing strength in the demand for durables. Like most furniture retailers, JD Group has benefited accordingly — after rising in its 1989 financial year by 12%, the pace of the group's turnover advance increased last year to 37%

While the economy was moving further

into recession during the second half of JD Group's 1990 financial year, the group's sales continued to accelerate, rising by 44% on the 1989 second half

These sales were not achieved without a weakening in profitability. Second-half operating income was up by only 24%, with a trading margin of 15.1% compared with 17.5% in the 1989 second half. One reason for this was that the group's two discount operations — Joshua Doore (24 stores) and Price 'n Pride (23 stores) — showed strong gains in turnover and increased market share

Chairman David Sussman contends the performance from these chains is no surprise, as "in times of illiquidity the consumer looks for the best value possible". Still, with consumers likely to be under greater pressure this year, the trend towards stronger sales at the discount operations will presumably continue. That, and a probably weaker overall sales performance, would mean a further drop in trading margin

Effects on earnings should not be too severe provided the group can maintain sales growth at sufficiently robust levels. After group sales grew by some 22% in real terms last year, the net working capital requirement at year-end had increased by R85m, and long-term liabilities were up by nearly a half, or R36m, at R115m

Financial director Colin Stein reckons the gearing is better than industry averages and the intention is "at least to maintain" the gearing ratio. But the board has also held the dividend cover as high as 6.5 times; investors will probably want to see either the cover or the gearing reduced over time

Sussman notes that borrowings were affected by a significant increase in credit sales, together with higher levels of stock, which climbed by almost a half. Management believes the group entered the 1991 year slightly overstocked, though Stein says stocks have since been brought into line with budget

As long as the quality of the debtors' book is adequately controlled — which appears to



JD Group's Sussman lower rates will help

Continue
P.T.O.

New warehouse lifts Tafelberg earnings

MARCIA KLEIN

CAPE-based furniture retailer Tafelberg has reversed its downward trend in financial 1990 by showing a 7,4% growth in earnings for the year to end-February

Chairman Eugene Theron said yesterday that Tafelberg was reaping the benefits of its new warehouse, reflected in a 33,3% rise in turnover to R41,5m (R31,2m)

Operating profit grew by 8,4% to R2,2m (R2,1m) as a result of amortising the cost of increased sales areas, Theron said

A 41% increase in interest to R491 000 (R348 000) saw pre-tax profit increase by 1,8% to R1,8m (R1,7m)

A lower tax rate resulted in attributable profit being 7,4% up at R932 000 (R868 000)

Earnings increased similarly to 7,53c (7,01c) a share and the dividend was maintained at 3,5c a share

Theron said Tafelberg, with its bigger warehousing and floor areas, was ready for any upswing in economic activity

However, he was not expecting an upswing in this financial year, and felt earnings in financial 1992 would "at least be in line with those of financial 1991"

Tafelberg recently terminated negotiations which had been taking place since January Theron would not comment yesterday on the negotiations.

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Rusfurn⁽¹⁸⁸⁾ reacts to unfavourable speculation

By Ann Crotty ^{Stev} 7/5/91

Amid unfavourable speculation, and a drop in the share price to a low of 105c yesterday, Rusfurn has issued a notice to shareholders referring to the restructuring of its funding base.

Discussions are underway to restructure the funding base to meet the growth needs of the business.

"These discussions are continuing, and although progress has been made, the complexity of the restructuring is such that a full announcement is not expected to be made until the latter part of June 1991"

Rusfurn's end-June balance sheet showed gearing of 150 percent

A number of factors are expected to effect an increase in this in financial '91 — strong sales growth; the Furngro acquisition, which has turned up major problems with its debtors' book, and changes in the treatment of Section 24 allowances.

These factors have resulted in Rusfurn management looking to ways of restructuring the balance sheet to reduce the hefty gearing burden.

It is possible that the final package will see Rusfurn get a major new shareholder, possibly in the form of a financial institution

Rusfurn restructuring plan 'finalised by June'

FURNITURE Group Rusfurn's plans to restructure its capital base would be finalised by the June year-end

An announcement to shareholders today says that discussions to restructure Rusfurn's funding base are continuing. However, due to the complexity of the restructuring, a full announcement could only be expected at the end of June.

Market speculation that something was afoot at Rusfurn saw the share price close yesterday at a low of 105c, after the share traded at a high of 160c in February this year.

However, CE Geoff Austin said yesterday that "with negotiations in place, it was inevitable that rumours would go around".

"Something is going on, but it is positive and in the interests of all concerned."

He said that Rusfurn had been negotiating for the restructure of its capital base for the past six months, and although he could give no details of the negotiations, he said "the package looked very encouraging". The final decision had been held back by uncertainty over Section 24 tax allowances as well as expectations of rates coming down.

Rusfurn is believed to have been negotiating with its main bank Senbank as well as with Finansbank.

At the December 1990 interim stage, when Rusfurn increased its earnings by 5% to R64,8m, Austin said that extensive discussions and investigations were taking place to restructure the group's capital base. Interest charges at the interim stage had grown by 138% to R31,7m.

Austin said this reflected funding needs

of the debtors book, which had a gross value of R1,1bn.

In a TV broadcast to Rusfurn employees last month, Austin said a basis for the long-term funding of the group was needed.

Senbank CE Hennie van der Merwe said in the same broadcast that bankers should be lending credit to the group's customer base, however, the practise of furniture retailers filling this role had been developed in the industry over time.

Confident

"The current exercise we are referring to is not working out a solution to a problem, but purely recognising the banking business aspect of Rusfurn's operation, and finding a structure to address the funding pressure that comes from borrowing short and lending long," Van der Merwe said.

"That is the exercise we are all working on at the moment, and we are confident we will come up with a structure which will free you up to do more trading by taking away from you the funding part of the business, which is in fact the bank's business."

Austin said although short-term prospects seemed rather bumpy, with January and February being particularly tough, Rusfurn was on top of the Furngro situation in the Cape, and Furniture Fair had been closed completely.

However, only one Furniture Fair store was closed down, with the others being transferred to other Rusfurn chains.

MARCIA KLEIN

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B 10 01 7/5/91

Armcor turning cannons to cans

CMT-TMF 8/5/91
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LONDON. — In an adaptation of the Biblical call to turn swords into ploughshares, technology developed by Armcor for its world-beating G5 and G6 artillery pieces is being turned to making cold drink cans for thirsty South Africans

The long-range G5 155mm howitzer was battle-tested during SA Defence Force campaigns in the Angolan civil war, and more than 100 of the weapons formed part of Iraqi President Saddam Hussein's arsenal during the Gulf war

The cannons-to-cans story is cited in the latest edition here of the authoritative Jane's Defence Weekly as an example of Armcor's new programme to transfer technology from the military sector to private industry. — Sapa



Joint venture best for Rusfurn

By Ann Crotty

(188)

For those who believe that Rusfurn can put together a good financing deal with its bankers sooner than expected, the current share price of 95c must look attractive

But those who believe the group may be forced into an unfavourable deal to restructure its funding base will not find it attractive

This week's notice from Rusfurn reminding shareholders that discussions are under way to restructure the funding base has precipitated much speculation about the nature of that restructuring

That speculation varies from a massive rights issue underwritten by its major bank to the establishment of some sort of joint venture company (JVC)

Star 10/5/91
Odds are in favour of the JVC route as this would give Rusfurn management the sort of flexibility it needs to grow sales in line with market demand

A rights issue would only be a temporary solution to the heavy gearing on the balance sheet

Shortly after Rusfurn management effected a buyout from Tradegro, chief executive Geoff Austin said Rusfurn was both a bank and a furniture trader

Both functions were critical to the profitability of the group

At that stage Mr Austin estimated that banking activities accounted for about 50 percent of group profits

The solution will have to address a number of considerations as a bank and a trader in an inflationary environment

Rusfurn cannot expect ever to be cash-positive unless it is winding down its operations

Rusfurn has a massive debtors' book, which suggests that at least one of the major banks has an enormous exposure to the group

Banks like to lend, but like to have control over it. Banks are in no position to undertake retail trading, Rusfurn management needs a reliable and guaranteed cash source in order to grow

There is the apparent concern shareholders feel towards highly geared balance sheets — particularly when there is no wealthy parent in the background (If Amrel and OK's off-balance sheet debtors are included, those companies' gearing would be around 300 percent)

Establishing some sort

of JVC with one or more banks as partners to Rusfurn could adequately deal with all of these issues

Rusfurn would then be managing the group's debtors — which would be held in the joint venture company — on behalf of these banks

It would mean that in future Rusfurn would have to share the profit it makes on the financing activities

The upside is that it would have access to the funding needed for growth at a rate pre-determined by the JVC

But its debtors would be off the balance sheet and shareholders would be more relaxed

Mr Austin said yesterday the group was going the JVC route, but would not give any details at this stage

Star 10/17/91
Afcot hit by
downswing
and curbs

By Ann Crotty (188)

Afcot, the SAB subsidiary that manufactures furniture, has reported a 14 percent drop in earnings to 163,1c (190,3c) a share for the year to March.

A final dividend of 34c (42,5c) a share has been declared for a total of 81,5c (95c).

Turnover was up 11 percent to R780 million (R701 million) and trading profit rose 10 percent to R64 million (R58,4 million).

Management says the figures reflect the severe downswing and the measures taken by the authorities to tighten monetary and fiscal policy.

Although gearing was down from 41 percent to 37 percent, financing costs were up 29 percent to R25,3 million (R19,6 million).

This and a 27 percent drop in equity-accounted retained earnings resulted in a 14 percent slump in fixed profit — down to R4,2 million from R47,3 million.

Attributable earnings were R40 million (R46,7 million).

Management is expecting the demand for durable goods to remain depressed in financial '92. This is based on the forecast for no growth in private consumption expenditure and the expectation that interest rates will remain relatively high.

"Nevertheless, given reasonably stable socio-economic and industrial relations environments, management expects to maintain attributable earnings of the group in line with the previous year."

Afcol's annual earnings down by 14%

MAJOR furniture manufacturer Associated Furniture Companies (Afcol) turned in a 14% drop in earnings for the year to end-March *Biday 10/5/91*

Turnover slowed from a 21% growth in 1990 to an 11% growth in 1991 to R780,1m (R701,4m) This was due to the downswing in the economy and measures taken by the authorities to tighten monetary and fiscal policy, executive chairman Laurie van der Watt said

He said against this background, the 10% increase in operating profit to R64,2m (R58,4m) was "very satisfactory"

However, a 29% increase in financing costs to R25,3m (R19,7m) and reduced

MARCIA KLEIN

contributions from associated companies saw attributable earnings drop by 14% to R40,0m (R46,7m) Earnings had dropped by 9% at the interim stage. *(188)*

The full-year dividend also decreased by 14% to 81,5c (95c) a share after a final dividend of 34c (42,5c) was declared.

Van der Watt said cashflow from operating activities increased "by an impressive 29%" due to effective working capital management Also, interest bearing debt had dropped to R95m (R117m at the interim stage), representing a gearing ratio of only 37% (46% at the interim).

Count on a diamond

gem dealer

Biday 10/5/91
LINDA ENSOR

CAPE TOWN — The portability of diamonds makes them an attractive investment in an unstable political environment, says diamond dealer Winhall and Holmes director Peter Winhall

"They are one of the most concentrated forms of wealth known and are therefore easily transportable a financial lifeboat," says Winhall

He quotes the example of Rhodesia in 1979, where diamonds were sold at four times their ruling price in SA

However, he says the gems offer more than "run money" to the investor as they have a proven record of appreciation

He says that because diamonds are traded in dollars, one is in effect buying dollars when investing in diamonds He adds that diamond prices are determined by De Beers, which has maintained these prices above the US consumer price index

Other advantages of investing in the gems, according to Winhall, are their exemption from capital gains tax and their freedom from management and government regulation

Tight asset control to remain Amrel's policy, says MD

Biday 10/5/91
MARCIA KLEIN

FURNITURE group Amalgamated Retail's (Amrel's) tight asset management policy, which included a R5,7m write-off, saw earnings for the year to end-March increase only 6%

Amrel MD Stan Berger said the firm's policy of tight asset management was "steadfastly pursued for the fourth consecutive year", and would continue in financial 1992, when he expected minimal growth

Attributable earnings grew 6% to R24m (R22,6m previously), or 260c (245c) a share A final dividend of 59c (55c) was declared, bringing the year's dividend up 6% to 87c (82c) a share

Turnover for the year increased 21% to R1,03bn (R849m), boosted by a strong contribution from the furniture division, which increased its turnover by about 24%

Berger said poor consumer confidence, battered by high interest rates, unemployment, unrest and violence, "was partly cushioned by the relaxation of certain hire purchase restrictions on appliances in March 1990"

Operating profit was 19% up at R48,0m (R40,4m) Berger said this "bore testimony to management's stringent overhead controls"

However, R5,7m was written off as an "abnormal item against hire purchase debtors in the lower income furniture operations"

Berger said management believed this was prudent in the light of the current recession

An R18,2m (R19,2m) provision for current and deferred taxation, lower because of adjustment of the cumulative deferred tax balance, saw profit after tax 14% up at R24,2m (R21,2m)

Berger said Amrel continued to provide for deferred tax Relatively favourable phasing out arrangements on debtors' allowances had been indicated

Capital expenditure to upgrade and modernise strategic stores saw borrowings increase by R18m Minimal working capital requirements tempered this, pushing gearing from 71% to 75%

The group's main target for financial 1992 was to improve the quality of its earnings, Berger said

Competition is stiffening in a tighter market

By Day 10/15/91 188

TIGHT trading conditions in SA's office furniture market have prompted local suppliers to become more competitive here and abroad

With domestic trading expected to remain tough, manufacturers and suppliers are trying to find ways of maintaining sales or making up losses suffered since 1989

Leading players say deteriorating conditions for institutional buyers of office furniture have been a feature of the downturn in the past year or more

Anglo Dutch MD Alan Green says other unfavourable market conditions arise from a drop in the start-up of smaller businesses and a slowing in the upgrading of existing businesses

Fallen

Though starting 1991 with better order books than in previous years, Masterplanners MD Douglas Troxler says industry sales have fallen 20%-30% in the past 18 months

A reason is that all main centres, apart from Durban, have since last year recorded a glut of office space, with occupancy low

"Suppliers must face the fact that this situation could worsen as offices being built come onto the market," says Troxler

Mathieson & Ashley Holdings chairman Winky Ringo says the market deterioration in second-half 1990 is due to fierce competition in an industry with

under-utilised production capacity

This resulted in price-cutting, he says

Green says while discounting was adopted by many companies last year, most want to avoid it as it is difficult to survive long on zero margins

Reductions in volumes have "caused a few office furniture companies to disappear" in 1990 and rationalisation will be the trend

Ringo says some sections of the industry will continue to experience difficult conditions and the shakeout will progress

However, the big companies are entrenched and M&A, along with another leading player, Grant Andrews Office Furniture (GA), have completed capital programmes in manufacturing

GA's new Office Hypermarket chain and M&A's new Officemart retail venture have strengthened their prospects

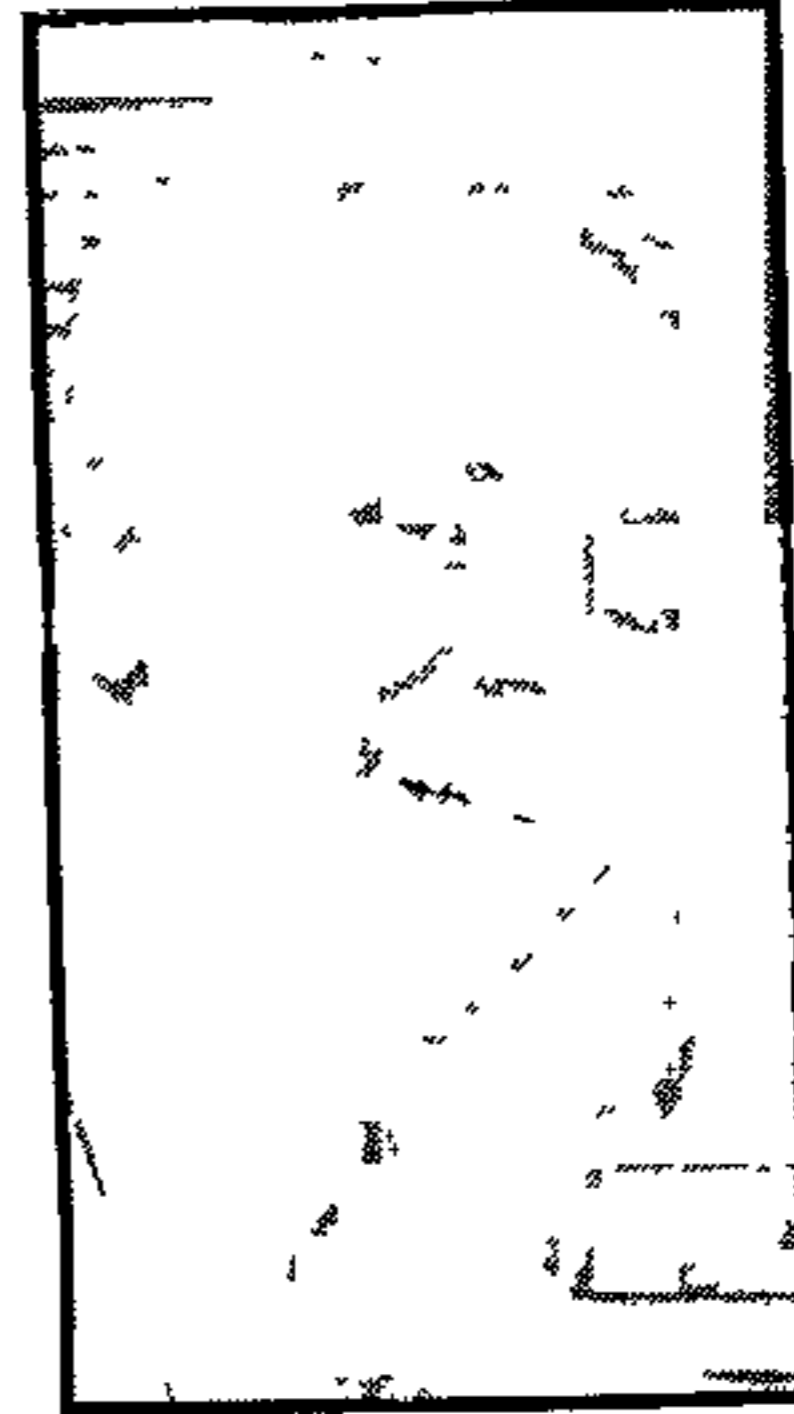
Along with reduced demand, over-production, the refurbishing of furniture, competitive price-cutting and increasing costs, these programmes should increase the pressure on some of the lesser manufacturers who have traditionally filled small contracts and supplied the off-the-shelf market

Sophisticated

Despite industry estimates of a market decrease of 25%-40%, Dashing Office Furniture MD Franco Barocas says demand for sophisticated systems office furniture has not dropped off

Green says "Although trading is expected to remain tough, we appear to have hit the bottom of the downturn and things may soon improve"

With little to get excited about on the home front, he says some manufacturers are positioning themselves



DOUGLAS TROXLER

for the world arena as international issues, including sanctions, gradually improve

Consensus is that market conditions rest with the unfolding of SA's political scenario, the dampening effects of the US recession and local economically related issues

GA Johannesburg MD Victor Fish, who reports having received a "steady supply" of orders, says furniture is poised for a boost once overseas multinationals begin to reinvest in SA

Meanwhile, Offex Office Furniture, GA, Dashing and Kaydee all report having made significant breakthroughs in exports to Africa and overseas

Trend is to simpler products

BUYING trends in office furniture are changing from gadgetry associated with functional and engineered desking and chairs to simpler products

Offex Office Furniture design director Danny Bosman says hi-tech furniture made as support equipment for computers has reached its peak

"People have become price conscious and want cheaper, functional and simpler furniture with less gimmickry," says Bosman

Anglo Dutch MD Alan Green says there has been a shift from the top end of the range to something that will do the job at less cost

Buyers no longer want or need all the functionality engineered into office furniture, he says

"They want comfort and furniture that has what's

necessary for the job, including the ability to accept cable reticulation"

Masterplanners MD Douglas Troxler says demand is also for some aesthetics at the workstation

"With de-engineering more easily achievable now that computers no longer spew out thick cables, the tendency is for desks to be less sophisticated"

Matured

However, Troxler says the acceptance of ergonomics has matured and SA buyers are more prepared to move away from the cheap end of the market

"Furniture purchasers are willing to pay R700 to R1 000 for a secretarial/operator's chair," he says

Seating has also changed, with the focus back to chair

technology from the desking trend of the '80s

The trend is from desking to user-friendly chairs (which are almost self-adjusting) that provide the right posture and comfort

Gone are the days when attention was paid to desking height, tilt adjustment, cabling facilities and the emphasis on rectangular desks

Bosman says the direction of the future will be in office furniture components

"We will have off-the-shelf components that can be put together using the minimum of tools, either on the factory floor or on site"

The advantage is that components can be handled more easily and distributed cheaper than made-up desks and chairs

Also, components are not as easily damaged

Activities: Manufactures and retails furniture, and manufactures stainless steel and refrigeration products

Control: Directors 85%

Chairman and MD: E Ronbeck

Capital structure: 19,2m ords Market capitalisation R40m

Share market: Price 210c Yields 4,8% on dividend, 14,3% on earnings, p/e ratio, 7,0, cover, 3,0 12-month high, 210c, low, 90c Trading volume last quarter, 227 000 shares

Year to Dec	'89	'90
ST debt (Rm)	6,3	7,8
LT debt (Rm)	49,2	99,3
Debt equity ratio	1,2	2,0
Shareholders interest	0,30	0,2
Int & leasing cover	3,3	1,6
Return on capital (%)	5,9	14,9
Turnover (Rm)	76	216
Pre-int profit (Rm)	8,7	33,3
Pre-int margin (%)	11,5	15,4
Earnings (c)	18,6	30
Dividends (c)	7	10
Net worth (c)	163	182



Supreme's Ronbeck wants to improve gearing

more than R216m

The pre-interest margin improved last year from 11,5% to 15,4%, and management feels it should increase further once all divisions are contributing. EPS improved by nearly two thirds, thanks to the turnaround in Protea Furnishers (see accompanying article). But Supreme Manufacturing encountered more difficult trading conditions. The manufacturing arm was expected to earn 5,4c a share, but it earned just 2c. It made a loss in the first half of the year, in particular because Mewa, a supplier of stainless steel-ware to the building industry, suffered from the slump in the market and allowed costs to get out of control.

Furniture manufacturer Victoria Lewis had a disappointing 1990, but is optimistic that a joint venture agreement to supply furniture retailers in the UK will help to compensate for any weakness in the local market this year. The star performer was Insulated Structures, which launched a new range of refrigeration units for national supermarkets.

However, SIH's biggest problem is excessive debt. Net borrowings almost doubled to R105m, and interest cover was halved to 1,6. The urgent need to refinance has led to a R20m rights issue at 160c a share — more than a 25% discount on the current market price of 210c.

The ultimate holding company, (unlisted) Supreme Holdings, will underwrite the

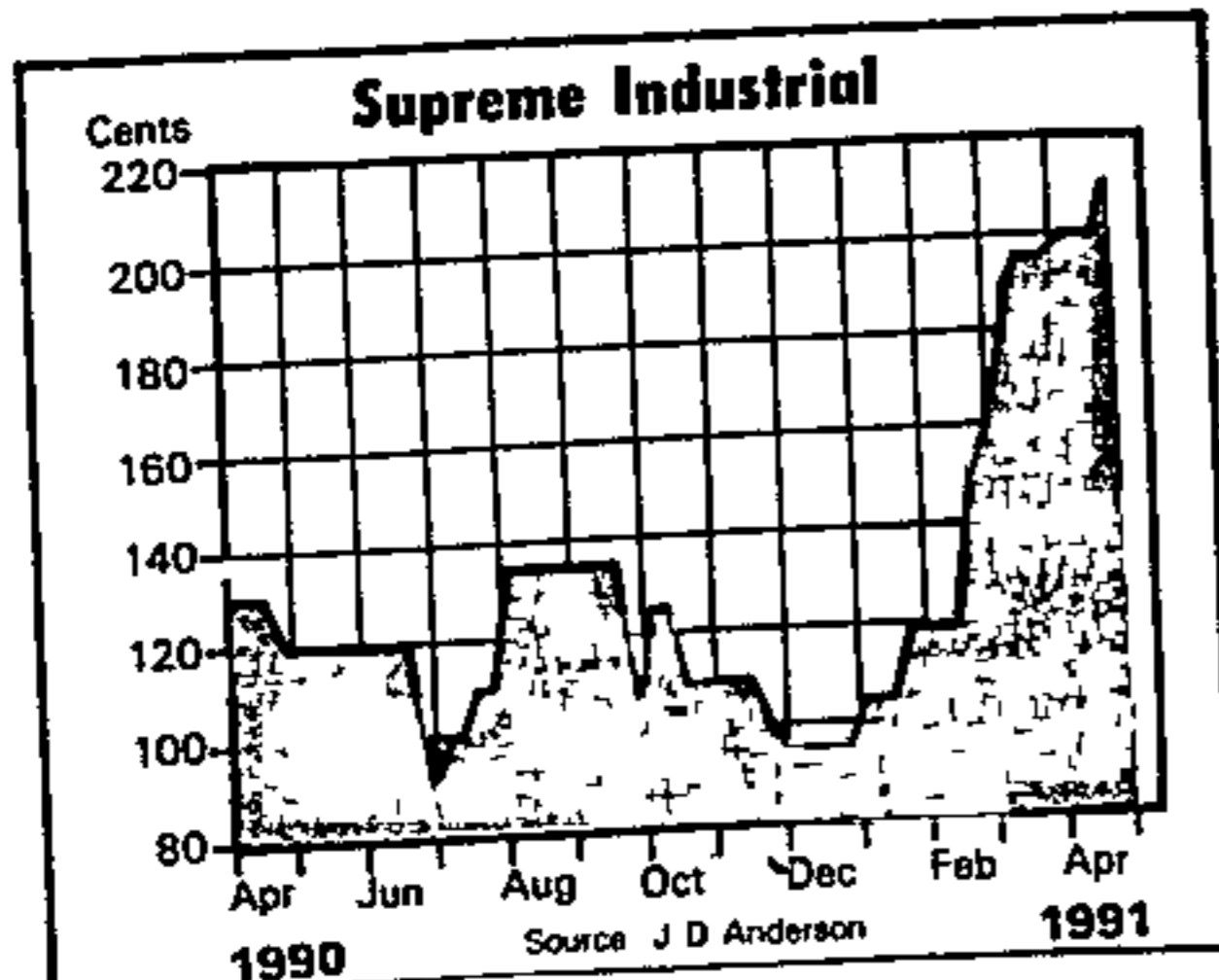
rights issue, but it will not be extended to the two listed operating companies. Group financial director Roque Hafner says the purpose is to repay debt SIH incurred finance costs of R20,3m in 1990. Hafner adds that SIH is comfortable with its present gearing and it will stay at the level attained after the rights issue. However, gearing would still be about 1,66, and the rights issue will increase the issued capital by about two thirds.

The share price has risen rapidly over the past year but appears to be levelling out. With such a large increase in the share capital, and interest costs likely to remain high, it seems the group will be hard pressed to reach its EPS target of 40c this year.

The share is trading at a generous earnings multiple of 7, though the rights offer is at a more realistic 5,3. The present p/e is in line with the average of 6,9 for the building and construction sector, but SIH is exposed to a wide range of industries, comparisons with the industrial holding sector would be more meaningful. It has applied for a transfer to this sector, where the average p/e is 10,4.

SIH is exposed to some volatile sectors and its gearing remains too high for comfort. The share looks expensive at 210c, though the rights offer price of 160c looks more reasonable.

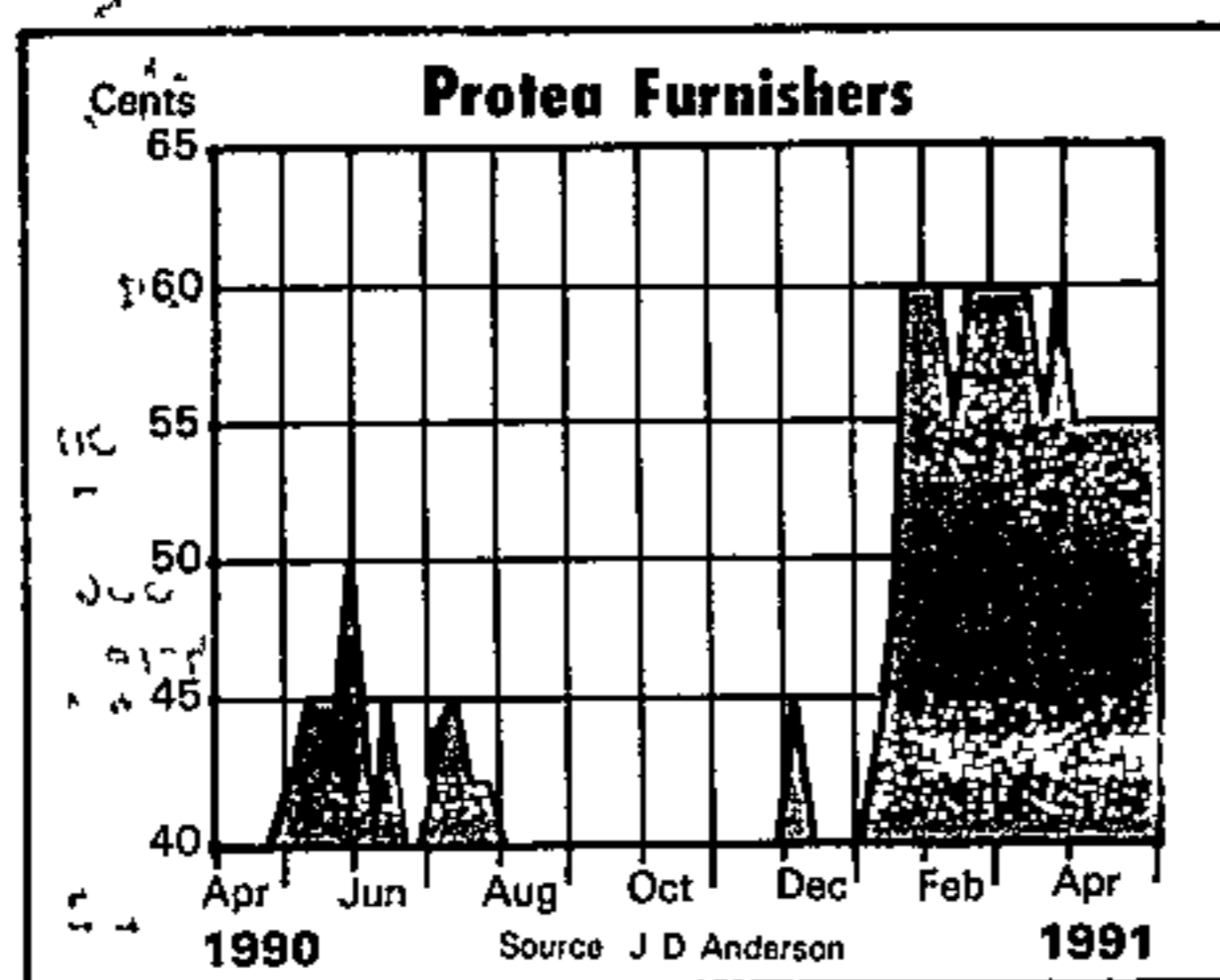
Stephen Cranston



SUPREME INDUSTRIAL ^{FM 10/5/91}
CHANGING SHAPE

Supreme Industrial Holdings (SIH) derives its income from a 53% stake in Protea Furnishers and 98% of Supreme Manufacturing Holdings. It was a small, Cape-based manufacturer of stainless steel products until its interests were restructured with those of Sam Steele and Victoria Lewis in September 1989. In the first full year since the restructuring, turnover has almost trebled to

COMPANIES Fm 10/5/91



ments

Ronbeck, however, forecasts EPS will rise to 30c this year. But a modification of Section 24, which allows furniture retailers considerable scope to defer taxation, would have a material impact on the accounts. Profurn has accumulated R51m under this allowance. Had provision for deferred tax been made last year, it would have reduced EPS by 7c.

In view of its recent problems, Profurn has an understandably low p/e of 2.7, compared with a furniture sector average of 7.7. Over the past year the share has gained 37.5%, though it slipped back from the high of 60c.

Apart from the high gearing, another concern is that reports from the Furniture Traders' Association indicate the furniture market has peaked. Maraney admits last year's boom in the black furniture market contributed as much to Profurn's turnaround as did management itself. He expects this year to be tougher. Until the group has proved its ability to cope with a downturn, the share looks a risky buy.

Stephen Cranston

PROFURN Fm 10/5/91
RETAIL EXPANSION

Since Sam Steele Holdings was taken over by Supreme Industrial Holdings (SIH) in September 1989, and renamed Protea Furnishers (Profurn), the group's operations have been restructured and its profitability has improved.

Manufacturing interests Associated Cabinets, Stebarn Steel Products and Steele-

Fm 10/5/91

Activities: Retail furniture (188) (307)
Control: Supreme Industrial Holdings 53.6%
Chairman: E Ronbeck, CE A Maraney
Capital structure: 70.3m ords Market capitalisation R39m
Share market: Price 55c Yields 5.5% on dividend, 37.3% on earnings, p/e ratio, 2.7, cover, 6.8 12-month high, 60c, low, 35c
Trading volume last quarter, 646 600 shares

Year to Dec	'89	**90
ST debt (Rm)	0.7	—
LT debt (Rm)	33.6	70.7
Debt equity ratio	2.2	2.2
Shareholders interest	0.2	0.2
Int & leasing cover	—	2.6
Return on capital (%)	—	31.2†
Turnover (Rm)	71	193
Pre-int profit (Rm)	(6.0)	31.7
Pre-int margin (%)	—	16.4
Earnings (c)	(129.6)	20.5†
Dividends (c)	—	3†
Net worth (c)	23	45.7

* 16 months trading period
† Annualised

board — were sold and incorporated into Supreme Manufacturing Holdings, leaving Profurn free to concentrate on furniture retailing.

The retail furniture sector, particularly those chains serving the black market, had a buoyant 1990, and this is reflected in the Profurn results. After an attributable loss of R34.5m in the 1989 year, earnings of R18.8m were recorded in the 16 months to end-December.

The management team that Supreme installed closed 13 stores, resited 10 and opened four outlets for the main Protea Furnishers chain. Two new chains were established: the eight-store Supreme Furnishers in the neighbouring states and the 11-store TV retailer TV Life. These two chains, and the Protea Furnishers chain, focus heavily on the black market. According to CE Alex Maraney, "the new chains are making 'major contributions' to profit."

But the restructuring and the expansion of the retail operations left the balance sheet highly geared, with debt equity at 2.2, and makes the company appear vulnerable to any deterioration in trading. SIH has extended long-term loans of R71m to Profurn, at interest rates 3% above prime. The debt was needed largely to fund working capital, which absorbed an additional R62m.

While turnover rose by 125%, stocks ballooned by 225%, partly because the new stores had to be stocked. Maraney says Profurn has had to borrow to finance new computer technology and head office systems, as well as the expansion into new markets. He contends the gearing levels will look more realistic when further sales growth has taken place. He expects sales to reach R200m this year.

Chairman Edward Ronbeck says adequate provisions have been made for bad debts and "unearned finance charges." Debtors showing three months of nonpayment represent just 2.4% of the total and these, according to Ronbeck, are fully covered by provisions in the financial state-

of accounts preparation, time and fees ledger and word processing were identified. Each of the eight systems was then evaluated using a simple scoring system. Two points were awarded for a full match with an absolute requirement and one point for a partial match or a match with a non-critical requirement. Obviously no match gained no points.

The outcome of this initial search covering the main tasks was to leave four companies way above the rest — MGE, Hartley Star Computing and Jenson Computers. Jenson hardware was not considered to be sufficiently flexible for Keal Platt's purposes or to be sufficiently cost-effective. So that left three.

Bunyard and Curtis then went through the same process for the remaining applications — sales purchase and general ledgers, payroll, trust and solicitor accounts. At this stage they also brought in general requirements such as security copying, documentation and software support. Using the same scoring mechanism Star was eliminated but there was little difference between MGE and Hartley.

It would have been much easier to choose if one had come out way ahead but MGE ended up with 131 points and Hartley 122. It would also have been easier if both men had agreed.

But Curtis favoured Hartley and Bunyard preferred MGE. Complicating the picture further was the fact that Hart-

won round to MGE, 'If we can afford it, he said.

'In the end', he said, 'the cost wasn't really the object. We needed the right software to do what we wanted to do'. And there were one or two small

Trying a live job on each system

things which swung the decision MGE's way.

As we went on Curtis said it became more obvious that Hartley's software was originally written for the Australian market.

The MGE database approach appealed more than the Hartley approach too. But most important of all was that they tried a live job on each system and at MGE were left to get on with it, rather than being led through by the experts. They appreciated the freedom.

So Keal Platt should by now have taken delivery of an MGE system. It comprises two Data General Nova 4X computers, one for each office with all the attachments such as disk drives and printers and MGE's software for accounts preparation, word processing, time and fees ledger, sales purchase ledgers and payroll.

The final bill is £73,000. It shows the way these things go that an early stab at how much computerisation might cost

with its capability and speed, he said, 'but at that stage (March 1980) I was still thinking in terms of floppies'. In the end, of course floppy disk systems were out of the question. They could not provide the quick access to client data the firm needs, let alone the speed of operation.

Keal Platt are making what is undoubtedly a massive investment for an organisation of their size. Quite apart from the capital cost Bunyard and Curtis have between them spent nearly 700 hours working on the project so far. They do not doubt that it was and will be well worth it.

They could have done it differently. For example few people would argue that the market leaders in this field are the four companies eventually thrown up by the detailed evaluation — Star, Hartley, MGE and Jenson. Bunyard and Curtis could have started with these four, and so cut down the evaluation time considerably. But they are happy that a fuller evaluation was necessary.

They could also have spent more time contacting existing users. Hartley in particular was very happy to supply user lists if anyone asked for them.

But as Curtis said 'If someone rings us in a year's time and it has all gone wrong we're not likely to admit to them that we have bought a load of rubbish'.

As a complete alternative they could have spent their 700 hours worth on a consultant. But they believe any consultant would have had to spend a

such a project in the same way. That is not to say that it would necessarily result in the same choice.

'It depends on the specific requirements of the practice,' Curtis said.

Keal Platt's requirements are to expand their practice. They believe that the computers will enable them to do that, in several different ways.

First, it will enable them to offer additional services — six-monthly, quarterly or even monthly accounts, sales, purchase and nominal ledgers and payroll on a bureau basis.

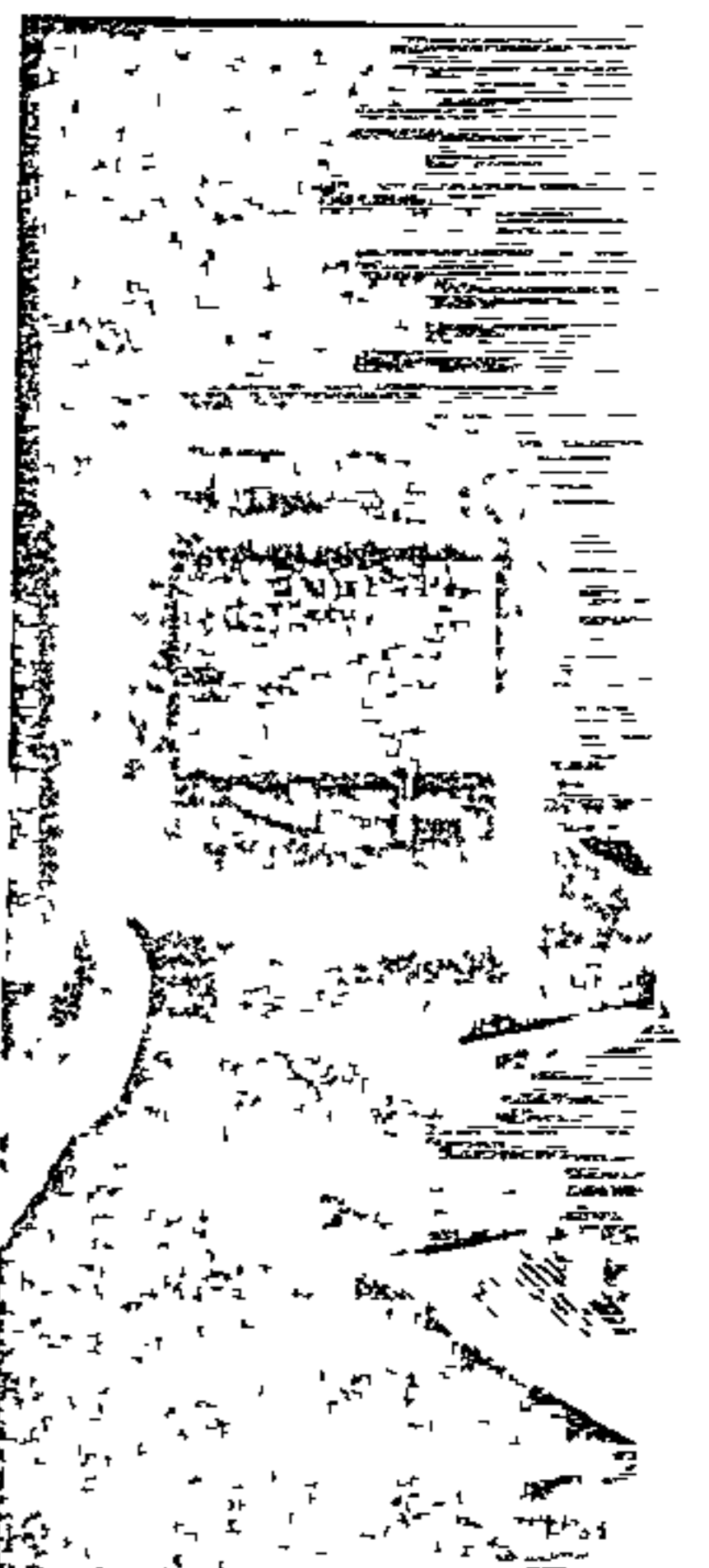
Secondly, they expect it will make their present operations more efficient. In particular it will reduce the time spent by seniors and managers checking what is often the poor work of juniors.

This in itself should allow seniors and managers to do more constructive work (and more rewarding in more ways than one).

Thirdly, computerisation should help them run the practice more efficiently. Time and fees ledgers are currently handled manually, which means that it is not practicable, for example, to produce a work in progress listing except at year end. That should in future be simple.

As Bunyard sums it up: 'We wanted to remove the drudgery from the basic work and improve practice management'.

Over the next few months as we follow this project we will see whether the practice achieves these aims. ■



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Rusfurn puts the debtors' book right with the banks

8 Times (Bus Times) 191591

188

IF YOU did not hear the rumours about Rusfurn you could be forgiven for being alarmed at the warning the furniture retailer issued two weeks ago

In essence, it reminded shareholders that they had already been warned that discussions were under way about restructuring the funding base to meet growth needs

The discussions continue, are complex and the outcome will be announced in June and, please, bear this in mind when trading your shares.

What did it mean? Chief executive Geoff Austin says that so much unfounded rumour was circulating about the group that it was necessary to set the record straight

I had not heard anything untoward about the group, so felt inclined to panic at the announcement

Mr Austin says "Didn't you see that sharp fall in the share price? We had to say something"

The share price has fallen 35c to 90c in under three weeks. It was 160c in February

Mr Austin says the method through which furniture retailers fund their debtors' books has been going for 40 years, but is not ideal

Credit terms for customers are granted by the retailer, who is lent money by the banks. Obviously the margin is attractive — perhaps 14% at the moment

But the cost of administering Rusfurn's 1.1-million account-holders repaying on average R1 000 over 24 months is enormous

"It's banking business, but the banks can't handle it because furniture retailing is so fragmented. It works in vehicle financing because the numbers are so much bigger"

Mr Austin says he and the banks are working on a solu-



GEOFF AUSTIN Eldest child syndrome Picture COBUS BODENSTEIN

tion that will benefit the entire furniture retailing industry. Rusfurn is being punished for pioneering

"We are suffering from the eldest child syndrome. We are the biggest, we have a string of firsts to our credit. We are borrowing short and lending long and our exposure is considerable

"We regard as triple A a customer who repays a 24-month purchase in 30 months. Most bankers would be in a dead faint because they have to provide reserves against it"

Mr Austin has a promising plan that will probably be

announced next month. It entails Rusfurn's continued management of the debtors' book, but will bring the banks closer to the scene

Earlier in the year investors lost confidence in Rusfurn because of the Government's intention to amend Section 24 of the Income Tax Act. Generally accepted accounting principles allow companies whose tax horizon is beyond three years to adopt the partial method of providing for deferred tax

Rusfurn made no provisions because as the rules stood the debtors' book could continue to grow and delay indefinitely the year in which tax eventually fell due

It means that today's

shareholders do not pay for tomorrow's liability. It also means that the earnings a share figure is higher than it would be if a provision were made

Mr Austin argues that nobody benefits from a provision. Shareholders suffer unduly even though the Receiver of Revenue gets not a cent

The downside comes when the rules are changed. The matter has been clarified through Practice Note 13, which says that the basis for calculating allowances must now exclude finance charges

"We welcome the ruling because it entrenches the principle. It means that our allowance claims will be lowered and the tax horizon shortened

"Rusfurn will provide for tax when it becomes a liability

"Obviously we will not have to provide at the top rate and shareholders need not worry about a sudden drop in post-tax earnings because it will be smoothed in"

Management will do its best to ensure success. It owns 28% of the group Unidev, or rather Senbank, owns 22%, and the balance is well spread across the institutions and public

Mr Austin says business is tough and extremely competitive. Collections have actually picked up because people try to repay debt in bad times while not incurring new borrowings

Consequently, sales have fallen, although the group decided to tighten its lending criteria months ago in expectation of a downturn

Does Mr Austin regret having led the management buyout from Tradegro at 140c a share when the current price is 90c?

"Only the timing could have been better. We should have done it years ago," he says

Industry's turnover has slumped by 30 per

cent

Decline started last May and it is continuing

Mr Ringo says: "Competition is very intense, especially in Europe. With European unification and the common market, the duty structure will fall away so a lot of companies are trying to get into the European market." However, the group has had a few successful opportunities in Africa and one person has been assigned to concentrate on the African market, particularly Botswana and Namibia.

Once the Angolan situation is resolved Mr Ringo sees a lot more opportunity for selling into Africa. But exports into the African market are not going to provide immediate relief to South African manufacturers.

"Entering new markets is a costly business. In the short term it is not necessarily a profitable exercise," said Mr Ringo.

"You have to earn your market share, which involves marketing and advertising, establishing a presence — it is a long term exercise," Mr Ringo says.

Even though exports might not initially be very profitable, they do keep the production process running.

"They will at least provide work," said Mr Ringo.

"The company has never had more orders on its books.

"We are doing the new Bank City, the African National

Industries' new offices as well as Hoechst.

"We have orders for 12 000 work stations on our books at the moment, but it is just that margins are much thinner," he says.

In his 21 years in the industry Mr Ringo said he had never seen the office furniture industry in such deep recession.

"However, the industry is resilient and it will turn strongly

making significant profits for shareholders," said Mr Ringo.

The arrival of new embassies and international businesses would certainly be a boost for the industry as would the lifting of sanctions.

"The recession will serve to shake out the weaker competitors, after all a 30 per cent fall-off in turnover is significant," he said.

The office furniture industry is not a furniture-driven industry but relies rather on the fortunes of the information technology industry.

Mr Ringo said that virtually all the company's orders at the moment were for work stations that incorporated the use of personal computers.

"Raised floors and hi-tech buildings are becoming standard," added Mr Ringo.

Mathieson Ashley Holdings operates in all areas of the industry — manufacturing, wholesale and retail.

The group has had sales of R160 million for the year to end

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Winky Ringo... more orders at thinner margins.

"The R2.5 billion office requisites industry is down by about R750 million, about 30 per cent, and the R1 billion office furniture industry also dropped by about 30 per cent," said Winky Ringo, chairman of Mathieson & Ashley Holdings.

The decline in the industry's turnover started in about May last year and is still eroding in Mr Ringo's opinion.

"I don't see much improvement in the market for the next year," he said.

However, the world market is suffering from similar stresses.

Market speculates 188 on Wooltru-Dion deal

By Maggie Rowley ^{Star} 31/5/91

A big jump in the share prices of Wooltru and Rusfurn has fuelled market speculation that Wooltru is poised to take over Dion Stores

The Wooltru share price has jumped more 600c since May 17 to a high of R82 while Rusfurn shares have risen more than 22 percent from 90c to 110c a share after reaching a high of 120c on May 24. However, that is still well below its high of 160c in February.

Wooltru chief executive Colin Hall yesterday declined to confirm whether Wooltru had entered into negotiations with Rusfurn.

"It is pure speculation and I cannot comment," he said.

Speculation has also involved other companies in the Rusfurn stable, which includes Furniture

Fair, Harmony, Montanna, Wanda, Frasers Furniture, Arrow and Giddey's.

Geoff Austin, chairman and chief executive officer of Rusfurn was not available for comment.

Rusfurn reported a five percent increase in earnings to R64,8 million at the December 1990 interim stage, partly due to the "nightmarish time" it had had with the acquisition of Furniture Fair in late 1989.

At the release of the interim results, Mr Austin said extensive discussions and investigations were taking place to restructure the group's capital base.

A 138 percent increase in interest charges to R31,7 million for the six months, he said, reflected funding needs of the debtors book, which had a gross value of R1,1 billion.

Kallenbach in big drive for exports

HIT BY a full-blown recession and shaved margins, SA's biggest office furniture group Kallenbach-Hendler has been revamped to take advantage of greater export opportunities

KH, jointly owned by Mathieson & Ashley and SA Breweries' Afcol and managed by M&H, is to be split into two subsidiaries — KH Manufacturing, which will make and market office furniture for group companies and domestic and export markets, and KH International, which will spearhead a drive into markets abroad

Distinct

M&A group managing director John Beck says "This will boost out strategy to get into the international office furniture industry and optimise group resources in manufacturing"

The quality and price of group products is "extremely competitive"

Mr Beck says "The backing of a service and profit-oriented group manufacturing resource should increase competitiveness"

"We have no doubt that the group, through KH International, is geared to become a major player in the world office furniture industry"

Another listed office furniture manufacturer, Grant Andrews Holdings, is also well advanced with plans to penetrate foreign markets

KH Manufacturing, under group operations director

By IAN SMITH

Bill Helyar, is a separate business unit at arm's length from other group operating companies, as distinct from being a group manufacturing facility

Mr Helyar will have full responsibility for bottom-line profits and growth, says Mr Beck

The company's first responsibility will be to develop and manufacture high-quality products firstly for KH subsidiaries Anglo Dutch, Offex and Officemart and then for other SA customers and for export

Anglo Dutch managing director Alan Green will take on the additional responsibility for KH International Mr

Green and Mr Helyar will report to Mr Beck

"These are senior, strategic appointments," says Mr Beck

The group earned its first export income in the year last June through the Off subsidiary, which sells middle-market office furniture. Offex sold know-how for desk and storage ranges to a UK manufacturer

But the dramatic downturn in the SA market and heavy price cutting meant that the M&A group reported a 27% drop in earnings for the year — after compound earnings growth of 42% the three previous years

At the interim stage to December 31 the group passed its dividend after a 65,3% fall in attributable profits to R939 000

WEEK IN BRIEF

A SUMMARY of the week's corporate announcements.

MONDAY Anglovaal's offer to AVF Group shareholders is accepted in respect of 0,15% of the shares CMI to raise R100-million through convertible preference shares, last day to register 28/6 Tamboti to raise R60,5-million through the issue of shares for 100 at 270c.

TUESDAY Gengold announces curtailment at Weltevred Mine MIT and Datakor buy 49% of Timeplex for R720-million of which R300-million will be equity

WEDNESDAY Lenco offer to Compak minorities opens 21 closes 12/7 Colombia offers 54c a share to Pride members Pridelisted on 13/6 Eurevest's capital restructure becomes effective 19/7

THURSDAY RIH scheme meeting is on 9/7 Messina Investments prospectus offers 12,49-million shares at 100c

FRIDAY Tempora to raise R40,5-million, last day to register 28/6 Rand Leases warns of negotiations. Crendell members accept HCI's offer in respect of 1,25% of the shares

DZI's assets to be distributed to members DZI will delist D to renounce its rights to CMI's offer to its members

COMP.

PRELIMS

Turn:

Dion CE fuels rumours of a sale

SPECULATION that furniture group Rusfurn was set to sell off Dion was fuelled yesterday by Dion CE Jannie Els

MARCIA KLEIN

He told delegates at a Retailing Realities conference that he was currently "more of an expert on mergers and acquisitions" than on retailing, referring to earlier reports that suggested Wooltru was a possible buyer of Dion

188 Wooltru, but warned that "a lot of red herrings are being thrown around"

Rusfurn CE Geoff Austin said yesterday his group was considering all options, but no decisions had been made

Wooltru CE Colin Hall would not comment on the issue

Dion is one of Rusfurn's star performers, following a rise in both Rusfurn's and Wooltru's share prices

In a statement to shareholders last month, Rusfurn announced that details of the restructuring of its funding base would be finalised by the end of June. Rusfurn was believed to have been negotiating with its main bank, Senbank, as well as with Finansbank

Industry analysts said yesterday that rumours were rife in the market that the sale of Dion was being negotiated with

B/Dam 19/6/91

Afcol says it expects to maintain earnings

B10^{am} 26/6/91 MARCIA KLEIN (188)

FURNITURE manufacturers expected to maintain earnings next year in spite of depressed demand for durable goods, Associated Furniture Companies (Afcol) executive chairman Laurie van der Watt said in his annual report

Continued depressed demand for durable goods in financial 1992 was indicated by forecasts of no growth in private consumption expenditure and of interest rates remaining relatively high.

However, directors expected SA's major furniture manufacturer to maintain attributable earnings in line with financial 1991

In the year to end-March, Afcol's attributable earnings dropped 14% to R40m. Turnover growth slowed from 21% in 1990 to 11% growth in 1991 to R780,1m.

Generator

Van der Watt said Afcol was in a cyclical industry which was responsive to changes in the rate of consumer spending. While the economy had shown depressed growth in real terms, country-wide emoluments recorded a 2% to 3% real improvement, insulating the furniture sector from the full effects of the decline in the economy.

Private consumption expenditure, the prime generator of furniture demand, showed a marginally positive growth in the first three quarters of the year. A decline was experienced in the final quarter.

While managed operations maintained their level of earnings at about R21m, difficult trading conditions in certain equity-accounted companies led to earnings from these investments declining 27%.

Van der Watt said in terms of the group's performance from 1986 to 1991, its average compound growth rate in earnings and dividends was 28% a year. Average compound return to shareholders was 22% a year.

Rusfurn's Austin quits in restructuring row

By Magnus Heystek ^{SK} _{2/7/91}
Finance Editor

The founding chairman of Rusfurn, Geoff Austin, resigned when Senbank stepped in and halted the proposed restructuring of the company's capital base.

Other creditor banks supported Senbank's move

It followed more than seven months of discussions Rusfurn had with various interested parties

Options included the possibility of selling off Dion to Wooltru or Prefcor and setting up some kind of joint venture company with one of its main banks

A spokesman for Wooltru last night confirmed that complex negotiations had been under way which included, among other things, a possible purchase of Dion.

Mr Austin is to be replaced as executive chairman by Laurie Korsten, who will take up some equity in the company

"There will be no disposal of any Rusfurn assets and management has ceased negotiations with all other parties," Mr Korsten said last night.

Mr Korsten is a well-known merchant banker who, together with Piet Liebenberg, was one of the founders of Finansbank in 1970

Mr Liebenberg is now chair-



Geoff Austin . out

man of Senbank, Rusfurn's main creditor bank.

The company would have to be recapitalised and, while no final figure had been arrived at, it would probably be at least R100 million, Mr Korsten said. Senbank would be underwriting the issue, he added

The surprise announcement ended several months of speculation about what Rusfurn proposed doing with its heavy gearing, which at end-June 1990 was 150 percent, and other problem areas in the company. These include the treatment of deferred tax and problems at Furnfair, which Rusfurn took over at the end of 1989.

Matters came to a head at a board meeting last Friday at which Mr Austin handed in his



Laurie Korsten in

resignation with immediate effect.

Speaking from his office last night where he was "just clearing up a few things", Mr Austin said he could not agree with the moves being undertaken, and had resigned on principle

"I believe the deal we were working on was in everybody's interest and I could not morally agree with the direction the board was going, so I resigned," he said

He said he had signed a five-year restraint-of-trade agreement with Rusfurn not to enter the retail industry

Another area of concern was the management share-incentive scheme that had become a millstone around management's neck. The loan used to finance

the purchase of the 41 million shares (at R1.40 per share) in terms of the share-incentive scheme was to have been paid off by dividends earned by the company

However, declining markets and a brake on earnings put members of senior management under pressure to repay the loans

"The management share-participation schemes will be restructured to provide management with positive, performance-related incentives," Mr Korsten said

"They can now concentrate on running the business instead of trying to find short-term ways to finance their share purchases," he added

He said he would be spending the next couple of months "getting my arms around the business and restructuring it. I am glad to say that I have the full backing of the senior management who support the philosophy of the restructure".

"I have confidence in Ian Sturrock, who now becomes head of the team, as a retailer," he said

However, he reiterated that there would be no sell-off of any part of Rusfurn

Mr Liebenberg said the restructuring of Rusfurn would enable Senbank to finalise the terms of the rights issue

"We have put together a partnership of major banks and management to establish a sound financial base from which Rusfurn can operate," he said

Rusfurn CE quits in major shake-up

188
B10am 3/7/91

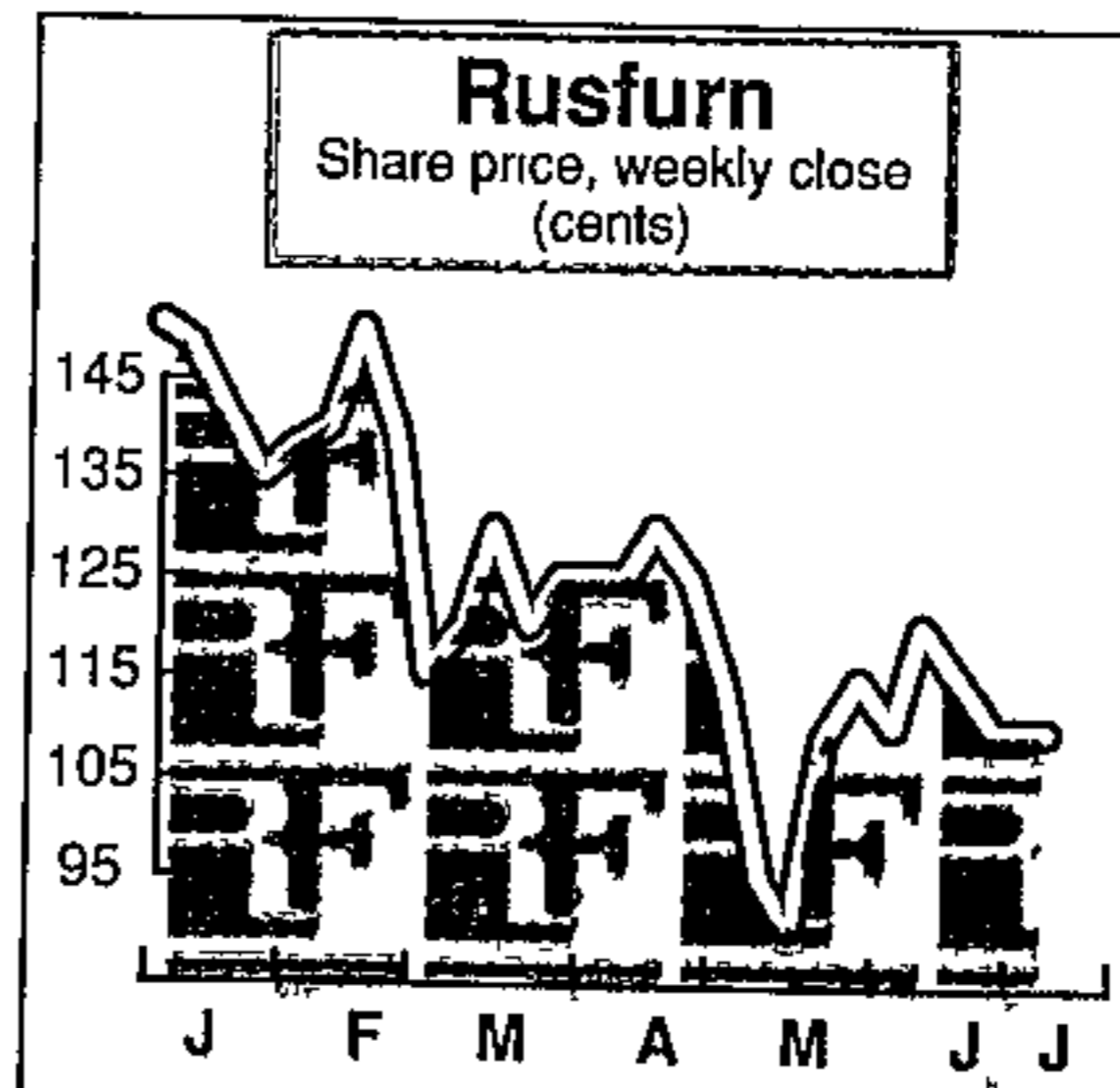
MARCIA KLEIN

A MAJOR shake-up at Rusfurn has seen Geoff Austin resigning his post as CE, former banker Laurie Korsten taking it up, and a proposed rights offer to recapitalise the group

An announcement issued today said negotiations on restructuring Rusfurn's capital base ended in "a disagreement in principle", the result of which was Austin's resignation

Senbank has undertaken in principle to recapitalise Rusfurn by underwriting a rights issue, for an unknown amount. Rusfurn had previously announced that the group was negotiating to restructure its funding base. At the December interim stage, interest charges had risen by 188% to R31,7m, reflecting the funding needs of the debtors' book which had a gross value of R1,1bn

Directors said yesterday it had been decided that no part of the business would be disposed of, and "management has therefore ceased negotiations with all outside parties with regard to the sale of any business". Recent market speculation was that Rusfurn was negotiating with Wooltru



Graphic LEE EMERTON Source INET

for the sale of Dion

Directors also said that the management share participation schemes would be restructured to provide management with positive, performance-related incentives. In terms of the R232m management buyout from Tradegro in 1989, directors could increase their stake by 15% over three years in a performance-linked share participation scheme, provided Rusfurn

□ To Page 2

Rusfurn

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B10am 3/7/91

declared a minimum dividend of 16c a share at the June 1990 year-end and declared an inflation plus 5% growth in dividends for financial 1991 and financial 1992

Rusfurn's results for the six months to December, in which attributable earnings grew by 5% to R64,8m, placed in jeopardy directors' chances of increasing their stake

Korsten said his job would be to ensure that the retailers were supported by the right strategies and financial structures, and over the next few months he would be

188 □ From Page 1
"busy getting my arms around the business"

Bankorp executive chairman and Senbank CE Piet Liebenberg said Rusfurn's restructuring would involve "a detailed investigation" by Korsten, which would enable Senbank to finalise the terms of the rights issue

He said a partnership of major banks and management had been put together "to establish a sound financial base on which Rusfurn can operate"

Major shake-up in Rusfurn group

CIT 317191 (188)

Own Correspondent

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Austin said yesterday that the proposed rights issue was "a viable solution", which could work if there was a big underwriter

He was not sure of his future plans, but said he "could not afford to retire yet"

Shares lose 5% on Rusfurn shake-up

B1 Day 4/7/91

MARKET reaction to news of a major shake-up in furniture retailer Rusfurn saw the share losing 5c or 5% to close yesterday at 95c, testing May's year low of 90c

Rusfurn said yesterday CE Geoff Austin had resigned and former banker Laurie Korsten was replacing him. It also proposed a rights offer to recapitalise the group

Although the news was generally not well received by the market, analysts said in its defence that something had to be done to address Rusfurn's funding problem

An analyst said Senbank — which is Rusfurn's main bank — was worried, and it "had to come in and do something"

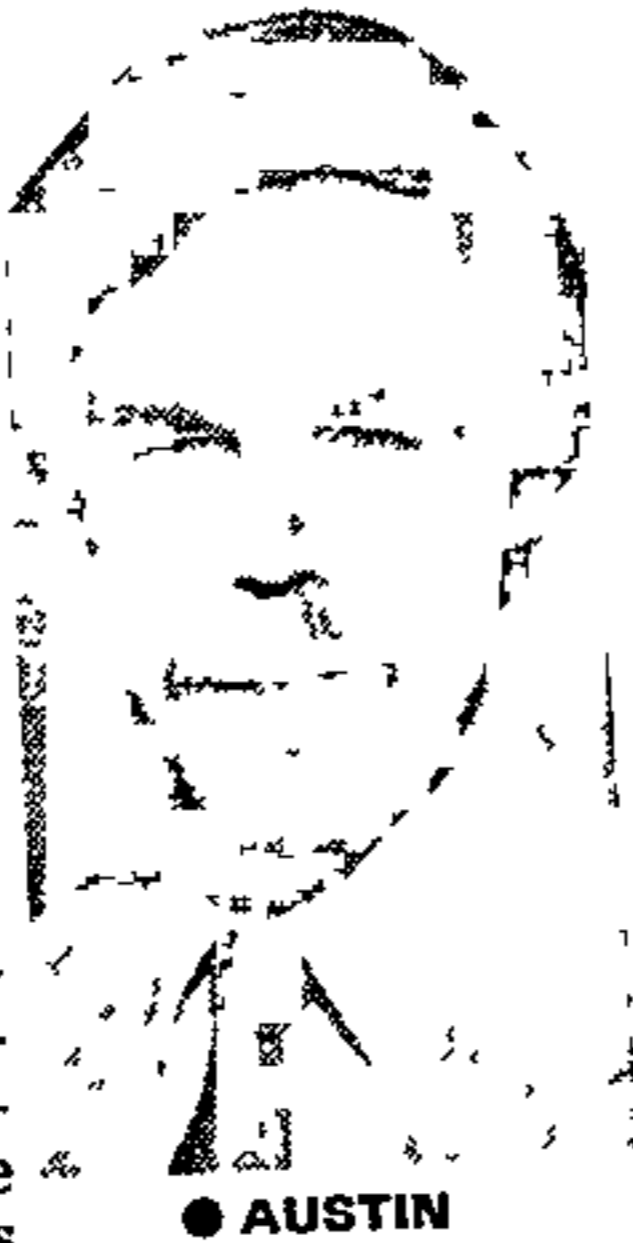
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The amount to be raised has not been determined, but an analyst said the R100m which had been reported was "possibly very low"

Analysts said a problem with the rights offer was that quite a few investors — especially the institutions — might not follow their rights

Unidev, which has a 22% stake in Rusfurn, was not expected to follow its rights. At a current price of 95c, an analyst said the rights issue may prove to be quite expensive for Senbank

Although some shareholders would



● AUSTIN

follow their rights because the share was relatively cheap, an analyst said others may not want to spend more on an investment that had not lived up to expectations

Reaction to Austin's departure was mixed. Some analysts felt he was a good "hands-on" retailer, while others felt he should not have expanded the business at the rate that he did

However, an analyst said the expansion of the business and of the debtors book was an incentive for the management target to be achieved in terms of the share incentive scheme, and a more realistic scheme — as has been proposed by Senbank — could lead to a tightening up of the business

This could mean that in the short term Rusfurn would need to get its house in order in terms of financing and controls on the granting of credit. This contraction of the business would result in low growth in the short term

With this in mind, analysts said the shake-up came at the worst time, with furniture sales dropping off sharply, and with expectations of a bad year for the furniture industry. Analysts expected a decline in earnings for the year to end-June

Analysts said the disagreement between Austin and Senbank was either over him wanting to sell off assets, including Dion, or he may have been pushing to sell the debtors book to a consortium of banks and take it off the balance sheet

Although the proposed recapitalisation of the group would help, this was a short-term solution. With debtors remaining on the balance sheet, the risk would remain and there was the possibility that Rusfurn could find itself with a similar funding problem a few years down the line, an analyst said

Dinette set to list on the JSE

B1 Day 4/7/91
ANDREW GILL 155

THE JSE is set for a new venture capital market listing on July 25 in the form of a company, Dinette Industries, that intends taking advantage of the growth market created by basic housing development

The company will make "dinette" tables and chairs which will be sold into the low income market with demand emanating from government's planned housing development programme

"This is not a luxury we are making," former Afcol director and chairman of Dinette Jack Cheskelson said last night. "We are selling a basic product to a low income mass market"

The only reason for the listing is to allow a 30% investment from foreign backers who would normally have to wait about six months to invest if it was a private company

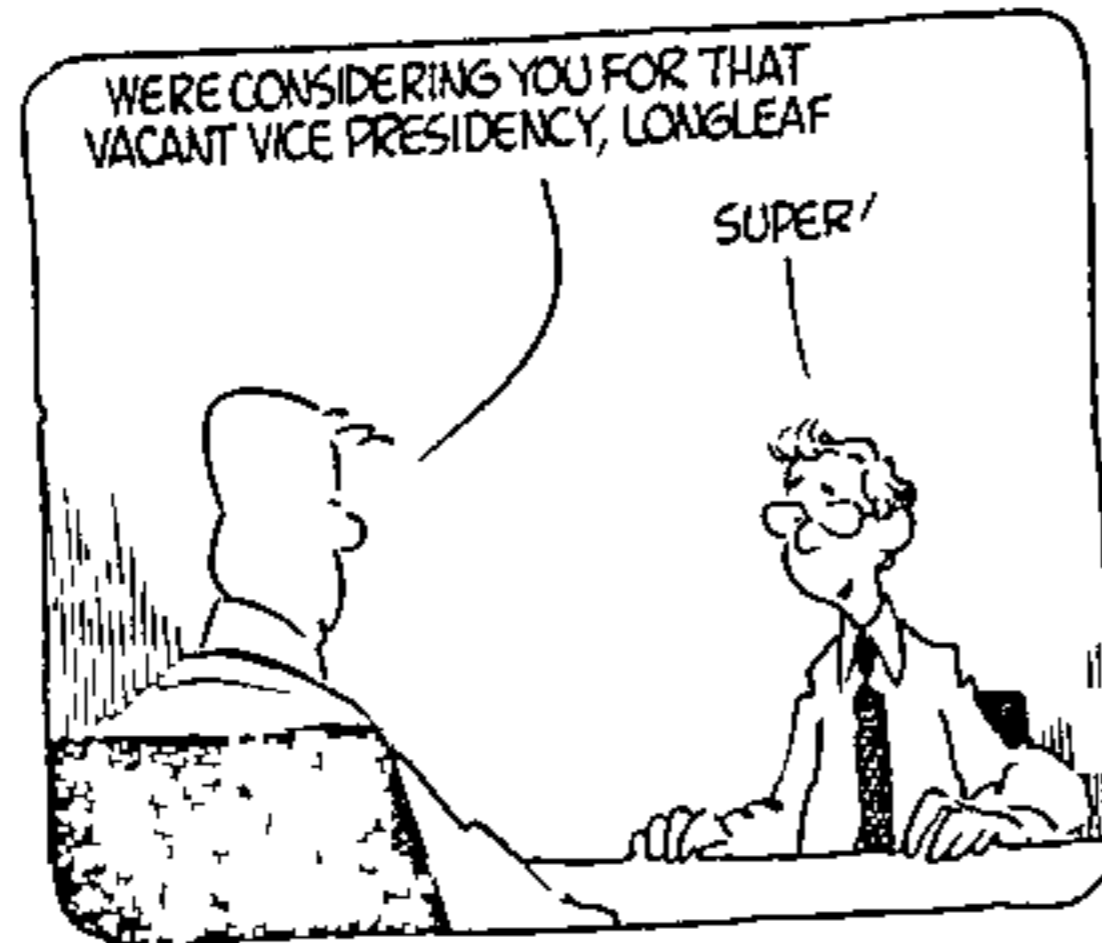
The company is to raise R2,9m in the issue in a private placing. More than R2,6m has already been raised from friends and relatives in SA and abroad

Syfrets fund

SYFRETS Growth Fund's total return (capital plus income paid) for the past 12 months to June 1991 was 28,98%. The compound annual return was 33,64% for the three-year period ended June, not for the 12-month period as incorrectly stated in Business Day yesterday. The error is regretted

EXECUTIVE SUITE

By William Wells and Jack Lindstrom



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Bl Day 4/7/91

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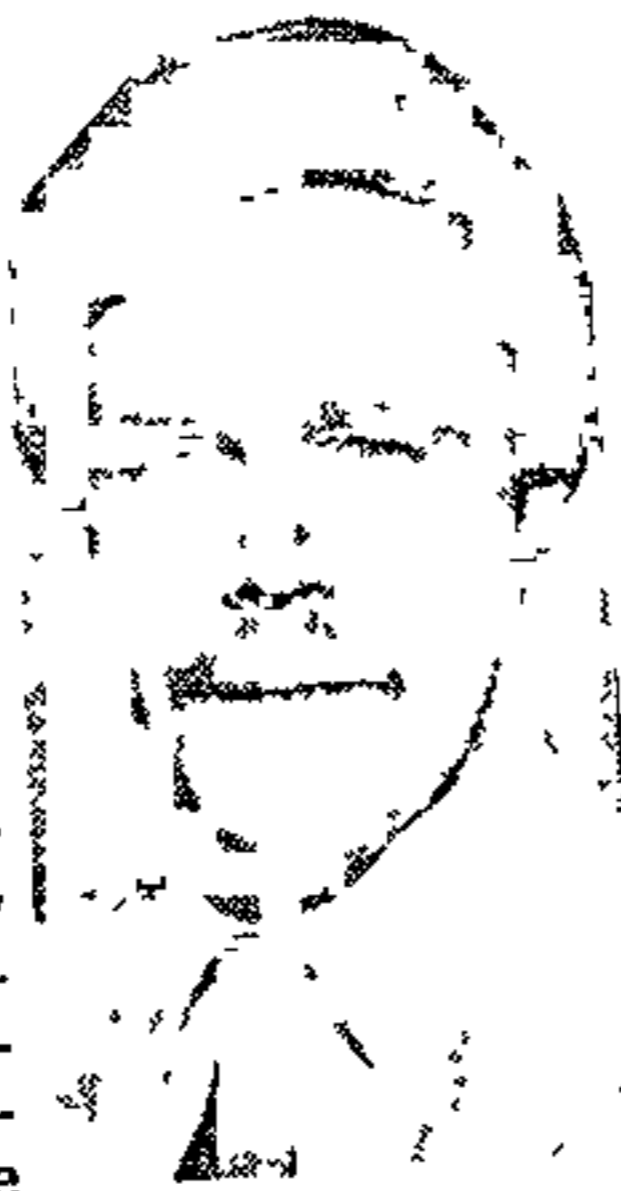
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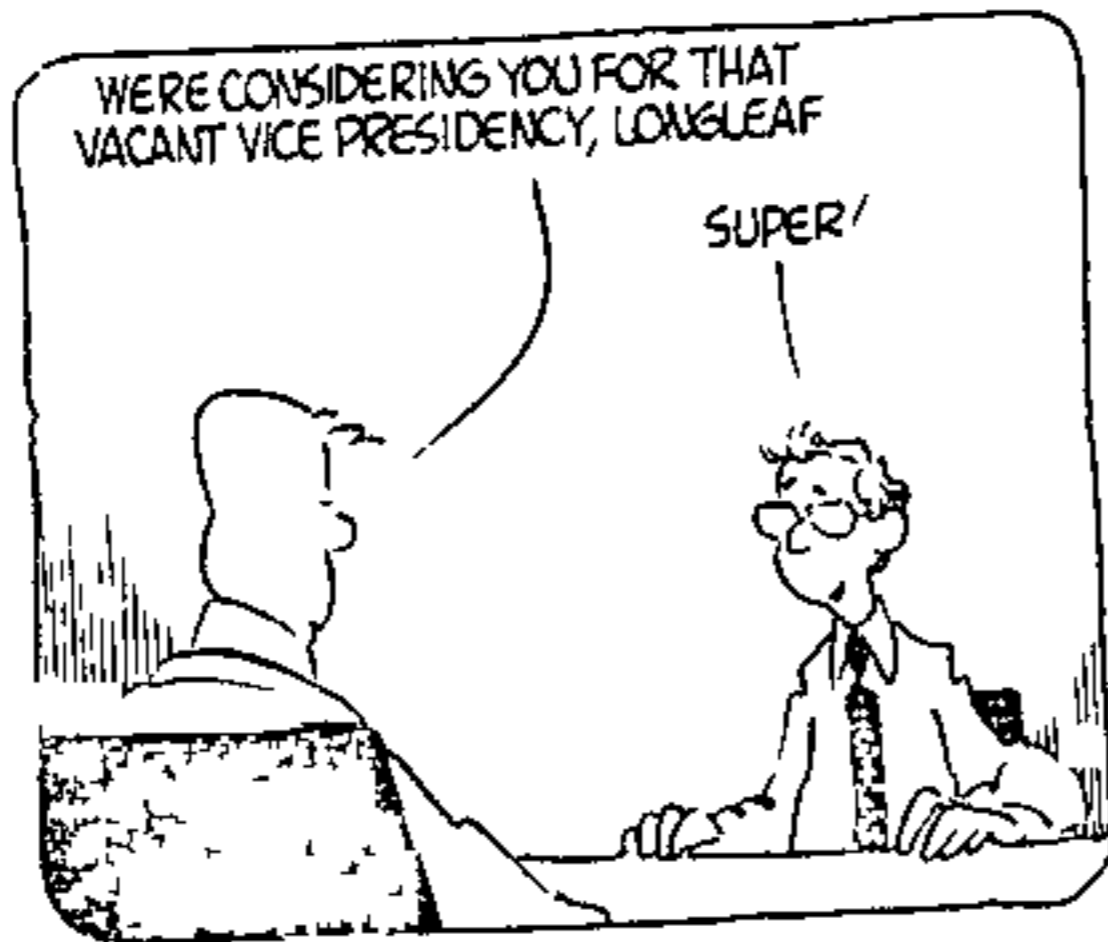
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EXECUTIVE SUITE

By William Wells and Jack Lindstrom



AS PART OF THE PROCESS I LIKE TO HEAR EACH CANDIDATE LIST HIS OWN WEAKNESSES AND STRENGTHS



BUT, SINCE IT'S RATHER LATE IN THE DAY, WE'LL START WITH YOUR STRENGTHS. WE CAN GO OVER THE WEAKNESSES TOMORROW, WHEN THERE'S MORE TIME



UNION/DAWELLS 6 26 © 1991 United Feature Syndicate, Inc.

CHANGE OF COURSE

As expected, a restructuring has been announced for Rusfurn, but a major surprise is that it will include a rights issue of at least R100m. Chairman Geoff Austin was firmly set against a rights issue and so he has resigned on principle. He has been replaced by former Corbank head Laurie Korsten, a long-term business associate of Piet Liebenberg. Korsten says he will acquire a meaningful personal stake for cash in the business.

Korsten and Liebenberg had concluded that Rusfurn needed to be recapitalised and that it should not sell assets. Austin says he had been talking to Wooltru and Prefcor about the sale of the Dion chain in particular and he did not consider it appropriate to break off these talks.

Austin has been the only casualty of Senbank's decision to insist on a rights offer. Ian Sturrock remains as chief operating officer. Financial director Mervyn Gerszt says a press statement that Korsten enjoys the support of management is entirely accurate.

Korsten says he will leave the trading to the retailers and concentrate on finding the right strategies and financial structure. He will remain chairman of a committee to investigate government pension funds (*FM* June 28). Korsten maintains that Senbank has no intention of taking control of Rusfurn but as the bank which is underwriting the rights issue, it is likely to acquire a sizeable chunk of equity.

"We must look at the structure of the group before I reach any firm conclusions," he says. "There is a strong possibility that the financing activities will be formed into a separate profit centre, or even a fully fledged furniture bank."

Korsten says he will restructure the management incentive scheme. Under the original conversion scheme, management had the right to acquire 15% of the equity over three years, provided a dividend target of 16c a share was met in June 1990 and dividend growth of 5% above inflation was recorded in 1991 and 1992. In the December 1990 interim, Rusfurn grew earnings by just 5% and the task of meeting the share conversion conditions now looks impossible. In certain cases, the personal debt of the directors has become a serious burden as the profits have wilted.

Korsten says there is a serious conflict of interests when a management share incentive scheme is based on a short-term increase in profits. Growth is chased at the expense of the long-term financial health of the company. "If profits are being chased in the short term," he says, "the asset management often slips."

In the chase for profits, Korsten says, insufficient tax provisions are made. Rus-

furn makes no provision for deferred tax under Section 24 and Korsten says it is important to make such provisions in future. However, Austin points out that the incentive scheme was received enthusiastically by institutional investors at the time. Even the institutions did not predict the depth of the recession.

Rusfurn was forced to reverse its growth-chasing policy when debtor collections proved a problem. In the July-December period turnover grew by 22%, on a par with Amrel but well below other listed competitors Morkels, JD Group and Ellerines, these all lifted sales by over 30%. Rusfurn's finance charges ballooned by 138% and EPS grew by a paltry 0,3% — way below Ellerines' interim increase of 27%, JD Group's 40% and Morkels' 63% (both full years).

The stock market has not given Rusfurn a vote of confidence either. The share slid from 160c a year ago to 90c when the interim results were announced, though it has recovered to 105c. This gives a p/e of just 1,9. With the debt burden removed, a rerating could follow.

Ironically, Rusfurn's future is once more being guided by Sanlam. Management was keen to leave what they considered the stultifying hold of the institution during the MBO. Austin will not comment, though he is obviously despondent. "My personal feelings should not matter," he says. He continues to hold 7m share (about 4,7%), which he says he will sell only if he can acquire a business which he can control.

Stephen Cranston

Furngro deal the death of Austin

188
S/Times
7/7/91

By DAVID CARTE

GEOFF AUSTIN, ousted this week by Senbank as managing director of Rusfurn, SA's largest furniture group, says his biggest mistake was the purchase of Furngro for R60-million cash

"We bought shares through the market on the strength of financial statements audited by Pim Goldby

"We had no warranties from the Hammerschlag family, the sellers. After the purchase we discovered the debtors book was rotten. We were looking at writing down profits by R20-million to R30-million and shareholders' funds by R40-million

"At the same time we acquired R115-million of additional liabilities. That played havoc with the debt ratios"

Before he left, said Mr Austin, Rusfurn was considering a legal action against Pim Goldby

Mr Austin said the rest of the group was in basic good health and could have done well had a "win-win" proposal he put to Senbank been accepted



Laurie Korsten You grow broke

and Corbank managing director Laurie Korsten to examine the proposal

Mr Korsten told Business Times "In the furniture business you don't go broke. You grow broke. It's all very well to push credit sales, but you must emphasise cash profits

"Previous management had been less than conservative with its accounting policies, particularly in not providing for deferred tax

"After looking at the numbers and before I had set foot in Rusfurn I came to the conclusion the company needed a rights issue of at least R100-million. I also thought it would be a mistake to sell good assets, such as Dion

"Piet asked me to move in and take over. I said I would on condition that a substantial rights issue be underwrit-

ten, that I be permitted to acquire equity and that I be autonomous. He accepted

"I have hardly visited the premises, but since meeting the top men, I have been impressed with the quality of management. Ian Sturrock, the managing director, is an outstanding trader"

Mr Austin's management team holds 28% of Rusfurn's equity, but owes about R60-million for the shares.

Management is in no position to follow a large rights issue. Nor is cash-strapped Umdev which holds 22% of the equity

Management and Umdev are at the mercy of Mr Korsten. He and Senbank can determine the size of profit and asset write-downs and the terms of a rights issue. Mr Korsten will acquire his shares at the written-down price

Mr Korsten has other heavy responsibilities and will act in a non-executive capacity once Rusfurn is recapitalised. He is chairman of a committee charged with appointing new managers of the five State pension funds with assets of many billions

In addition, with a partner, Don Woods, he owns a business empire, which makes R10-million a year before tax. One of his companies is the distributor of Scania trucks in SA

Facility

But alarms bells rang among certain bankers when Rusfurn's exposure to them approached R100-million (total debt exceeded R330-million at end December). He believed Rusfurn's excessive debt and too-low equity could be remedied by selling assets and by moving the debtors book into a "furniture bank", which could carry the books of all furniture retailers

"Once a bank is lending to a furniture trader it is in for good. The debtors book will keep growing and always need funding. Our bankers balked at our suggestion that our facility should rise by the inflation rate"

Initially, while Henne van der Merwe was running Senbank, there was some interest in the furniture bank proposal. But after Mr Van der Merwe left to join FSI, Bankorp chairman Piet Liebenberg took over Senbank. He asked former Volkskas Merchant Bank

Helm

While building up his personal fortune in the 1970s, Mr Korsten had a star-spangled career as chairman of Volkskas Merchant Bank. For 10 years, VMB grew at more than 20% a year

He resigned and soon afterwards took the helm of Hill Samuel merchant bank shortly before it disinvested. He took over and South Africanised Hill Samuel, renaming it Corbank

The bank's performance was anything but spectacular. Mr Korsten says he did not realise that Hill Samuel SA was virtually bankrupt when he moved in. Last year, Corbank was sold to Picardi Group's Cape Investment Bank for R22-million. Picard on-sold it to Investec at a profit

Corbank was thus unconnected with the collapse of Cape Investment Bank

Mr Austin says he will take a holiday before trying to build up a business of his own

THE R50m plunge in the market capitalisation of furniture group Rusfurn on news of the resignation of chairman and CE Geoff Austin could in a sense be taken as the value the market placed on his services

But this thought aroused no jubilation in Austin as he spent one of his last days emptying his drawers and shelves as he prepared to vacate the Rosebank office he had occupied for five-and-a-half years. "This is a very sad day for me and I am leaving with intense regret," he said.

Austin moved in as CE of what was then the furniture division of Kirsh Trading Group in February 1986. The group's troubles were reflected in a R30m loss for the year to June 1986 on turnover of R300m. Four years later the group that was to become Rusfurn reported earnings of R90m on turnover of R1.1bn.

Proud of this achievement, Austin is keen to clear up misconceptions in the marketplace that his departure is a signal that Rusfurn is experiencing renewed difficulties. "Fundamentally, there is nothing wrong with Rusfurn. It is profitable, well managed and ready for long-term earnings growth. The only problem has been to secure a long-term funding base."

That problem, according to Austin, was within a "hair's breadth" of being resolved towards the end of May when events suddenly took a dramatic new turn. Rusfurn had been working closely with former Senbank CE Henne van der Merwe, who had overseen the management buyout from Tradegro in October 1989. The buyout gave management a 28% stake in the group while Senbank ended up with an eventual indirect holding of 22% through its backing and interest in troubled Unidev.

At this crucial point, Van der Merwe was lured away from Senbank to join FSI. Suddenly Rusfurn had to deal with new people at Senbank with different ideas. At the end of June the new Senbank team surprised Austin by presenting him with radically different funding proposals — including a rights issue — than had previously been arranged.

Funding dispute forced Rusfurn CE reluctantly to quit

BIP 12/1/91

MERVYN HARRIS

188

That day Austin hurriedly called a board meeting at Rusfurn. But Senbank held all the cards and Austin felt it necessary to resign. "It was not an easy decision. There was moral pressure on me to go, and as I could not support what was being done, I felt it was in the interests of the company that I should go."

The problem with Senbank could be traced back to its merger with Trust Bank. The merger meant Trust Bank people who had supported Rusfurn were replaced by new players.

The dispute over funding involved divergent visions of how a giant retailing group with "first world" techniques could act as a go-between to lend money to "third world" customers in the emerging SA Rusfurn, with an exposure of R600m to various banks, had become too big for banks to handle in the wake of the promulgation of the Deposit-Taking Institutions Act which made banks wary about the amount lent to a particular client.

For five-and-a-half years Austin had argued for the establishment of a furniture bank — a vehicle to lend funds to consumers at the bottom end of the market to buy durable goods. Furniture groups are currently both banks and traders. Austin believes these functions should be separated and a furniture bank could carry the R5bn to R6bn in HP now reluctantly borne by retailers.

Rusfurn was the first in the furniture industry to be hit by funding problems because of its growth. The debtors book is made up of 1.1-million customers each owing the company an average of R1 000 with the consequent enormous administrative burden.

But, said Austin, another stumbling block had arisen which made it necessary to reconsider the method through which furniture retailers

fund their debtors' books. Banks became reluctant to finance "third world" (that is, black) customers because they had burnt their fingers lending to blacks, particularly in the housing arena.

This nervousness had spilled over into the furniture industry. "But banks tend to forget that the furniture industry has been in this market for 40 years and knows how to handle it," Austin said.

However, it would be idle to pretend that only endogenous factors like internal financing hampered Rusfurn. The Deposit-Taking Institutions Act, which became law in February, and the lengthy period of high interest rates during a deepening recession also played their part. The Act drew certain guidelines on the exposure of banks to individual clients. With its high debtors' book of R1.1bn Rusfurn obviously came under scrutiny, although the book was given a clean bill of health by independent auditors.

Until December 1990, the furniture industry remained buoyant, but somebody switched off the lights in January. Sales were affected because many consumers had apparently not received bonuses and wage increases, amid rising retrenchments. Customers became frugal and purchases dwindled.

When an economy declines, interest rates usually drop as a compen-

sating factor. Delay in doing so during the 1985-6 downturn, resulted in interest rates going as low as 12% from the 25% peak before economic activity picked up. Like a growing number of other businessmen Austin reckons there is a danger the authorities will again leave it too late before they lower rates and resuscitate an ailing economy.

Austin believes that trying to bring inflation down to single digit figures is a pipe-dream. The pursuit of a prolonged and sustained attempt to do so is more likely to kill the economy. SA will have to learn to live with a measure of inflation. In other words, current Reserve Bank policy is another example of applying First World principles to a Third World situation.

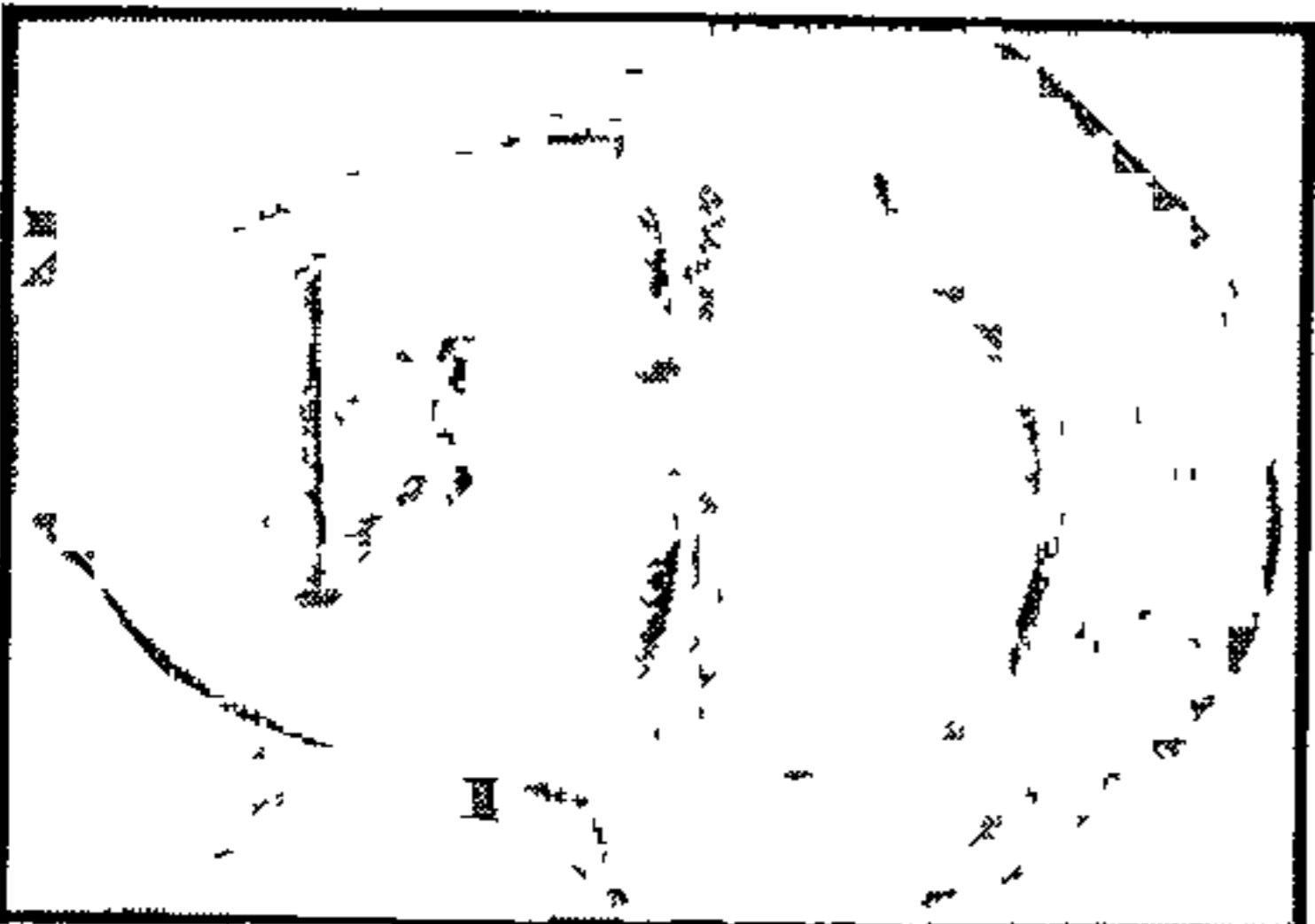
Rusfurn also had to deal with a major problem at Furngro which was acquired about two years ago. Austin admits it was a bad buy and involved massive write-offs. But he says the problems have been sorted out and the company is back on the profit trail.

These various factors combined to limit Rusfurn's growth in attributable earnings to 5% in the six months to December — blocking an innovative performance-linked scheme in which management could increase its stake in the group if an inflation plus 5% growth in dividends was declared in financial 1991 and 1992.

Austin saw this as only a temporary hiccup in the group's growth which would disappear once funding problems had been solved.

There is a perception in the market that Austin's attempt to introduce new methods of funding could have been stifled by the institutional mentality of ultimate controlling shareholders, Sanlam Successful retailing groups thrive on an entrepreneurial approach and it is no coincidence that Pick'n'Pay, Pep, Wooltru and Edgars are not controlled by institutions.

Austin has no specific plans at present. He has a restaurant of trade agreement in furniture retailing but could be interested in turnaround opportunities where he can repeat the spectacular about-turns he achieved at Rusfurn and Dions.



□ AUSTIN

Jack's tables and chairs for masses

S/Times 21/7/91 (Bus Times) 188

(Bus Times)
By IAN SMITH

IT TAKES a brave entrepreneur to go to the JSE for the listing of a new furniture manufacturing company when the country is in the grip of a recession and consumer spending is under vice-like pressure

But furniture industry doyen Jack Chaskelson, who retired from market leader Afcol five months ago after 35 years in the business, is confident that he's on a winner

It helps that Mr Chaskelson is not seeking funds from the public. The R2,9-million to be raised through the offer of shares in Dinette Industries is already committed and the listing was thought to be necessary to free blocked funds and financial rands pledged by foreign residents and to create a market for the shares on the JSE.

The company will be in direct competition with Afcol and about 10 other smaller manufacturers in the highly competitive "dinette" field — tables and chairs for the masses

"The first thing a family wants after a house and beds is a table to eat off," says Mr Chaskelson. "We will stick rigidly to the niche we have identified. But I am confident we will be the main player in our sector within two years."

The market is worth about R65-million a year at factory prices, but Dinette's backers say it is hard to guess the growth once a black housing

programme takes off

Mr Chaskelson, a founder of the Kaistar furniture company which was taken over by Afcol in 1973, was tempted out of retirement by the opportunity he saw in making and supplying tables and chairs to the five big retail groups

He started planning in April, recruited a heavy-weight management and director team and the first furniture will leave the new factory in Roodepoort at the end of August

Mr Chaskelson, who retired as deputy chairman of Afcol after 17 years with the group, says "I wasn't content to go fishing at Emmarentia Dam. I believe there is an opportunity in the market and went for it."

Forecast

Former Afcol chairman David Lubner is a major shareholder and director. Other former colleagues Jan van Niekerk and Ronald Torf will be managing director and production director

Dinette will be listed on the Venture Capital Market because it has no track record

"But we are not a green-field operation," says Mr Chaskelson. "We know the business we are going into from A to Z."



JACK CHASKELSON Going for a gap Picture PIERRE OOSTHUYSEN

Dinette will aim to progress to the DCM in the minimum two years and then move to the main board two years later

Dinette forecasts an attributable loss of R23 000 on turnover of R17,6-million in its first 10 months to June 1992. The following year should produce profits of R762 000 on turnover of R25,3-million and in 1994 there should be profits of R1,1-million on sales of nearly R30-million, according to the prospectus. Dinette will

be listed from July 25

"We have been very conservative," says Mr Chaskelson. "We believe the market will follow the growth in housing development and that this sector will grow at a greater rate than others in the consumer durable market."

Dinette will be a lean operation, says Mr Van Niekerk. "We will have a headquarters staff of five. Everyone will be involved in every effort, from production to marketing."

Gomma in second ⁽⁸⁸⁾ spot after merger

By JULIE WALKER

GOMMAGOMMA has become South Africa's second largest maker of furniture after the merger with Cape-based Bakker & Steyger

Gomma, based at Ga-Rankuwa, near Pretoria, has been in the lounge, suite and reclining chair business for almost 60 years. The 53-year-old Bakker & Steyger's range of bedroom furniture, wall units, dining suites and occasional furniture is complementary and has equally strong brand names.

Gomma is 51% held by the listed Decovo, which also owns 27% of a cement factory in Namibia.

The balance of Gomma is held by Wesco Investments.

Decovo bought control of Gomma in 1989 and the factory was moved from Johannesburg to Bophuthatswana.

The cost of moving took care of last year's profits, but management is confident of an improvement this year.

A rights issue in Decovo of R11,6-million wiped out debt and the shares were consolidated one for five.

A million shares are being issued to the seller of Bakker & Steyger at 400c — a premium of more than a rand to the ruling price.

S1 Times (Bus Times)

Exports

28 7191

Decovo chairman Michael Delpont says consideration was given to the asset value of Bakker & Steyger, its R24-million turnover and the synergies arising from the deal in arriving at a buying price.

"We bought good management as well," he says.

Both groups use the same auditing firm, which effected the introduction.

Combined turnover of the merged group should top R75-million. It is now able to furnish homes and hotels completely. Exports will be helped because Bakker & Steyger is at the coast.

Mr Delpont expects another tough year with consumer spending still under pressure. But he believes furniture will enter a rapid growth phase as houses are built, pay packets grow and the economy picks up.

● Bakker & Steyger used to be quoted on the JSE, but was delisted in 1978.

Gomma ponders move into mattress sector

FURNITURE manufacturer Gommagomma's (Gomma's) next logical move would be into the mattress industry but management was giving full attention to the recent Bakker & Steyger acquisition, MD Markus Jooste said yesterday (188)

As a result of the purchase of the wood furniture manufacturer, Gomma now manufactured everything — besides mattresses — in the furniture industry

But Jooste said it would have to start from scratch if it were to enter the mattress market as the only other local manufacturer was Afcol *Biday 30/7/91*

Gomma's turnover could surpass R75m in the current financial year, he said. But he was not prepared to predict earnings as "we are still working out what financial effect the synergy benefits of the Bakker acquisition will realise for us"

Gomma is controlled by the JSE-listed Decovo. Some 90% of Decovo is owned by Jooste and directors Johan Willemse and Michael Delpont

WILLIAM GILFILLAN

In the recent acquisition it was Decovo, and not Gomma, that issued shares as part of the price paid to Bakker management in order to keep control of Gomma. Jooste said the Decovo camp had a "strong preference" to issuing shares rather than paying out cash because they wanted a commitment from Bakker's management which now owned 8% of Decovo. However in the transaction Bakker management settled for Decovo shares at a 43% premium to the market value.

Jooste said earnings prospects were good now that the new GaRankuwa furniture operation and the Namibian cement venture, held 27% by Gomma, were operational.

Jooste was particularly bullish about the latter investment because, as the only cement producer in Namibia, it was well placed for any growth to infrastructure in Namibia and Angola.

FURNITURE COMPANIES

Not sitting comfortably

fm 2/8/91
188

Profits have been good but now sales are flagging

Some furniture traders tend to argue that they have never enjoyed a fair rating from the stock market. That is partly because their companies are not comparable to any other type of business — they have both shop and bank functions.

The discount on furniture shares is such that the old Beares Group, now Prefcor, will be relisted on the more highly rated Retailers & Wholesalers sector.

Furniture traders carry their own debtors'

books, which is why their debt levels worry the market. Furniture retailers lend to customers who often cannot obtain financing from banks. Moreover, risk does not just arise from bad debt — furniture, like the durable goods market as a whole, is a cyclical industry. Furniture purchases are usually among the first to be postponed during economic downturns.

Yet recently furniture shares have languished even though sales have grown

strongly. Conventional wisdom about furniture sales — and profits — suffering severely in a recession was turned on its head. There was substantial real growth for the whole of 1990 (see graph). Attributable earnings of furniture companies have recently held up well (see table) with Ellerines, Morkels and JD Group all showing substantial real growth in earnings, while earnings have been in decline in industrial companies generally. The optimistic view held that the require-

ments of the burgeoning black market would insulate furniture traders from economic downturns. Construction of hundreds of thousands of low-cost houses would add further to their sales. Recent evidence shows, though, that the consumer recession was simply postponed. The industry is battling and major retailers confirm that sales are down in real terms. Beares is the only exception at this stage.

The downturn has claimed its first victim in Geoff Austin, chairman of Rusfurn, who was unable to meet the cash-flow requirements needed after the management-led buyout. The market is expecting no more than flat earnings from Rusfurn.

Austin says debt capacity of individuals had been building up since the 1984-1985 collapse of consumer spending. There had

been no real growth in furniture sales since then and consumers have been waiting for a decline in inflation and interest rates. Last year it became clear that rates would not come down substantially.

The decisive variable in furniture sales is not interest rates as such. Restrictions on HP terms are the key factor. The recent boom was boosted by the relaxation of tough terms on TV and audio in March 1990. A previously static sector of the market took off. Sales of audio equipment last year increased by 51% and TVs by almost 24%. But further relaxation in these restrictions is unlikely this year, so this factor was a one-off.

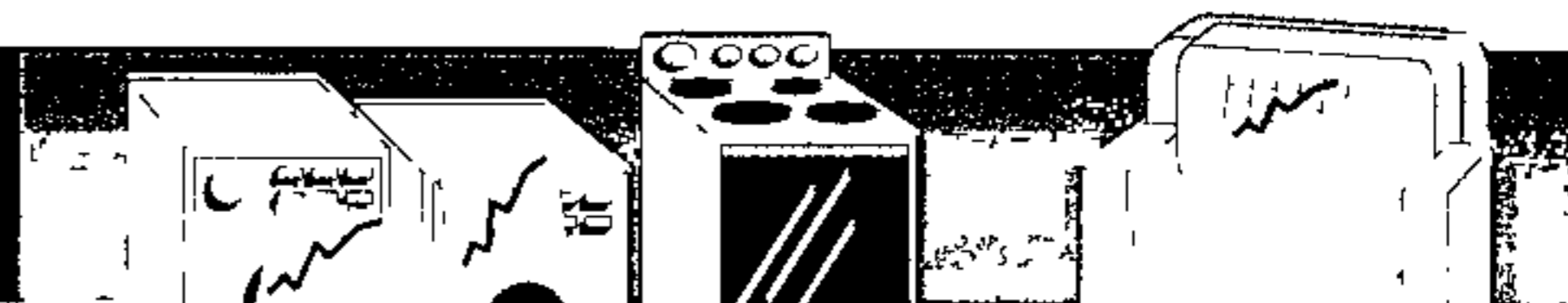
Perhaps, if the furniture boom had continued for the rest of the year, reratings would have been justified. But companies need to show sustained earnings growth over time.

Take for example the two best rated shares. Amrel lost 11c a share back in 1986, Ellerines had an earnings decline in 1988, followed by some fairly pedestrian results, before taking off in the last two-and-a-half years. Ellerines, at least, cannot complain about the run it has enjoyed over the last two years.

The rating of furniture companies was clouded to a large extent by uncertainties about their tax position. Under the old Section 24 allowance, furniture traders effectively paid no cash tax as long as their debtors books continued growing. They were able to offset the uncollected portion of a contract against any tax due. This enabled companies like Rusfurn not to show any tax on their income statements.

Government made it clear that changes to

Looking for value Key statistics from the leading furniture retailers



	Turnover (Rm)	% change	Operating profit (Rm)	% change	Operating margin	Stock turn	Debt/equity	Interest cover	Finance charges % change	EPS	% change	Tax rate	Return on equity	Market cap (Rm)	p/e ratio
Amrel ^F (March)	1031	21.4	64.9	36.8	6.3	7.8	0.80	3.8	138.8	260	6.1	42.9	16.4	110	4.6
Ellerine ^I (Feb)	311	30	51.6	35.3	16.6	13.4 ⁺	nil	n.a	n.a	375	26.7	49	26.5	452	8.8
JD Group ^F (Dec)	647	36.9	83.6	25.7	12.9	7.5	0.55	3.8	32.6	143.2	39.6	17.2	24.0	150	3.1
Morkels ^F (March)	268	31.2	28.4	56.3	10.6	4.9	1.28	3.1	43.2	23.7	63.4	50.5	15.7	34	3.6
Rusfurn ^I (Dec)	849	21.9	109.8	30.9	12.9	6.7 ⁺	1.50	3.5	137.8	37.2	0.3	nil	27.7 ⁺	134	1.4

F = full year results I = interim results + = for the last full year = annualised

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ARE YOU AWAY FROM HOME? → →

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A LOVING BUNCH

the allowance were in the offing, which could have spelt disaster for those companies not providing for deferred tax. But the eventual decision was not so devastating — it entrenched the principle of a deferred tax allowance but now excludes finance charges from the calculation. So it is more likely that retailers pay at least some cash tax. Nevertheless, there is a phasing-in period of four years, after which furniture traders will be paying on average about 22% of earnings in tax. All are more likely to pay tax, making their results more comparable in future.

A furniture retailer, in particular, cannot afford to grow too fast. Increased turnover leads to more debt. As a rule, every rand of turnover adds 70c of debt to the balance sheet. It is possible to meet a high earnings target in the short term on paper, management can reduce bad debt provisions, slacken credit granting requirements and gear up for the enlarged book. In the longer term, this is not in the best interests of shareholders.

"We would love to increase our sales even more but cannot afford to," says Amrel MD Stan Berger. "Those chains with a clean debtors' book should expand, but then only gradually. We have had to cut back on sales at the Tip Top/Triangle chain and I am not prepared to pump money into a potentially unsound book. I believe in taking knocks now and not later."

Berger had the unenviable task of cleaning up Amrel, which had over-expanded and chased short-term sales in the mid-Eighties. Amrel's EPS growth has been restricted because there have been conservative debt write-offs and store openings at no more than a snail's pace. But along with Ellerines, Amrel is the only listed furniture chain able to pay dividends out of cash flow this year.

Ellerines was for years considered too conservative. It has always provided fully for deferred tax and has not made an acquisition since it bought Rheingold from OK Bazars in 1974. It has very high bad-debt provisions, in excess of 33%. Says director Sidney Ellerine, "We have not grown in fits and starts — we have expanded consistently." But it is in the enviable position of being ungeared. Ellerines is unquestionably the king of black market furniture retailers.

The market is difficult. The average length of an Ellerines book is 30 months, about twice as long as the average book in the upper-income market, though Ellerines has managed to factor this into its system and still remain extremely profitable. Ellerines' collection rates have not suffered from increased unemployment because the extended family system in black households ensures debts are paid.

Only recently has Ellerines moved into the upper-income market through its FurnCity chain.

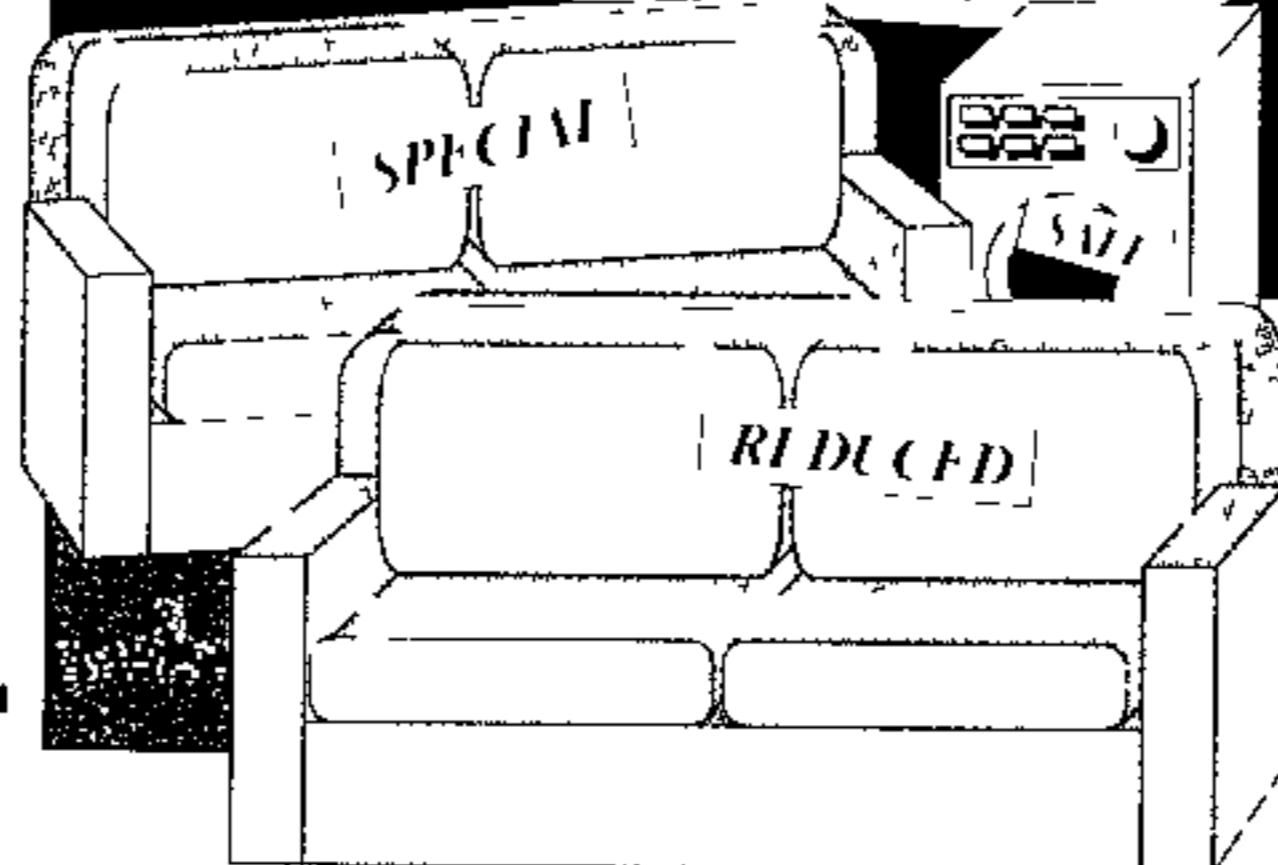
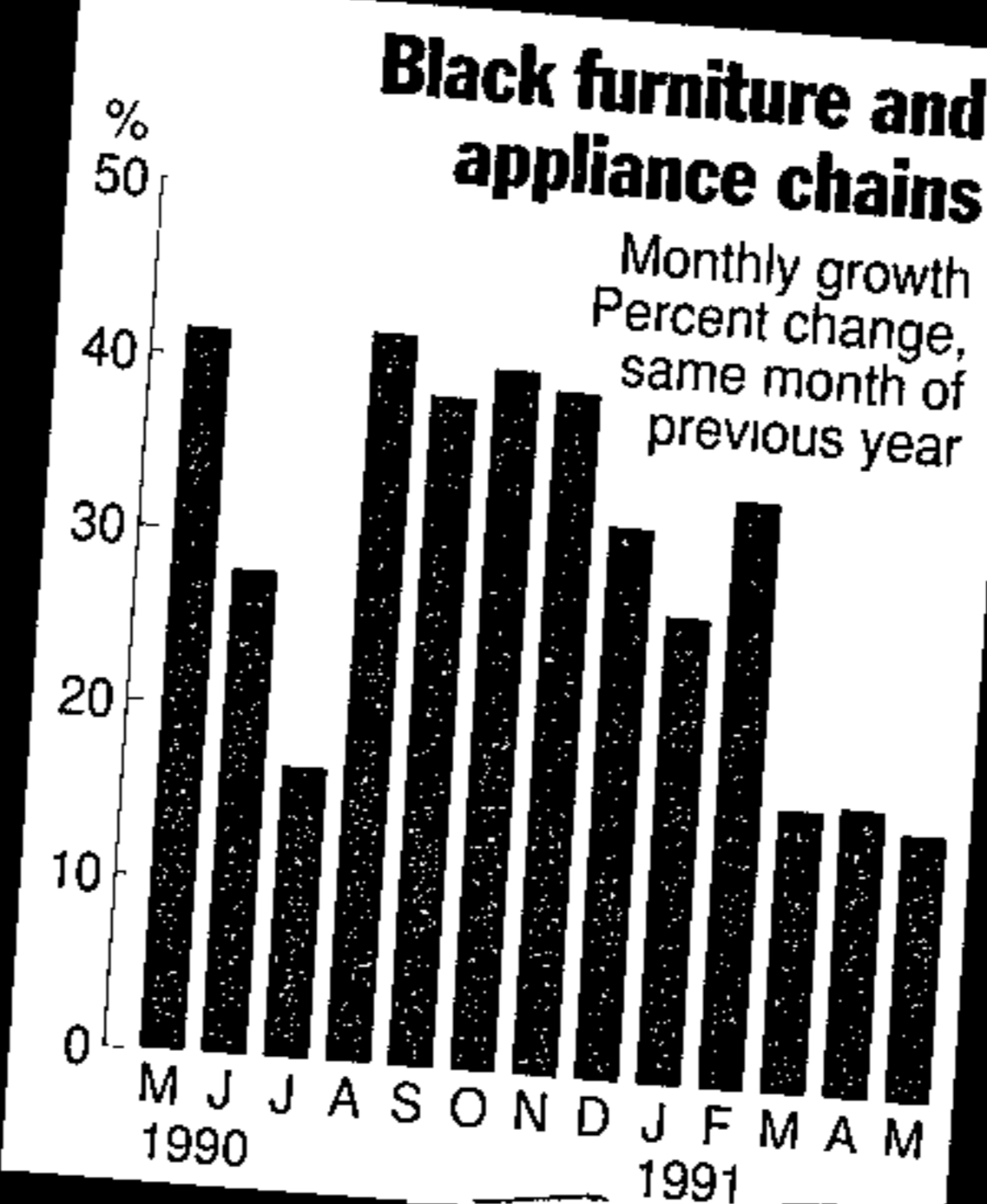
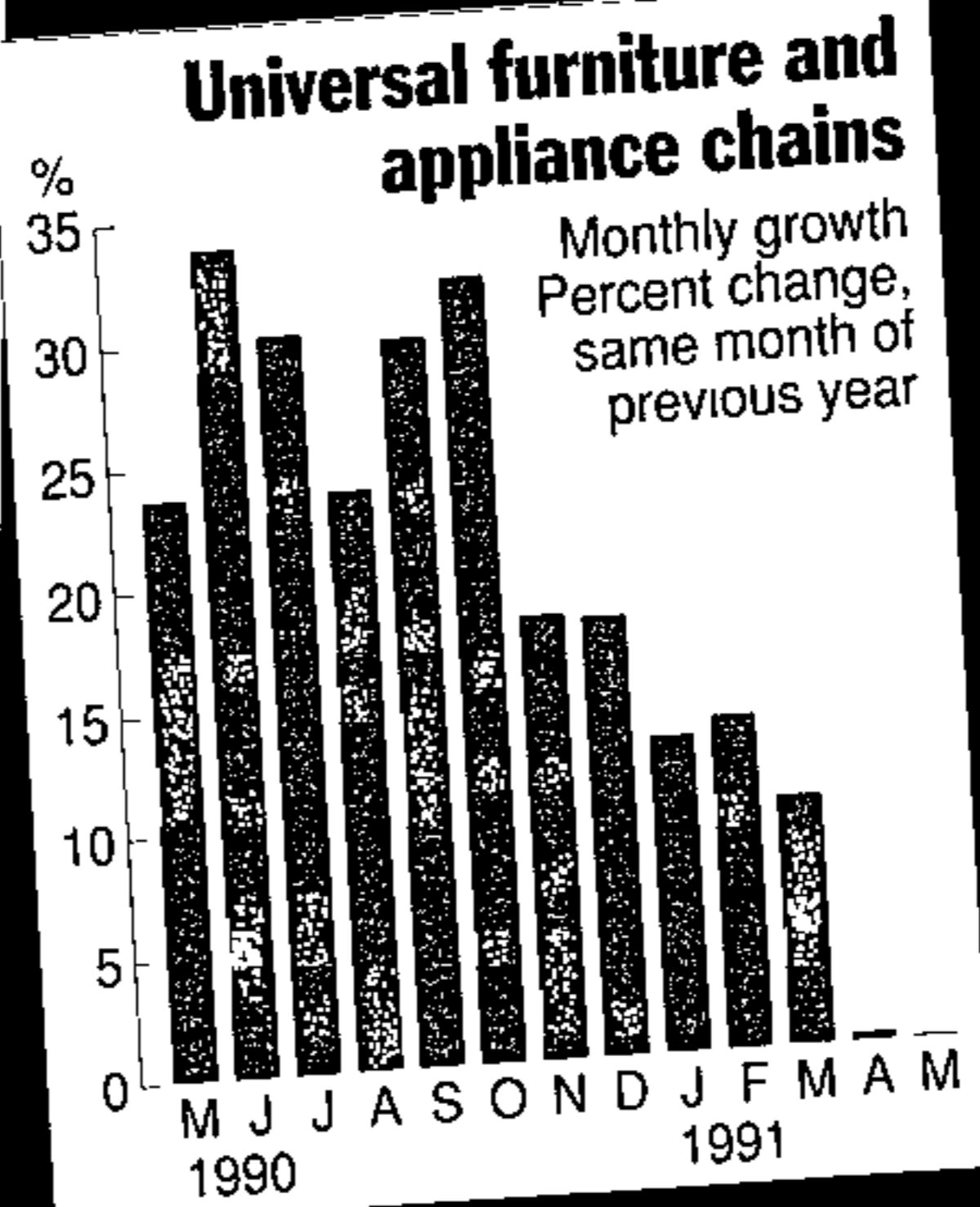
In the furniture business, the temptation to turn on the taps is often too great. Rusfurn stands out as a sobering reminder of how quickly results can turn. It was loved by institutions when it increased EPS by 55%, beating the ambitious targets set at the man-

agement buyout, but by the interim stage EPS was static and gearing ballooned to 150%. There is some concern about Morkels, which appears to have been chasing turnover (FM July 26) but which does provide fully for tax.

Annual reports of furniture retailers almost invariably extol the improving quality of their debtors books. Argues J D Group's David Sussman, "We tend to be tainted by perceptions of the industry. We can only prove our worth by a consistent track record. We have a very modest expansion programme and watch gearing very carefully."

Companies with atrocious books can make paper profits. After Rusfurn acquired Furngro it said that up to 50% of the book was uncollectable. It was forced to rein in its own turnover growth because of debt worries.

The boom falters



Source: RETAIL LIASON COMMITTEE

Austin's aim was to persuade banks to start a furniture bank along the lines of Wesbank, which would enable traders to sell for cash with the institutions funding the purchase. Rusfurn MD Ian Sturrock says the risk is still too high for banks and will remain so until banks can charge interest rates higher than the present 31%.

Joint finance companies are at best only a partial solution. The two best-known are Okfin and Amretfin, but they represent a sharing and not a reduction of risk. Berger says Amretfin does not make it any easier for the group to expand. "Each chain is still responsible for the quality of its debtors book," he says.

Amrel financial director Bruce Sinclair says that Amretfin was created to separate the two distinct functions of the furniture retailer, selling and banking. Cynics say that the joint finance company is designed to make a balance sheet look more sound — but Sinclair says Amretfin's balance sheet is disclosed in the notes of the Amrel annual report. Argues Morkels financial director Terry Simon, "Joint finance companies have little operating benefit for the retailer who still has to grant credit, collect the book and bear the credit risk."

Prefcor's FirstPref arrangement with First National Bank does go further. It limits Prefcor's risk to 25% of the cash and, in the event of failure, Prefcor is at risk only as far as its own loans to the business, FNB for the rest. Prefcor deputy chairman Hymie Sibul says "FirstPref is a partnership and not a financial manipulation. The competition are trying to play it down because they were caught napping." But Prefcor still has to carry credit infrastructure in its stores, and is a long way from the car financing system.

Brokers are starting to recommend a few furniture companies as medium-term buys. Results over the next 12 months are expected to be generally flat. Credit granting procedures have been tightened up in most of the larger retail groups, which will at least have reduced risk. Moreover, a fall in interest rates will have immediate benefits. HP contracts which have already been written will still be charged at old rates but the companies' own borrowings will be at a lower level. Ellerines is considered worth holding but may be coming to the top of its present run. As Ellerines is ungeared it will gain little from any fall in interest rates.

A report by Frankel Max Pollak Vinderine suggests Amrel could see real growth in 1993 and later. J D Group still has a short track record but Sussman is well regarded by his peers.

Yet much of the sector remains speculative. It remains to be seen if Laurie Korsten can revive Rusfurn. Morkels and Prefcor are expanding quite significantly and may have problems servicing their burgeoning interest burdens. There are still good reasons to think hard before investing in the sector. They may merit a closer look towards year-end when the effects of slowing sales become apparent.

Stephen Cranston

Office furniture firms struggling

MARCIA KLEIN

MAJOR players in the office furniture industry are turning to niche and export markets to help them weather one of the worst recessions in the industry's history

The most optimistic view is that the industry, which has shrunk by about 35% during the recession, is not likely to pick up until early next year

The state of the industry is reflected in the shares of the two listed office furniture companies Mathieson & Ashley (Math Ash) and Grant Andrews' shares are both at their yearly lows of 260c and 25c respectively, below their NAVs. About 18 months ago Math Ash was trading at 650c and Grant Andrews at 120c

In the six months to end-December Math Ash showed a 65% drop in attributable earnings on a small decrease in turnover, and passed its interim dividend. Grant Andrews' earnings plunged to show an attributable loss of R248 000 (R1,5m earned) in the six months to end-February

Math Ash group MD John Beck said the industry was still "extremely depressed". The introduction of VAT on September 30 had significantly dampened orders for office furniture. Large amounts of empty office

space were not taken up, and this also had an effect

Many office furniture companies were sitting with low order books, he said, and a significant decrease in manufacturing volumes resulted in a fair amount of price pressure so that manufacturers could keep their factories going

He said there were possibly too many players in the market, and excess manufacturing capacity

Beck said Math Ash had recently entered a niche market through its office supplies chain, Officemart. It had also concentrated on exports

Grant Andrews Office Furniture sales director Craig Smith said there had been more activity in the market in the last few weeks. He said clients had previously been delaying decisions on office furniture as they could claim input tax after the introduction of VAT

He said there had been some retrenchment in the industry, a few players had fallen away, and ranges had been rationalised.

However, Grant Andrews was using spare capacity in factories for other business. It had also looked to exports to maintain its turnover

AFCOL FM 16/8/91

Bedding down (188)

Activities: Manufactures furniture and household appliances

Control: SA Breweries 65,6%

Executive chairman: L van der Watt

Capital structure: 24,5m ords Market capitalisation R343m

Share market: Price 1 400c Yields 5,8% on dividend, 11,6% on earnings, p e ratio, 8,6, cover, 2,0 12-month high, 1 500c, low, 1 275c Trading volume last quarter, 138 000 shares

Year to March	'88	'89	'90	'91
ST debt (Rm)	0,86	2,6	2,7	2,3
LT debt (Rm)	54,3	92,6	96,7	92,8
Debt equity ratio	0,30	0,35	0,34	0,39
Shareholders' interest	0,53	0,57	0,54	0,51
Int & leasing cover	8,0	4,4	3,5	2,8
Return on cap (%)	14,2	11,8	12,9	14,8
Turnover (Rm)	510	567	701	780
Pre-int profit (Rm)	43,0	48,2	58,4	64,2
Pre-int margin (%)	8,4	8,5	8,3	8,2
Earnings (c)	144,8	170,0	190,3	163,1
Dividends (c)	72,5	85	95	81,5
Net worth (c)	744	1 086	1 160	980

Afcol, the major listed furniture manufacturer, has not enjoyed the success of its retail customers. It saw real growth in turnover for the first three quarters of the year and trading profit increased by a tenth. The managed operations held earnings at about R21m.

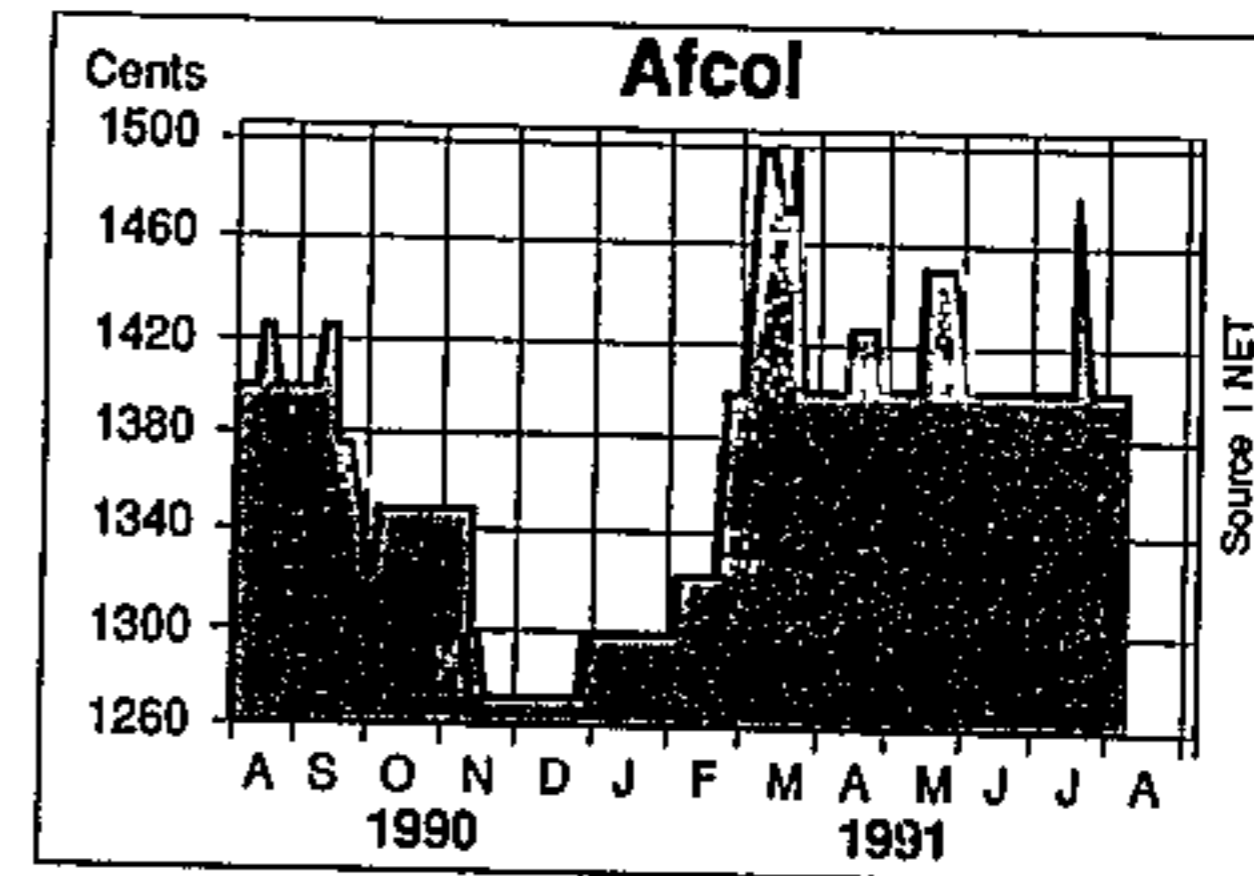
There was a prolonged strike during the second half at the Seshego factory, which makes kitchen furniture and appliances. As a result, earnings in this division increased by only 2% on a turnover improvement of about a tenth. The raw materials division had a fairly good year, with taxed profit up by an eighth.

But Afcol's earnings decline can be blamed largely on its associate companies. In particular, earnings derived from the 21% holding in Romatex were nearly halved, to just over R5m. The strategic benefit of this investment needs to be reviewed. The contribution from 50%-held Kallenbach-Hendler was also sharply down, because of the poor state of the office furniture market.

FINANCIAL MAIL • AUGUST • 16 • 1991 • 77

continue →

COMPANIES FM 16/8/91 (188)



Chairman Laurie van der Watt puts a brave face on the 14% decline in attributable earnings, saying there has been a compound growth rate of 28% in earnings and dividends over the past five years and the composite return to shareholders has been 22% over the period.

This year, there were some welcome improvements in asset management. The proportion of working capital to turnover was 17%, compared with 21% last year and 30,7% five years ago. Cash flow from operations increased by 29% to R43,8m.

Van der Watt expects earnings to be held next year, even though he also expects demand for durable goods to remain depressed. The current year is already proving more difficult than last year and Afcol can expect an even smaller contribution from Romatex, as the textile industry seems unlikely to recover from its present trading conditions.

The share is trading on an earnings yield of 11,6% and on a dividend yield of 5,8%, making it the most highly rated furniture share after Gomma Gomma and Ellerines. It does not provide much value in the short term, but should prove worth watching ahead of a recovery in spending on consumer durables.

Stephen Cranston

its preliminary figures for the year to June, the cable manufacturer announced a fall in EPS of 40%, to 47c, operating profit fell by almost half and dividends by a third

Until this year, African Cables was a good cash generator for Cullinan. It had considerably more cash than debt and was a net interest earner until 1990. This year, African Cables paid an interest bill of R870 000.

Group MD Ray Tyler says that the expected synergies with African Cables were not realised after the acquisition by Cullinan in 1987. "We hoped that our purchase would lead to the rationalisation of the cable industry," he says, "but we were unable to realise this. We became a distributor of African Cables' products, but otherwise our electrical interests remained separate."

Tyler adds that Cullinan could have helped rationalise the cable industry by taking minority stakes in other cables companies, but this would not have been attractive to the group. He says Reunert and Siemens, which both have sizeable cable interests, are in a better position to rationalise the industry.

Financial director Dale Hillary argues that the African Cables investment has been good for Cullinan shareholders. The stake was sold for 625c a share, a useful capital gain on the purchase price of 379c a share. The sale improves Cullinan's net worth by 120c to a pro forma 1 283c. Gearing had risen because of the investment in a fully automated brick plant in Midrand. With the R76m cash from the deal, gearing will drop from 75% to less than 50%, within management's targets. Tyler says Cullinan is not considering any further major capital projects or acquisitions, at least in the short term.

The group is continually selling its interests in industrial property, it has never been a specialist property developer. It disposed of its electronics and general engineering interests last year. It will concentrate on areas where it has the skills to develop export markets.

Refractory products, such as its Andalusite bricks, have a First World market. Even if there is an economic upturn, up to 30% of capacity will be available for exports. No further rationalisation of the refractories plant is expected. Tyler says factories have already been stripped down to the bone. The group sees the developing world, Africa, the Middle East and South America, which needs infrastructural development, as its main market for electrical development.

Cullinan is predominantly a supplier to large corporations such as Iscor, Eskom and municipalities. It is pinning high hopes on Eskom's drive to electrify the African continent. Tyler says Cullinan will remain a cyclical business, but with a renewed emphasis on exports, earnings volatility should diminish. Results for the year to June — due on August 28 — will include the contribution from African Cables. The December 1991 interims will indicate the performance after the sale.

Stephen Cranston

CULLINAN Fm 16/8/91

Taking the cash (189)

Having disposed of its controlling interest in African Cables to Reunert, Cullinan Holdings is refocusing on its core fields, industrial ceramics and electrical trading and contracting. The market is taking a more favourable view of the share — the price has increased from 700c to 750c since the deal was announced. The price rose to 5,8

Cullinan seems to have pulled the plug on its African Cables stake at the right time. In

Interest erodes Profurn's profit rise

DESPITE a healthy rise in operating profit, high interest charges have reduced Protea Furnishers' (Profurn's) earnings by 5% to 5,7c (6,0c) a share in the six months to end-June

The furniture retailer increased its trading profit by 20% to R9,5m (R7,9m) on a 2,4% rise in turnover to R55,1m (R53,9m)

Operating margins improved from 14,7% at the interim stage in 1990 to 17,2% in June 1991 (16,4% at end-December 1990)

Directors said yesterday the increase in trading profits and the maintenance of operating margins reflected "the spread of the group's outlets both in SA and neighbouring independent states as well as stringent cost controls and asset management"

15/Dec 2018/91 188
MARCIA KLEIN

However, higher trading profits were countered by a 60% increase in interest paid to R5,6m (R3,5m) in line with borrowings, which reduced pre-tax profit by 11% to R3,9m (R4,4m)

A threefold hike in taxation to R91 000 (R30 000) and R169 000 profit attributable to outside shareholders contributed to a 5% decline in attributable profit to R4m (R4,2m)

Prudent

To reduce its gearing, Profurn is to raise R10m through a rights offer to be underwritten by holding company Supreme Industrial Holdings, which acquired Profurn in September 1989. The rights offer would reduce gearing to about 100% at the December

year-end. Gearing stood at 221,8% at end-December 1990

Profurn has sold recently-created specialist TV retailer, TV Life, for R3,1m "to parties associated with the control of the group". Directors said the sale was considered "prudent in the light of a substantial investment necessary to develop it, the concomitant effect on gearing and the fact that the trading results have not met expectations as a result of severe labour disputes and boycotts"

Results from TV life have not been included in results for the six months, as it was sold with effect from the beginning of the year. However, the sale was expected to benefit earnings in the current financial year

Directors expect to match the previous year's results in the year to end-December 1991

Supreme regains its profit foothold

Business Day Reporter

B(Dcu) 2/18/91
FURNITURE and household-listed Supreme Manufacturing Holdings has moved back into profit by disclosing attributable earnings of R322 000 for the six months ended June

Earnings came in at 0,3c a share compared with a loss of 0,9c at the previous period. No dividend has been declared.

The group, formerly Victoria Lewis Holdings, manufactures bedroom furniture, refrigeration units and stainless steel products

Chairman Edward Ronbeck said the group had embarked on a cost-saving programme to reduce operating costs and to

improve profit margins through greater efficiency

Supreme has reported a 50% increase in operating profit to R1,5m (June 1990 R1m) with the operating margin up one percentage point to 4,5%

Despite difficult trading conditions, Ronbeck noted the group also lifted sales by 22% to R33m (R27,1m) compared to the previous period

The directors said they expected the group's present performance to better that of the last financial year

(189) 188
Star 21/8/91
**SMH swings
back to profit**

Supreme Manufacturing (SMH), which controls stainless steel and furniture subsidiaries, reported a profit of R314 000 in the six months to June, compared with a loss of R885 000 in the previous financial year.

Earnings per share showed a profit of 0,3c (loss of 0,9c)

No interim dividend has been declared

Operating profits firmed 47 percent to R1,54 million (R1,04 million) on a rise in turnover to R33,1 million from R27,2 million

The directors forecast that earnings for the full financial year should show an improvement on 1990 results

Supreme's earnings

188

surge 53 pc

Finance Staff

Supreme Industrial Holdings (SIH) reports a 53 percent surge in earnings in the six months to end-June, after good results from its two key subsidiaries, Supreme Manufacturing and Protea Furnishers

SIH's attributable earnings rose from R1,74 million to R2,66 million on a nine percent increase in turnover to R88,22 million (R80,84 million)

Earnings a share increased at a lower rate of 24 percent to 12,4c (10c) as a result of an increase in shares issued

The group pays only a final dividend

SIH chairman Edward Ronbeck is confident the group will achieve its forecast earnings of 40c for the full year, although he says trading conditions have been more difficult than expected

The group has also announced a R10 million rights issue for Protea Furnishers

Friday 22/8/91

A lacklustre listing for Prefcor Holdings

MARCIA KLEIN and SEAN VAN ZYL

THE listing of furniture group Prefcor Holdings's shares yesterday met dampened market response, with the ordinary shares opening 11% below the listing offer of R5 at 450c a share

The share price touched a low of 425c, but the Prefcor debentures held their own at R5 and traded at a high of 515c yesterday. The debentures closed at an 11% premium to the ordinary shares

Although Prefcor's listing offer of R5 a share of around 17-million ordinary shares was oversubscribed, analysts noted the market was extremely sceptical of the listing forecasts on earnings which had been made by Prefcor. The market felt the tangible value of the group had been pitched too high.

Analysts said the main attraction of the Prefcor listing was the debentures, which according to the placement offer, required investors to purchase a 100 ordinary shares for every 200 debentures.

They said the successful placing of the ordinary shares before the listing was due to investor demand for the debentures, which the coupon provided a very attractive yield of 12%. As a result, analysts ascribed the lower opening trading price of the Prefcor share to investors dumping the ordinary shares and holding onto the prized debentures.

Although the share had improved during the day, an analyst said he had never expected to see it reach a discount as low 425c. He added the market may have taken into account recent furniture sales figures

Orders shrinking

(189)

The management of the top performing engineering group Genrec must be wondering if there is life after Mossgas and Matimba. According to CE Ian Colepeper, the Mossgas jacket and the Matimba power station both provided the group with R100m of turnover this year. In total, the Matimba contract was worth R700m and the Mossgas contract R300m for work done by Genrec over several years.

Now that these projects have been completed, Colepeper says Genrec is unlikely to show the spectacular growth it has enjoyed over the past four years. It lost 207c per share in 1987, but earnings virtually doubled in both 1989 and 1990. This year, turnover was static in real terms but pre-tax profit almost doubled.

However, the order book is shrinking. Colepeper is disappointed that the Columbus

STILL SOARING

Year to June 30	1990	1991
Turnover (Rm)	519	593
Operating income (Rm)	18	40
Attributable (Rm)	21	32
Earnings (c)	175	253
Dividend (c)	62,5	90

Continue →

stainless steel project has not yet commenced. He says the absence of a major capital project has left a hole that may not be filled for two years. He acknowledges the emphasis for fixed investment will switch away from capital-intensive projects, to meeting the backlog in social infrastructure such as housing, where Genrec has little or no involvement.

Exports are likely to provide Genrec's future earnings growth. Consam is increasing exports of tank containers. Gemtec will begin commercial production of motor components by November 1991, much of which will be for export. Overall, the group hopes that exports will be the engine for renewed growth in 1993.

Genrec now has a wider range of companies, and Colepeper says the latest acquisitions are expected to add some R60m to sales. They include mining equipment manufacturer Licence Mining and stainless steel fabricator Falcon Engineering. VMI Tooling was acquired from parent Murray & Roberts (M&R) in July. M&R holds 82% of Genrec, which is the dominant company in its engineering division.

Genrec is likely to be one of the star performers for M&R this year. Analysts are expecting flat earnings of about R154m from the group as a whole, even though Genrec's contribution has increased by 45% to about R27m. But Genrec's higher profit may be offset by declines in M&R's other divisions.

At the interim, for instance, operating income from suppliers and services fell by a quarter, or some R8m. M&R's CE Dave Brink said then that it would be difficult to increase attributable earnings, though EPS had advanced by a tenth at half-time. So it is possible that Genrec's contribution to the bottom line would rise from 11,5% to more than 17%.

The Genrec share price has more than doubled from 550c to 1 200c since the beginning of the year. It still looks underpriced on a p/e of 4,5 and a dividend yield of 8%. The earnings multiple is about half that of Haggie, and is lower than Dorbyl, though both these groups have produced lower earnings. But investors need to be shown that the recent results are not just a result of a one-off profit bonanza from the completion of big long-term projects.

Stephen Cranston

(ii) R3,00 per month in respect of all employees whose gross wage is more than R400,00 per month but not more than R600,00 per month,

(iii) R3,50 per month in respect of all employees whose gross wage is more than R600,00 per month but not more than R850,00 per month,

(iv) R4,50 per month in respect of all employees whose gross wage is more than R850,00 per month but not more than R1 500,00 per month,

(v) R12,00 per month in respect of all employees whose gross wage is more than R1 500,00 per month

In the case of a weekly-paid employee, the contributions to be made by the employer in respect of his employee shall be weekly at the rate of 3/13ths of the monthly contribution specified above "

Signed at Cape Town this 14th day of February 1991

D. VAN DER WESTHUIZEN,
Chairman

MRS P. LAMPRECHT,
Vice-chairman

K. L. BARNES,
Secretary

No. R. 2078

23 August 1991

LABOUR RELATIONS ACT, 1956

BORDERFURNITUREMANUFACTURINGINDUSTRY
AMENDMENT OF MAIN AGREEMENT

I, Eli van der Merwe Louw, Minister of Manpower, hereby—

(a) in terms of section 48 (1) (a) of the Labour Relations Act, 1956, declare that the provisions of the Agreement (hereinafter referred to as the Amending Agreement) which appears in the Schedule hereto and which relates to the Undertaking, Industry, Trade or Occupation referred to in the heading to this notice, shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 20 March 1992, upon the employers' organisation and the trade union which entered into the Amending Agreement and upon the employers and employees who are members of the said organisation or union, and

(b) in terms of section 48 (1) (b) of the said Act, declare that the provisions of the Amending Agreement, excluding those contained in clause 1 (1) (a), shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 20 March 1992, upon all employers and employees, other than those referred to in paragraph (a) of this notice, who are engaged or employed in the said Undertaking, Industry, Trade or Occupation in the areas specified in clause 1 of the Amending Agreement

E. VAN DER M. LOUW,
Minister of Manpower.

(ii) R3,00 per maand ten opsigte van alle werknemers wie se bruto loon meer as R400,00 per maand maar hoogstens R600,00 per maand beloop,

(iii) R3,50 per maand ten opsigte van alle werknemers wie se bruto loon meer as R600,00 per maand maar nie hoogstens R850,00 per maand beloop,

(iv) R4,50 per maand ten opsigte van alle werknemers wie se bruto loon meer as R850,00 per maand maar hoogstens R1 500,00 per maand beloop,

(v) R12,00 per maand te opsigte van alle werknemers wie se bruto loon meer as R1 500,00 per maand beloop

In die geval van 'n weekliks besoldigde werknemer moet die bydraes wat die werkgever moet maak ten opsigte van sy werknemer weekliks wees teen die koers van 3/13des van die maandelikse bydrae hierbo gespesifiseer "

Geteken te Kaapstad op hede die 14de dag van Februarie 1991

D. VAN DER WESTHUIZEN,
Voorsitter

MRS P. LAMPRECHT,
Ondervoorsitter

K. L. BARNES,
Sekretans

No. R. 2078

23 Augustus 1991

WET OP ARBEIDSVERHOUDINGE, 1956

MEUBELNYWERHEID, GRENS. WYSIGING VAN
HOOFOOREENKOMS

Ek, Eli van der Merwe Louw, Minister van Mannekrag, verklaar hierby—

(a) kragtens artikel 48 (1) (a) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalings van die Ooreenkoms (hierna die Wysigingsooreenkoms genoem) wat in die Bylae hiervan verskyn en betrekking het op die Onderneming, Nywerheid, Bedryf of Beroep in die opskrif by hierdie kennisgewing vermeld, met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk op 20 Maart 1992 eindig, bindend is vir die werkgewersorganisasie en die vakvereniging wat die Wysigingsooreenkoms aangegaan het en vir die werkgevers en werknemers wat lede van genoemde organisasie of vereniging is; en

(b) kragtens artikel 48 (1) (b) van genoemde Wet, dat die bepalings van die Wysigingsooreenkoms, uitgesonderd dié vervat in klousule 1 (1) (a), met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 20 Maart 1992 eindig, bindend is vir alle ander werkgevers en werknemers as dié genoem in paragraaf (a) van hierdie kennisgewing wat betrokke is by of in diens is in genoemde Onderneming, Nywerheid, Bedryf of Beroep in die gebiede in klousule 1 van die Wysigingsooreenkoms gespesifiseer

E. VAN DER M. LOUW,
Minister van Mannekrag.

SCHEDULE 188**BORDER INDUSTRIAL COUNCIL FOR THE FURNITURE MANUFACTURING INDUSTRY****MAIN AGREEMENT**

in accordance with the provisions of the Labour Relations Act, 1956, made and entered into by and between the

Border Furniture Manufacturers' Association

(hereinafter referred to as the "employers" or the "employers' organisation"), of the one part, and the

National Union of Furniture and Allied Workers of South Africa

(hereinafter referred to as the "employees" or the "trade union"), of the other part,

being the parties to the Border Industrial Council for the Furniture Manufacturing Industry,

to amend the Agreement published under Government Notice No R 1227 of 22 June 1984 (hereinafter referred to as the Re-enacting Agreement), as extended, amended and re-newed by Government Notices Nos R 523 of 15 March 1985, R 859 of 19 April 1985, R 991 of 23 May 1986, R 1454 of 11 July 1986, R 433 of 27 February 1987, R 847 of 16 April 1987, R 340 of 4 March 1988, R 787 of 22 April 1988, R 614 of 31 March 1989, R 1242 of 16 June 1989, R 778 of 5 April 1990 and R 2083 of 31 August 1990

PART I**PROVISIONS APPLICABLE TO THE INDUSTRY THROUGHOUT THE AREAS COVERED BY THE AGREEMENT, UNLESS THE CONTRARY IS STATED****1. SCOPE OF APPLICATION OF AGREEMENT**

(1) The terms of this Agreement shall be observed in the Border Furniture Manufacturing Industry—

(a) by all employers who are members of the employers' organisation and by all employees who are members of the trade union and who are engaged or employed respectively in the said Industry,

(b) within the Magisterial Districts of Albert, Aliwal North, East London (excluding those portions which prior to the publication of Government Notices Nos R 1877 of 4 September 1981, R 1079 of 10 June 1988 and 2354 of 5 October 1990 fell within the Ciskei), Fort Beaufort (excluding that portion which prior to the publication of Government Notice No 1904 of 30 August 1985 fell within the Magisterial District of Stockenstrom), Queenstown (excluding that portion which prior to the publication of Government Notice No 1904 of 30 August 1985 fell within the Magisterial District of Stockenstrom) and Stutterheim (including that portion which prior to the publication of Government Notice No 2354 of 5 October 1990 fell within the Magisterial District of Stutterheim)

(2) Notwithstanding the provisions of subclause (1), the terms of this Agreement shall apply—

(a) only to employees for whom minimum wages are prescribed in this Agreement,

(b) to apprentices only in so far as the said terms are not inconsistent with the provisions of the Manpower Training Act, 1981, or any contract entered into or any condition fixed thereunder

BYLAE**NYWERHEIDSRAAD VIR DIE MEUBELNYWERHEID, GRENS****HOOFOOREENKOMS**

ooreenkomstig die Wet op Arbeidsverhoudinge, 1956, gesluit deur en aangegaan tussen die

Border Furniture Manufacturers' Association

(hierna die "werkgewers" of die "werkgewersorganisasie" genoem), aan die een kant, en die

National Union of Furniture and Allied Workers of South Africa

(hierna die "werknemers" of die "vakvereniging" genoem), aan die ander kant,

wat die partye is by die Nywerheidsraad vir die Meubelnywerheid, Grens,

om die Ooreenkoms gepubliseer by Goewermenskennisgewing No R 1227 van 22 Junie 1984 (hierna die Herbevestigingsooreenkoms genoem), soos verleng, gewysig en hernieu by Goewermenskennisgewings Nos R 523 van 15 Maart 1985, R 859 van 19 April 1985, R 991 van 23 Mei 1986, R 1454 van 11 Julie 1986, R 433 van 27 Februarie 1987, R 847 van 16 April 1987, R 340 van 4 Maart 1988, R 787 van 22 April 1988, R 614 van 31 Maart 1989, R 1242 van 16 Junie 1989, R 778 van 5 April 1990 en R 2083 van 31 Augustus 1990, te wysig

DEEL I**BEPALINGS VAN TOEPASSING OP DIE NYWERHEID ORAL IN DIE GEBIEDE WAT DEUR DIE OOREENKOMS GEDEK WORD, TENSY DIE TEENOORGESTELDE GEMELD WORD****1. TOEPASSINGSBESTEK VAN OOREENKOMS**

(1) Hierdie Ooreenkoms moet nagekom word in die Meubelnywerheid, Grens—

(a) deur alle werkgewers wat lede is van die werkgewersorganisasie en deur alle werknemers wat lede is van die vakvereniging en wat onderskeidelik betrokke is by of werksaam is in genoemde Nywerheid,

(b) in die landdrostdistrikte Albert, Aliwal-Noord, Fort Beaufort (uitgesonderd die gedeelte wat voor die publikasie van Goewermenskennisgewing No 1904 van 30 Augustus 1985 in die landdrostdistrik Stockenstrom geval het), Oos-Londen (uitgesonderd die gedeeltes wat voor die publikasie van Goewermenskennisgewings Nos R 1877 van 4 September 1981, R 1079 van 10 Junie 1988 en 2354 van 5 Oktober 1990 in die Ciskei geval het), Queenstown (uitgesonderd die gedeelte wat voor die publikasie van Goewermenskennisgewing No 1904 van 30 Augustus 1985 in die landdrostdistrik Stockenstrom geval het) en Stutterheim (insluitende die gedeelte wat voor die publikasie van Goewermenskennisgewing No 2354 van 5 Oktober 1990 in die landdrostdistrik Stutterheim geval het)

(2) Ondanks subklousule (1) is hierdie Ooreenkoms van toepassing—

(a) slegs op werknemers vir wie minimumlone in hierdie Ooreenkoms voorgeskryf word,

(b) op vakleerlinge slegs in die mate waarin dit nie onbestaanbaar is met die Wet op Mannekragopleiding, 1981, of met 'n kontrak daarkragtens aangegaan of voorwaardes daarvolgens vasgestel nie

2. GENERAL PROVISIONS

Substitute the following for clause 4 of the Re-enacting Agreement

"4 GENERAL PROVISIONS

The provisions contained in clauses 3 to 9 (4) (b) inclusive, 9 (4) (d) to 19 inclusive, 21, 24 to 27 inclusive and 29 to 39 inclusive of Part I, Part II, and clauses 1 to 3 (6) (a) inclusive and 3 (6) (c) to 12 inclusive of Part III of the Former Agreement, as re-enacted and amended, extended and renewed time to time shall apply to employers and employees "

3. CLAUSE 24: WAGES

(1) In subclause (2) (a), substitute the expression "20 March 1991" for the expression "20 March 1990" in the first two instances in which it occurs and substitute the expression "20 March 1990" for the expression "20 March 1989"

(2) In subclause (2) (b), substitute the expression "20 March 1991" for the expression "20 March 1990" and substitute the expression "20 March 1991" for the expression "20 March 1990"

4. CLAUSE 30: ABATEMENT OF WAGES

(1) In subclause (2), delete the expression "Subject to the provisions of the Blacks (Urban Areas) Consolidation Act, 1945."

5. CLAUSE 34: SUBSISTENCE ALLOWANCE

(1) In paragraph (a), substitute the expression "R20,00" for the expression "R15,00 "

(2) In paragraph (b), substitute the expression "R20,00" for the expression "R15,00 "

(3) In paragraph (c), substitute the expression "R20,00" for the expression "R15,00 "

6. PART II OF THE FORMER AGREEMENT

Substitute the following for Part II

**"PART II
WAGES**

Grade I

1 Employees engaged in any or all of the operations performed in the Furniture Manufacturing Industry, with the exception of the employees referred to in clauses 5 to 15 of this Part, but including foremen and/or supervisors

*Cents per
hour*
527

During period ending 20 March 1992

2 Learners employed in learning the operations covered by clause 1

Grade 1L1 For the first year of employment 424 cents per hour,

Grade 1L2 For the second year of employment 449 cents per hour,

Grade 1L3 For the third year of employment 475 cents per hour,

Grade 1L4 For the fourth year of employment 498 cents per hour,

thereafter, the wage prescribed in clause 1

3 (a) Juvenile male employees engaged in a trade or branch of a trade designated under the Manpower Training Act, 1981, shall be paid the wage prescribed in terms of that Act for the appropriate year of apprenticeship

(b) All other juveniles The minimum wage prescribed for adult employees employed on the same class of work

4 (a) Employees engaged in the welding of metal, other than spot welding, and

(b) employees engaged in the maintenance of machinery

*Cents per
hour*
527

During the period ending 20 March 1992

2 ALGEMENE BEPALINGS

Vervang klousule 4 van die Herbekragtigingsooreenkoms deur die volgende

"4 ALGEMENE BEPALINGS

Klousules 3 tot en met 9 (4) (b), 9 (4) (d) tot en met 19, 21, 24 tot en met 27 en 29 tot en met 39 van Deel I, Deel II en klousules 1 tot en met 3 (6) (a) en 3 (6) (c) tot en met 12 van Deel III van die Vorige Ooreenkoms soos van tyd tot tyd herbekragtig en gewysig, verleng en hernieu, is van toepassing op werkgewers en werknemers "

3. KLOUSULE 24: LONE

(1) In subklousule (2) (a), vervang die uitdrukking "20 Maart 1990" waar dit die eerste twee keer voorkom deur die uitdrukking "20 Maart 1991", en vervang die uitdrukking "20 Maart 1989" deur die uitdrukking "20 Maart 1990"

(2) In subklousule (2) (b), vervang die uitdrukking "20 Maart 1990" deur die uitdrukking "20 Maart 1991" en die uitdrukking "20 Maart 1990" deur die uitdrukking "20 Maart 1991"

4. KLOUSULE 30: LOONKORTING

(1) In subklousule (2), skrap die uitdrukking "Behoudens die Swartes (Stadsgebiede) Konsolidasiewet, 1945 "

5. KLOUSULE 34: ONDERHOUDSTOELAE

(1) In paragraaf (a), vervang die uitdrukking "R15,00" deur die uitdrukking "R20,00"

(2) In paragraaf (b), vervang die uitdrukking "R15,00" deur die uitdrukking "R20,00"

(3) In paragraaf (c), vervang die uitdrukking "R15,00" deur die uitdrukking "R20,00"

6. DEEL II VAN DIE VORIGE OOREENKOMS

Vervang Deel II deur die volgende

**"DEEL II
LONE**

Graad I

1 Werknemers in diens in enige van of al die werksaamhede wat in die Meubelnywerheid verrig word, uitgesonderd die werknemers in klousules 5 tot 15 van hierdie Deel bedoel, maar met inbegrip van voormanne en/of toesighouers

	<i>Sent per uur</i>
Gedurende die tydperk eindigende 20 Maart 1992	527

2 Leerlinge in diens om die werksaamhede te leer wat deur klousule 1 gedek word

Graad 1L1 Vir die eerste jaar diens 424 sent per uur,

Graad 1L2 Vir die tweede jaar diens 449 sent per uur,

Graad 1L3 Vir die derde jaar diens 475 sent per uur;

Graad 1L4 Vir die vierde jaar diens 498 sent per uur,

daarna, die loon by klousule 1 voorgeskryf

3. (a) Jeugdige manlike werknemers in diens in 'n ambag of tak van 'n ambag aangewys kragtens die Wet op Mannekragopleiding, 1981, moet die loon betaal word wat ingevolge daardie Wet vir die toepaslike leerjaar voorgeskryf word

(b) Alle ander jeugdiges Die minimum loon voorgeskryf vir volwasse werknemers werksaam in dieselfde klas werk

4 (a) Werknemers wat metaalsweiswerk verrig, uitgesonderd puntsweiswerk, en

(b) werknemers wat masjinerie onderhou

	<i>Sent per uur</i>
Gedurende die tydperk eindigende 20 Maart 1992	527

Grade II

5 (a) Employees engaged in—

(1) bedding-making, which means the manufacture by hand or mechanical appliance, either in whole or in part, of all types of mattresses filled with coir, hairlock, flock, kapok, cotton wadding, hair, fibre, wool, feathers, grass, chaff, straw, rubber or any other similar materials, or any combination of spring interior, all types of wire springs, chain and/or spiral springs full spiral springs, mesh springs, helical springs, all types of springs and/or spring units, pillows, cushions, bolsters, overlays, quilts, knocking on and/or hooking on spring mattress wires, chain spring meshes, spiral springs and helical springs to frames for bedding, but excluding the sundry operations referred to in subclauses (b) and (c),

(2) weaving of spring mesh,

(3) stuffing filling into mattress cases, whether by hand or machine,

(4) side stitching,

(5) tufting, whether by hand or machine,

(6) operating a border quilting machine,

(7) operating a top quilting machine,

(8) preparing frames and rollers for the top quilting machine,

(9) securing, sewing or stapling interlaced pads to spring units, whether by hand or machine,

(10) filling of cushions with spring interiors and/or spring units,

(11) laying out filling material upon a spring unit,

(12) securing mattress tops, whether quilted or not, in a position for building a prebuilt interior or spring mattress,

(13) tape ending a spring interior mattress,

(14) roll edging by hand or machine

Cents per
hour

During the period ending 20 March 1992

405

(b) Employees engaged in spot welding

Cents per
hour

During the period ending 20 March 1992

405

(c) Employees employed as despatch clerks or storemen

Cents per
hour

During the period ending 20 March 1992

405

(d) Learners employed in learning the classes of work referred to in clause 5 (a),

During the first year in which this Agreement comes into operations

Per week

Grade 2L1 For the first six months of employment 334 cents per hour,

Grade 2L2 For the second six months of employment 363 cents per hour,

thereafter, the wage prescribed for an employee engaged on work referred to in clause 5 (a)

6 Employees engaged in—

operating all machines where such machines have been set by a setter or supervisor, all repetitive upholstery work (but excluding re-upholstery, prototype and one off work), operating spray guns, curtain and roller castors and all repetitive assembly operations

Cents per
hour

During the period ending 20 March 1992

405

Graad II

5 (a) Werknemers wat die volgende werk verrig

(1) Beddegoedmakery, d w s die vervaardiging met die hand of 'n meganiese toestel, hetsy in die geheel of gedeeltelik, van alle soorte matrasse gevul met klapperhaar, haarlok, vlokkies kapok, katoenwatte, hare, vesel, wol, vere, gras, kaf, strooi, rubber of 'n ander soortgelyke stof, of 'n kombinasie van veerbinnewerk, alle soorte draadvere, ketting-en/of spiraalvere, volspiraalvere, maasvere, heliese vere, alle soorte vere en/of veereenhede, kopkussings, stoelkussings, peule, bomatrasse, kwilte die vasslaan en/of vashaak van veermatrasdrade, kettingveermase, spiraalvere en heliese vere aan rame vir beddegoed, maar uitgesonderd die diverse werksaamhede in subklousules (b) en (c) bedoel,

(2) veermaaswerk vlieg

(3) vulsel in matrasslope instop, hetsy met die hand of 'n masjien,

(4) sye stik,

(5) kwassiesmaak, hetsy met die hand of 'n masjien,

(6) 'n randkwiltmasjien bedien,

(7) 'n bo-kwiltmasjien bedien,

(8) rame en rollers vir die bo-kwiltmasjien gereed maak,

(9) vervlegte kussinkies aan veereenhede vassit, -stik of kram, hetsy met die hand of 'n masjien,

(10) stoelkussings met veerbinnewerk en/of veereenhede vul,

(11) vulsel op 'n veereenheid uitsprei,

(12) matrasbostukke, hetsy gekwilt of nie, in 'n posisie vassit om 'n vooraf geboude binnewerk of veermatras te bou,

(13) bande aan die kante van 'n binneveermatras stik

(14) Rolomrandwerk met die hand of 'n masjien

Sent per
uurGedurende die tydperk eindigende 20 Maart
1992

405

(b) Werknemers wat puntsweiswerk verrig

Sent per
uurGedurende die tydperk eindigende 20 Maart
1992

405

(c) Werknemers in diens as versendingsklerke of magasynmanne

Sent per
uurGedurende die tydperk eindigende 20 Maart
1992

405

(d) Leerlinge in diens om die klasse werk bedoel in klousule 5 (a) te leer

Gedurende die eerste jaar waarin hierdie Ooreenkoms in werking tree

Per week

Graad 2L1 Vir die eerste ses maande diens 334 sent per uur,

Graad 2L2 Vir die tweede ses maande diens 363 sent per uur,

daarna, die loon voorgeskryf vir 'n werknemer in diens in werk in klousule 5 (a) bedoel

6 Werknemers wat die volgende werk verrig

Alle masjiene bedien waar sodanige masjiene deur 'n masjiensteller of 'n toesighouer ingestel is, alle herhalingstof-feerwerk (maar nie herstoffeerwerk, prototipe en enkeltipe werk nie), sproeispuite bedien, gordynrolletjies en rol-wieletjies aanbring en alle herhalingsmonteerwerksaamhede

Sent per
uurGedurende die tydperk eindigende 20 Maart
1992

405

7 Learners employed in learning the operations referred to in clause 6

During the first year in which this Agreement comes into operation

Per week

Grade 2L1 For the first six months of employment 334 cents per hour,

Grade 2L2 For the second six months of employment 363 cents per hour,

hereafter, the wage prescribed for an employee engaged on work referred to in clause 6

Grade III

8 Employees engaged in—

(1) any operation or process, in whole or in part, performed by hand or mechanical appliance, in slipstitching, sewing and/or joining covers, flies, cushions, cords, pelmets or bolsters, but excluding the cutting of covers,

(2) buttoning of removable and/or loose cushions,

(3) affixing gimp and/or braid and/or box pleating, but excluding the stapling and/or tacking thereof

Cents per hour

During the period ending 20 March 1992 319

9 Employees engaged in—

(1) all sewing required in the manufacture of tops, borders, mattress cases, studio couch covers and component parts,

(2) sewing mattress handles to border,

(3) sewing quilted borders onto mattress units prior to tape edging,

(4) closing up by hand or machine the mouth of a mattress,

(5) joining border lengths,

(6) closing pillows, cushions and bolsters,

(7) cutting tops, borders and cases

Cents per hour

During the period ending 20 March 1992 319

10 Learners employed in learning the classes of work referred to in clauses 8 and 9

Per week

Grade 3L1 For the first six months of employment 302 cents per hour,

Grade 3L2 For the second six months of employment 309 cents per hour,

thereafter, the wage prescribed for an employee engaged in work referred to in clauses 8 and 9

11 Employees engaged in—

(1) fixing up of ready-made cane mats,

(2) setting up and operating single-drum sander, opendisc sander, bobbin sander and air-filled sander,

(3) boring holes,

(4) morticing on the mortice machine only,

(5) operating the hinge recessing machine for the purpose of cutting recesses for locks and hinges,

(6) filling cushions with spring interior and/or spring units,

7 Leerlinge in diens om die werksaamhede bedoel in klousule 6 te leer

Gedurende die eerste jaar waarin hierdie Ooreenkoms in werking tree

Per week

Graad 2L1 Vir die eerste ses maande diens 334 sent per uur,

Graad 2L2 Vir die tweede ses maande diens 363 sent per uur,

Graad III

8 Werknemers wat die volgende werk verrig

(1) 'n Werksaamheid of proses, hetsy in die geheel of gedeeltelik, met die hand of 'n meganiese toestel, in glipsteek, stik en/of aanmekaarwerk van oortreksels, teenstroke, stoelkussings, koorde, gordynkappe of peule, maar nie die sny van oortreksels nie,

(2) knope aan verwyderbare en/of los stoelkussings vaswerk,

(3) gimp en/of galon en/of stolpplooisel vassit, maar nie vaskram en/of met hegspykers vasslaan nie

Sent per uur

Gedurende die tydperk eindigende 20 Maart 1992

319

9 Werknemers wat die volgende werk verrig

(1) Alle stikwerk nodig by die vervaardiging van bostukke, rande, matrasslope, ateljeerusbankoortreksels en komponente,

(2) matrashandvatsels aan rande stik,

(3) gekwilde rande aan matraseenhede stik voor die vasstik van kantbande,

(4) die bek van 'n matras met die hand of 'n masjien toewerk,

(5) randlengtes aanmekaarwerk,

(6) kopkussings, stoelkussings en peule toewerk,

(7) bostukke, rande en slope uitsny

Sent per uur

Gedurende die tydperk eindigende 20 Maart 1992

319

10 Leerlinge in diens om die klasse werk bedoel in klousules 8 en 9 te leer

Per week

Graad 3L1 Vir die eerste ses maande diens 302 sent per uur,

Graad 3L2 Vir die tweede ses maande diens 309 sent per uur,

daarna, die loon voorgeskryf vir 'n werknemer in diens in werk in klousules 8 en 9 bedoel

11 Werknemers wat die volgende werk verrig

(1) Klaargemaakte rottangmatte vassit,

(2) 'n enkelrolskuurder, oopskyfskuurder, tolskuurder en lugge vulde skuurder opstel en bedien,

(3) gate boor,

(4) slegs met die tapmasjien tapgate sny,

(5) die skarnieruitholmasjien bedien om uithollings vir slotte en skarniere te sny,

(6) stoelkussings met veerbinnewerk en/of veereenhede vul,

- (7) operating a dowel insertion machine, ~~185~~ (188)
 (8) inserting hanger bolt, and bolting on or screwing in of a leg, but excluding the affixing of the plate and/or attachment to the carcass to take the hanger bolt, ~~185~~
 (9) operating an edge veneering machine, but excluding edge banding,
 (10) machine sanding, excluding double and triple drum and combination drum and belt sander,
 (11) positioning of wooden and metal laths and cross bars to frames for upholstery

Cents per hour

During the period ending 20 March 1992

319

Grade IV

12 Employees engaged in—

- (1) bolting,
 (2) making and/or pointing of wooden dowels and pins by hand and/or machine,
 (3) sandpapering by hand and/or portable sander, regardless of whether the articles sandpapered are stationary or rotating,
 (4) bending of solid timber by hand or mechanical process,
 (5) filling of holes or cracks in furniture with wood filler or similar substances,
 (6) fixing bed irons, domes and sockets for castors,
 (7) applying wax,
 (8) painting and/or filling edges,
 (9) removing doors and fittings prior to preparation for polishing,
 (10) filling in with plaster of Paris or any other filling material,
 (11) bleaching furniture with acids or any other bleaching agent,
 (12) stippling polished surface,
 (13) staining, oiling, filling and/or reviving by hand only,
 (14) fixing of webbing and/or substitutes, but excluding the lashing of coil springs,
 (15) tacking of plywood or hardboard onto loose seats for upholstery purposes,
 (16) spraying of metal,
 (17) riempie work,
 (18) hooking on of helical springs and/or chain and/or zig-zag or no-sag type of springing,
 (19) teasing coir or other materials by machine,
 (20) stippling and punching the background of carving,
 (21) knocking on of T and G edge strips by hand, excluding mitred corner sections,
 (22) tacking on of bottoms to upholstered articles,
 (23) work in connection with any of the processes in the construction of spring interior and/or spring units and the manufacture of their component parts,
 (24) punching away protruding panel pins and/or nails and/or staples in the hand-sanding section,
 (25) breaking up and/or cutting from selfedge to selfedge by hand of rolls of upholstery material, hessian, calico, crownflex and similar materials, but expressly excluding the cutting to size of pattern and/or shape ready for upholstery,
 (26) fixing of handles by screws, bolts and nuts, and screwbolts through prebored holes,
 (27) affixing of mirrors by the use of adhesive tape,
 (28) touching up at the point of loading and/or offloading,

Cents per hour

During the period ending 20 March 1992

295

- (7) 'n tappeninvoegmasjien bedien,
 (8) hangerbout insteek en 'n poot vasbout of inskroef, maar nie die vassit van die plaat en/of hegstuk aan die raamwerk waaraan die hangerbout moet kom nie,
 (9) 'n kantfineermasjien bedien, maar nie kantlyste aansit nie,
 (10) met 'n masjien skuur, maar nie met 'n twee- en drierol-en kombinasierol-en-band-skuurder nie,
 (11) hout- en metaallatte en dwarsstawe aan rame vir stof-feerwerk in posisie plaas

Sent per uur

Gedurende die tydperk eindigende 20 Maart 1992

319

Graad IV

12 Werknemers wat die volgende werk verrig

- (1) Vasbout,
 (2) houttappenne en -penne met die hand en/of 'n masjien maak en/of spits maak,
 (3) met die hand en/of 'n draagbare skuurder skuur, ongeag of die artikels wat geskuur word, stilstaan of draai,
 (4) soliede hout met die hand of d m v 'n meganiese proses buig,
 (5) gate of barste in meubels met houtvuisel of soortgelyke stowwe vul,
 (6) bedysters, koepels en sokke vir rolwielejtjies vassit,
 (7) was aanwend,
 (8) rande verf en/of vul,
 (9) deure en toebehore afhaal voordat dit vir poleerwerk gereedgemaak word,
 (10) met gips of 'n ander vulstof vul,
 (11) meubels met sure of a ander bleikmiddel bleik,
 (12) 'n gepoleerde oppervlak stippel,
 (13) slegs met die hand beits, olie, vul en/of vernuwe,
 (14) webband en/of plaasvervangers aansit, maar nie spiraalvere vaswoel nie,
 (15) laaghout of hardebord aan los sitplekke vir stoffeerwerk vasspyker,
 (16) metaal bespuit,
 (17) riempieswerk,
 (18) heliese vere en/of ketting- en/of sigsag- of niedeursak-tipe veerwerk aanhaak,
 (19) klapperhaar of ander materiaal met 'n masjien pluus,
 (20) die agtergrond van houtsnijwerk stippel en pons,
 (21) T- en G-randstroke met die hand vasslaan, maar nie verstekhoekprofiel nie,
 (22) bome aan gestoffeerde artikels vasspyker,
 (23) werk in verband met enige van die prosesse by die vervaardiging van veerbinnewerk en/of veereenhede en die vervaardiging van hul onderdele,
 (24) paneelpenne en/of -spykers en/of -kramme wat uitsteek met 'n pons wegkap in die handskuurseksie,
 (25) rolle stoffeermateriaal, going, kaliko, crownflex en dergelike stowwe met die hand oopmaak en/of van selfkant tot selfkant sny, maar uitdruklik nie 'n patroon en/of fatsoen, gereed vir stoffeerwerk, na grootte sny nie,
 (26) handvatsels met skroewe, boue en moere en skroef-boute deur vooraf geboorde gate vasheg,
 (27) speëls deur middel van kleefband vassit,
 (28) opknapwerk by die op- en/of aflaaiplek

Sent per uur

Gedurende die tydperk eindigende Maart 1992

295

13 Employees engaged in—

- (1) bolting by hand of bed mattress frames, studio couch frames and cots, 188
- (2) preparing spools for a border quilting machine,
- (3) cutting quilted borders to length,
- (4) punching holes in mattress borders,
- (5) fitting ventilators and handles to mattress borders,
- (6) feeding the interlacing machine,
- (7) cutting and making of pads, irrespective of materials used,
- (8) positioning of laths and cross-bars, or fixing webbing to mattress or bed frames,
- (9) staining mattress frames,
- (10) affixing lugs to mattress frames,
- (11) positioning and securing mesh to a mattress frame,
- (12) hanging loops on needles in compression tufting,
- (13) loading, wheeling and operating a cloth-spreading machine,
- (14) operating a teasing machine,
- (15) attending a loop machine,
- (16) attaching loops or buttons or tufts,
- (17) staining and/or varnishing frames for bedding by hand,
- (18) assembling, knocking or hooking on woven wire mesh and chain spring meshes to frames for bedding, irrespective of the materials of which such frames are made,
- (19) fixing bed irons,
- (20) attaching spring units to bed frames

Cents per
hour

During the period ending 20 March 1992

295

14 Employees engaged in—

- (1) cleaning and sweeping of premises,
- (2) cleaning machinery, plant, tools, spray guns and utensils,
- (3) oiling and greasing machines and/or vehicles,
- (4) lime-washing
- (5) loading and/or unloading vehicles,
- (6) handling materials,
- (7) pushing or pulling a vehicle or handcart,
- (8) delivery by manually propelled vehicles,
- (9) unpacking, baling and unbalancing raw materials,
- (10) cleaning and blowing down of equipment,
- (11) attending boiler, incinerator and/or oven,
- (12) loading and unloading kilns,
- (13) making tea or other similar beverages,
- (14) treating timber for preservation,
- (15) packing articles into cartons and/or cardboard containers,
- (16) packing articles into cartons and/or cardboard containers and thereafter filling and closing such cartons and containers,
- (17) washing and/or wiping off glue,
- (18) stripping second-hand upholstery and bedding,
- (19) assisting a furniture machinist in handling materials before and after machining,
- (20) cutting metal rods, hinges, metal tubes, metal strips, chain, wire, hoop-iron and similar materials,
- (21) riveting or making threads on iron bolts and rods,

13 Werknemers wat die volgende werk verrig

- (1) Bedmatrasrame, ateljeerusbankrame en bababeddens met die hand vasbout,
- (2) spoele vir 'n randkwiltmasjien gereedmaak,
- (3) gekwiltte rande volgens lengte sny,
- (4) gate in matrasrande pons,
- (5) ventileerders en handvatsels aan matrasrande aanbring,
- (6) die vervlegmasjien voer,
- (7) kussinkies uitsny en maak, ongeag die materiaal wat gebruik word,
- (8) latte en dwarsstawe in posisie plaas of webband aan matras- of bedrame heg,
- (9) matrasrame beits,
- (10) ore aan matrasrame vasheg,
- (11) maas aan 'n matrasraam in posisie plaas en vasheg,
- (12) lusse aan naalde by drukdeursteekwerk,
- (13) 'n materiaalspreimasjien laai, stoot en bedien,
- (14) 'n pluismasjien bedien,
- (15) 'n lusmaakmasjien bedien,
- (16) lusse, knope of kwassies vasheg,
- (17) rame vir beddegoed met die hand beits en/of vernis,
- (18) geweefde draadmaas en kettingveermase aan rame vir beddegoed monteer, vasslaan of vashaak, ongeag die materiale waarvan die rame gemaak is,
- (19) bedysters aanbring,
- (20) veereenhede aan bedrame vasheg

Sent per
uur

Gedurende die tydperk eindigende 20 Maart 1992

295

14 Werknemers wat die volgende werk verrig

- (1) Persele skoonmaak en vee,
- (2) masjinerie, uitrusting, gereedskap, sproeispuite en werktuie skoonmaak,
- (3) masjiene en/of voertuie olie smeer,
- (4) afwit,
- (5) voertuie laai en/of aflaa,
- (6) materiaal hanteer,
- (7) 'n voertuig of handkar stoot of trek,
- (8) met handvoertuie aflewer,
- (9) grondstowwe uitpak, baal en ontbaal,
- (10) uitrusting skoonmaak en skoonblaas,
- (11) 'n stoomketel, verbrander en/of oond bedien,
- (12) droogoonde laai en ontlaai,
- (13) tee of ander dergelike drankie maak,
- (14) hout vir preserving behandel,
- (15) artikels in kartonne en/of kartonhouers verpak,
- (16) artikels in kartonne en/of kartonhouers verpak en daarna die kartonne en kartonhouers vul en toemaak,
- (17) lym afwas en/of afvee,
- (18) gebruikte stoffeerwerk en beddegoed uitmekaarhaal,
- (19) 'n meubelmasjienwerker help om materiale voor en na masjienbewerking te hanteer,
- (20) metaalstawe, skarniere, metaalbuise, metaalstoke, ketting, draad, hoepelyste en dergelike materiale sny,
- (21) ysterboute en -stawe vasklink of skroefdraad daarn sny,

- (22) operating presses of any type, ~~165~~ (188)
- (23) baling and dipping of upholstery springs, ~~165~~
- (24) attending to dust bags and/or cyclones of sanding machines,
- (25) glueing sandpaper discs,
- (26) wrapping in paper or cardboard,
- (27) inserting rubber units into mattress cases,
- (28) cutting and glueing together of rubber or substitute materials,
- (29) taping of veneers and attending veneers press,
- (30) removing, washing and/or cleaning off glue and paper from pressed veneers,
- (31) straightening and/or cutting hoop-iron used for webbing,
- (32) filling of pillows, cushions and bolsters with substances or materials other than spring interiors and/or spring units,
- (33) beating and/or teasing coir by hand,
- (34) cleaning metal rods,
- (35) mass-measuring pillows, bolsters, quilts and cushions,
- (36) teasing coir or any other materials by hand,
- (37) stripping bedding,
- (38) removing glue from furniture
- (39) bending, punching, riveting, drilling and/or assembling metal parts,
- (40) mixing, mass-measuring and preparing glue,
- (41) applying and/or spreading glue and glue hardeners by hand, brush or machine, but expressly excluding the putting together or assembling of furniture parts except in the case of the employees referred to in subclause (45) hereunder,
- (42) operating tenon squashing machine,
- (43) marking off by template, patterns and/or jig in preparation for machining,
- (44) marking pattern, template and/or jig,
- (45) putting together or assembling furniture parts which are to be cramped, clamped or pressed. Provided that the ratio of employees performing this operation to employees in receipt of the wage prescribed in clause 1 of this Part who are engaged in cramping, clamping or pressing shall not exceed two to one,
- (46) making and jointing sandpaper or discs and belts for open belt sanders,
- (47) straining of materials,
- (48) taping, stapling and/or tacking veneers, plywood and hard-board on to frames or core material for pressing,
- (49) tapeless jointing by machine,
- (50) loading and unloading vacuum bag and press of any kind,
- (51) washing off gum or other tapes,
- (52) stacking parts after pressing,
- (53) assisting upholsterer in holding cover,
- (54) rubbing on glue blocks,
- (55) inserting corrugated fasteners in the process of assembling frames,
- (56) trimming away by hand or hand tool of excess veneer after affixing of veneer,
- (57) inserting screws into pre-bored holes preparatory to screwing,
- (58) affixing nuts and/or nut covers to bolts,
- (59) bolting handles,
- (22) enige soort pers bedien,
- (23) stoffeervere baal en indompel,
- (24) stofsakke en/of siklone van skuurmasjiene versorg,
- (25) skuurpapierskywe vaslym,
- (26) in papier of karton toedraai,
- (27) rubbereenhede in matrasslope insit,
- (28) rubber of plaasvervangers daarvan uitsny en aan mekaar vaslym,
- (29) finere met kleefband vassit en 'n fineerpers bedien,
- (30) lym en papier van geperste finere verwyder, afwas en afvee,
- (31) hoepelyster wat vir webband gebruik word, reguit maak en/of sny,
- (32) kopkussings, stoelkussings en peule met stowwe of materiaal vul, maar nie met veerbinnewerk en/of veereenhede nie,
- (33) klapperhaar met die hand uitklop en/of pluus,
- (34) metaalstawe skoonmaak,
- (35) die massa van kopkussings, peule, kwilte en stoelkussings bepaal,
- (36) klapperhaar of ander materiaal met die hand pluus,
- (37) beddegoed uitmekaarhaal;
- (38) lym van meubels verwyder,
- (39) metaaldele buig, pons, vasklink, boor en/of inmeekaarsit,
- (40) lym meng, massameet en voorberei,
- (41) lym en lymverharders met die hand, 'n kwas of masjien aanwend en/of sprei, maar uitdruklik nie meubelonderdele inmeekaarsit of monteer nie behalwe in die geval van die werknemers in subklousule (45) hieronder bedoel,
- (42) 'n tapplatdrukmasjien bedien,
- (43) met 'n patroonplaat, patrone en/of 'n setmaat afmerk ter voorbereiding vir masjinering,
- (44) 'n patroon, patroonplaat en/of setmaat afmerk,
- (45) meubelonderdele wat geklem, geklamp of gepers moet word, inmeekaarsit of monteer. Met dien verstande dat die getalsverhouding van werknemers wat hierdie werksaamheid verrig tot werknemers wat die loon ontvang wat by klousule 1 van hierdie Deel voorgeskryf word en wat klem-, klamp- of perswerk verrig, hoogstens twee tot een mag wees,
- (46) skuurpapier of -skrywe en -bande vir oopbandskuurders maak en las,
- (47) materiale deursyg,
- (48) finere, raaghout en hardbord met kleefband, kramme en/of hegspykers aan rame of kernmateriaal vassit vir perswerk,
- (49) bandlose laswerk met 'n masjien,
- (50) enige soort vakuumsak en -pers laai en ontlaai,
- (51) gom- of ander bande afwas,
- (52) onderdele na perswerk opstapel,
- (53) 'n stoffeerder help deur die oortreksel vas te hou,
- (54) lymblokke aanvryf,
- (55) kartelkramme insit in die proses van rame inmeekaarsit,
- (56) oortollige fineer met die hand of 'n handwerktuig wegwerk nadat fineer aangesit is,
- (57) skroewe in vooraf geboorde gate insit voordat vasgeskroef word,
- (58) moere en/of moerdoppies aan boutte vassit,
- (59) handvatsels vasbout,

(60) dropping glass into pre-made grooves or rebates, but excluding the affixing of glass in position with beading and/or securing glass in any other manner,

(61) edge veneering by hand,

(62) cutting foam rubber and/or similar substances to shape and/or size,

(63) operating a foam mincing machine,

(64) cutting cardboard in the upholstery section by hand and/or guillotine, but excluding the use of any other machine or the cutting of cardboard in any other department,

(65) filling loose cushion cases with filling material,

(66) knocking in wooden dowels by hand,

(67) glueing foam rubber and/or similar substances to cover material for quilting only

Cents per hour

During the period ending 20 March 1992 295

15 (a) Employees employed as caretakers or watchmen

Rand per week

During the period ending 20 March 1992 140,82

(b) (i) Employees employed as packers,

(ii) employees employed as office messengers,

(iii) casual employees,

Cents per hour

During the period ending 20 March 1992 295

PART III OF THE FORMER AGREEMENT

7. CLAUSE 2: WAGES

(1) Substitute the following for subclause (1) (a)

"(1) (a) *Employees, other than casual employees* — An employee who drives a vehicle, other than a steam-wagon, the unladen mass of which, together with the unladen mass of a trailer drawn by such vehicle—

(i) does not exceed 2 722 kg

322c per hour during the period ending 20 March 1992,

(ii) exceeds 2 722 kg but does exceed 4 536 kg

360c per hour during the period ending 20 March 1992,

(iii) exceeds 4 536 kg

376c per hour during the period ending 20 March 1992 "

(2) In subclause (4) (a), substitute the expression "R20,00" for the expression "R15,00"

(3) In subclause (4) (b), substitute the expression "R20,00" for the expression "R15,00"

(4) In subclause (4) (c), substitute the expression "R20,00" for the expression "R15,00"

Signed at East London on behalf of the parties this 11th day of April 1991

P. W. MACKIE,

Chairman of the Council

G. M. MANN,

Vice-Chairman of the Council

W. J. CHERRY,

Secretary of the Council

(60) glas in vooraf gemaakte groewe of sponnings laat sak, maar nie glas by kraallyswerk in posisie vassit en/of glas op 'n ander manier vassit nie,

(61) rantfmeerwerk met die hand,

(62) skuimrubber en/of dergelike stowwe na fatsoen en/of grootte sny,

(63) 'n skuimmaalmasjien bedien,

(64) karton in die stoffeerseksie met die hand en/of 'n valmes sny, maar nie 'n ander masjien gebruik of karton in 'n ander afdeling sny nie,

(65) los stoelkussingslope met vulmateriaal vul,

(66) houttappenne met die hand inslaan,

(67) skuimrubber en/of dergelike stowwe aan oortrekmateriaal vaslym slegs vir deurstikwerk

Sent per uur

Gedurende die tydperk eindigende 20 Maart 1992 295

15 (a) Werknemers in diens as opsigters of wagte

Rand per week

Gedurende die tydperk eindigende 20 Maart 1992 140,82

(b) (i) Werknemers in diens as verpakkers,

(ii) werknemers in diens as kantoorbodes,

(iii) los werknemers

Sents per uur

Gedurende die tydperk eindigende 20 Maart 1992 295

DEEL III VAN DIE VORIGE OOREENKOMS

7. KLOUSULE 2: LONE

(1) Vervang subklousule (1) (a) deur die volgende

"(1) (a) *Werknemers, uitgesonderd los werknemers* — 'n Werknemer wat 'n voertuig, uitgesonderd 'n stoomwa, dryf waarvan die onbelaste massa, tesame met die onbelaste massa van 'n sleepwa wat deur sodanige voertuig getrek word—

(i) hoogstens 2 722 kg is

322c per uur gedurende die tydperk eindigende 20 Maart 1992,

(ii) meer as 2 722 kg maar hoogstens 4 536 kg is

360c per uur gedurende die tydperk eindigende 20 Maart 1992,

(iii) meer as 4 536 kg

376c per uur gedurende die tydperk eindigende 20 Maart 1992 "

(2) In subklousule (4) (a), vervang die uitdrukking "R15,00" deur die uitdrukking "R20,00"

(3) In subklousule (4) (b), vervang die uitdrukking "R15,00" deur die uitdrukking "R20,00"

(4) In subklousule (4) (c), vervang die uitdrukking "R15,00" deur die uitdrukking "R20,00"

Namens die partye op hede die 11de dag van April 1991 te Oos-Londen onderteken

P. W. MACKIE,

Voorsitter van die Raad

G. M. MANN,

Ondervoorsitter van die Raad

W. J. CHERRY,

Sekretaris van die Raad

CENMAG FM 30/8/91

Gold linked

(189)

DCM-listed Cenmag suffered from reduced sales to the gold mines, which have been a major customer. Sales to the Evander area were particularly down. Financial director Victor Farkas says that "no meaningful forecast can be made for next year," but adds that the directors are determined to achieve better than average results for the year. Cenmag ended last year with stocks 55% up, though debtors were down by a fifth, there was a cash balance of R1,6m but short-term borrowings were well up.

About R3m was invested in 3,9m shares in Colvest, which is listed in the banks and financial services sector and these shares have been pledged to Challen Investments

FM 30/8/91 (189) COMPANIES

Activities: Supplies electrical equipment to heavy industry and mines

Control: Directors 86%

Executive directors: A W Barlow, B Greenblatt, C J E Lane, V Farkas

Capital structure: 9m ords Market capitalisation R5,4m

Share market: Price 60c Yields 11,7% on dividend, 29,2% on earnings, p/e ratio, 3,4, cover, 2,5 12-month high, 65c, low, 50c Trading volume last quarter, 60 shares

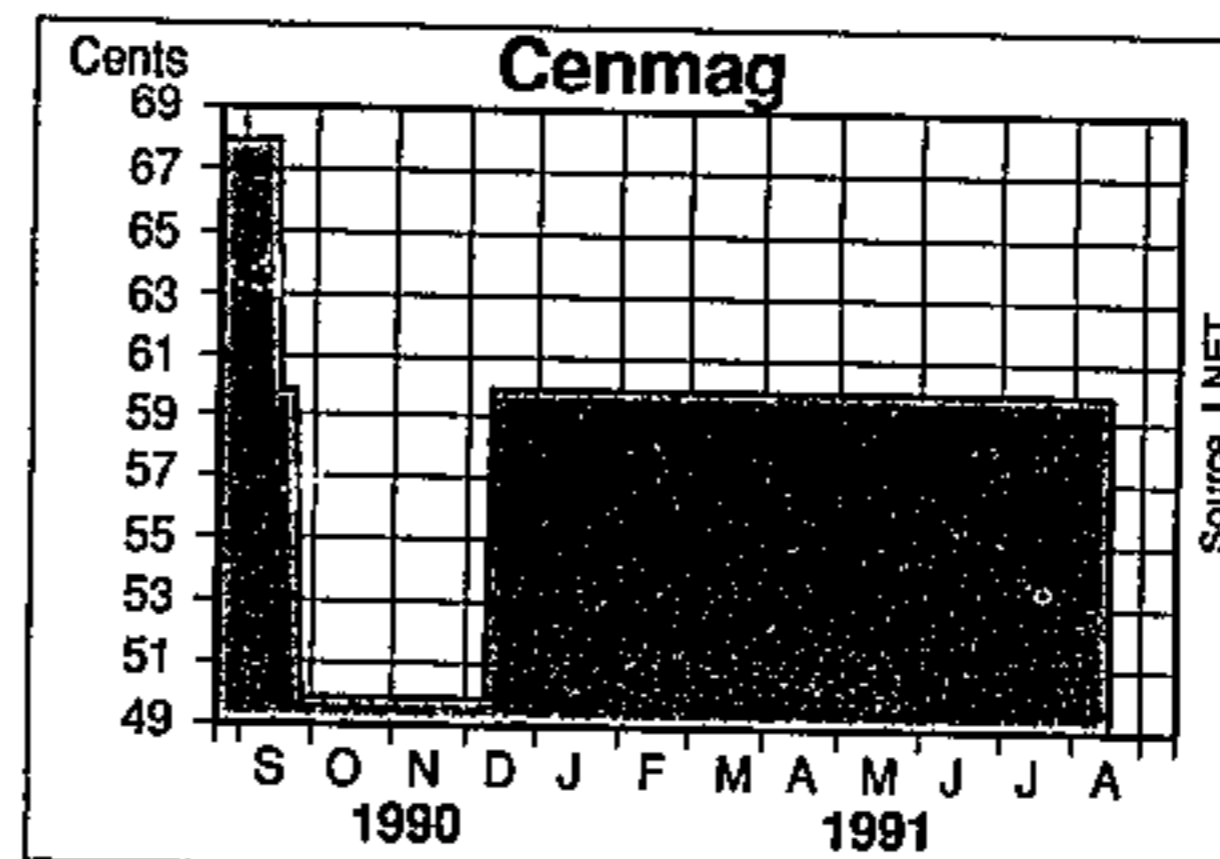
Year to Feb	*'88	'89	'90	'91
ST debt (Rm)	1,7	1,8	2,7	6,7
LT debt (Rm)	0,01	0,1	0,3	0,2
Debt equity ratio	0,01	0,13	0,40	0,80
Shareholders interest	0,48	0,43	0,33	0,34
Int & leasing cover	24,1	9,5	8,0	5,7
Return on cap (%)	13,0†	16,9	22,4	14,5
Turnover (Rm)	33,5†	40,7	52,0	46,1
Pre-int profit (Rm)	1,5†	2,6	3,5	2,9
Pre-int margin (%)	4,5	6,3	6,8	6,2
Earnings (c)	24,5†	14,3	18,0	17,5
Dividends (c)	—	5	6	7
Net worth (c)	130	52	36	52

* Five months to Feb 88

† Annualised

for facilities granted

The group had sizeable unlisted investments in the film industry. About R1,8m was written off these investments, which include shares in such budding classics as *Au Pair*, *Sweet Murder* and *Bush Shrink*. The directors value these investments, which had a nil valuation in 1990, at R313 000. Tax losses



on film investments resulted in the current tax charge falling by R115 000, to R189 000, and a R687 021 provision for deferred tax was raised.

Cenmag is making a bonus offer to shareholders of 14 shares for every 100 shares held as an alternative to a cash dividend. If the share option is taken up it will dilute EPS considerably. Until there is a significant recovery in gold mining, the outlook for the share is not good. Even at the present dividend yield of 11,7% and earnings yield of 29,2%, it is a speculative counter.

Stephen Cranston

COMPANIES

Sasfin is ready to roll with the good times

TRADE and equipment financing company Sasfin achieved a 20,1% rise in attributable profit for the year ended June despite high interest rates and recessionary conditions

Earnings rose to 21,3c a share (1990 17,7c) of which a full dividend of 8,5c a share (7c) was declared

MD Roland Sassoon said Sasfin was well placed to take advantage of the growing trade opportunities in the southern African region, the expected marginal reduction in interest rates and the anticipated slow return to real world and SA economic growth next year

Highlights of the year under re-

BID 5/9/91
SHARON WOOD
188

view included the successful floating of SA's second securitisation issue in collaboration with the Discount House Group

The issuing of the first tranche of R30m of asset-backed debenture stock of Sasfin Asset Securitisation (SAS) concluded a project started in 1988

The aim of SAS was to move Sasfin away from being a broker in the office equipment business towards being an independent equipment financier, Sassoon said

Tax payments had grown by 1,9% to R55 000, from R54 000

The group had formed a new Malawian subsidiary, Sasfin (Central Africa) to take advantage of increased trade opportunities in the region, he said

In addition, Sasfin acquired Durban and Maritzburg-based equipment finance broker Techrent Natal and opened a marketing office in Cape Town

Sassoon said that although borrowings had increased, with the gearing ratio at 2,4 1 from 2,1 1, the group had ample financial capacity for further growth.

Furniture superstores trigger big price war

A PRICE war has been raging in the office furniture and supplies industry over the past few months following the entry of new players into the market

Recent moves to find alternatives to the sluggish traditional office supply market have seen the establishment of price-competitive office supply "superstores" The concept also follows recent trends in the US, where office supply superstores have become one of the latest retailing phenomena

Two new entries into the market are Mathieson & Ashley subsidiary Office-mart, which opened shop in March, and Makro's Makroffice, which began trading in August

The much older Cecil Nurse is also involved in what industry players confirmed was certainly a price war.

Cecil Nurse MD David Levin said he was proud of claims by other industry players that he had started the price war

Comparisons between catalogues of the major players have indicated that Cecil Nurse could undercut

MARCIA KLEIN

most prices by between 10% and 15%

Levin claimed that Cecil Nurse had always been the cheapest and could continue to be, mainly due to the company's high volumes and low overheads

He said there was nothing new about discounting office furniture, except that the new entrants were selling stationery as well

Resources

Officemart's entry into the market could also have been the spark that caused the war

The company had been advertising heavily since it opened in March, and Officemart MD Anton Fick claimed that his company had captured 35% of the market in the Johannesburg area since establishing itself

Fick said not only did the price war benefit the consumer; it also cleaned up the industry But he also said the price war would exert some pressure on Officemart

However, he said the

company had the resources to weather the storm He was not sure that Officemart would bring its prices down to meet those of its competitors, and said it might introduce some innovations in terms of products, financing, marketing and own label house brands

While Officemart had not found it easy in the current climate, Fick said it had made massive gains in a bad period

Makroffice opened its first low-margin, high-volume store last month, selling stationery, office electronics, janitorial and canteen supplies and furniture Makroffice directors could not be reached yesterday for comment

Math Ash reels after 'worst year since 1961'

8 Day 26/9/91
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MARCIA KLEIN

OFFICE furniture group Mathieson & Ashley's (Math Ash's) earnings plunged from 50,2c to 3,3c a share in the year to end-June in what chairman Winky Ringo described as the toughest year in the industry in the past 20 years.

The group, whose office furniture and associated businesses are housed in Kallenbach-Hendler, which is 50% owned by Math Ash and SA Breweries subsidiary Afcol, reported a 7,3% drop in turnover to R125,0m (R134,8m).

Ringo said sales from continuing office furniture operations had increased by 8% in volume terms — although at the expense of gross margins. He said this indicated that Math Ash had achieved a significant growth in market share as industry volumes had declined by about 40% in the year.

Turnover excluding the group's disposal of office automation business decreased by 2% to R119,1m (R121,6m).

Operating income plunged by 79% to R2,2m (R10,7m), reflecting the decline in margins. After the interest bill jumped by 162% to R2,6m (R975 000), the group showed a loss of R347 000 (income of R9,7m) at the pre-tax level.

Ringo said taxation had not been provided for in certain subsidiaries as these companies had estimated tax losses of about R10m to be set off against future taxable income.

A tax credit of R374 000 (R391 000 paid), reflecting deferred tax reversed and no longer required, saw attributable income back in the black, but still dramatically reduced from R5,7m to R378 000.

An extraordinary item of R1,7m referred to factory relocation costs, investment losses, adjustment to cost of investments in subsidiaries and restraint of trade payments.

The final dividend was passed, as was the interim dividend. A 20c divi-

dent was paid to shareholders in the previous year.

Despite the sharp turn in results, Ringo said the balance sheet remained strong and gearing stood at 27,9% after capex of R8,8m.

Math Ash was in a position to export "a meaningful percentage of its office furniture product ranges", and the group was in the final phases of concluding major export contracts through its newly created export arm, KH International. Ringo said this would have a significant effect on the group's financial performance, and exports would contribute significantly to group turnover within the next 12 to 18 months.

In the second half of the year, the previous dedicated manufacturing facility of Anglo Dutch was converted into a more broadly based business unit, KH Manufacturing. The new unit would manufacture and distribute high-quality office furniture to a much larger and more diverse customer base, Ringo said.

COMPANIES

Profitability eludes Romano

MARCIA KLEIN

FURNITURE manufacturer Romano showed a loss of 7,1c (loss of 6,0c) a share in the year ending June 1991 despite expectations of a real growth in earnings in the current year following its restructuring.

At the December interim stage, Romano posted a profit for the first time since December 1988, and the company expected to maintain profitability through to the year-end.

However, Romano showed an operating loss of R530 000 (loss of R273 000) for the full year after turnover had decreased by 8,6% to R10,6m (R11,6m).

Since year-end, a substantial interest in Romano was acquired by Piet Marais of Unathi Holdings and the Cologne Furniture Group Marais, who is the company's new chairman, attributed the loss to the worst economic conditions in the history of the furniture industry.

He said his interest in Romano was

based on the potential synergies between Romano and his other companies. The three operations were bound to provide economies of scale and benefits of rationalisation.

"Romano's well established infrastructure and its sophisticated manufacturing plant will provide a means of redirecting some of the profitable government contract work to Romano," he said.

Marais anticipated a substantial increase in turnover and profitability once Romano produced more, as it was previously producing below the break-even point at 30% to 40% of capacity.

After containing finance costs to R457 000 (R557 000), pre-tax losses were down from R987 000 to R830 000 and attributable losses were R987 000 (losses of R994 000).

RUSFURN FM 1/11/91
Harsh pruning 188

There was surprise in the market that Senbank has not started a joint finance company (JFC) to help remove the burden of the debtors' book from Rusfurn. Large borrowings needed to fund a book that was increasingly difficult to collect proved to be the downfall of previous chairman Geoff Austin.

Competitors like Amrel and, recently, Prefcor and JD Group, have taken debt off balance sheet by forming JFCs. When Laurie Korsten took over as chairman in July, he described a JFC as a serious option.

Korsten says it proved extremely difficult to allocate costs between the finance and trading operations in Rusfurn and that removing debtors off balance sheet can just be playing with mirrors. It is not surprising, perhaps, that banks have not rushed to start a JFC, considering the state of the debtors book. Prefcor and JD Group, which set up JFCs earlier this year, have far lower bad debts and arrears than Rusfurn.

Announcement of Rusfurn's R80m loss was put off until all Rusfurn's banks had promised at least to continue funding Rusfurn at present levels for four years. Rusfurn's year-end is at the end of June, so some banks apparently took a long time to sign up. Korsten's perseverance paid off — Rusfurn

MASSIVE LOSS

	1990	1991
Turnover (Rbn)	1,29	1,41
Operating profit (Rm)	155	128
Abnormal item	—	(155)
Attributable (Rm)	35	(79)
Earnings (c)	21,2	(45,5)
Dividends (c)	16	5,5

has been granted surplus bank facilities of about R500m.

The other leg of the Rusfurn rescue package will be the issue of R250m of convertible debentures. Senbank has promised to replace R150m of preference shares when they become redeemable. Korsten believes Rusfurn now has enough capital for the next four years. The debenture offer is a rights offer, though much of the burden will fall on Senbank, which has bought management's 26% stake and Umdev's 16%, giving it effective control.

Chris Gilmour of Frankel Max Pollak Vinderine believes that institutions are unlikely to take up their rights unless it yields interest of at least 14%-15%. It would be treated as a junk bond, he says.

FM 1/11/91 188
 After the accumulated loss of R96m, Rusfurn's NAV is stated as 30c. The share was bid at this price over the past two days, though it closed on Tuesday at 55c. Even the much more highly rated Amrel trades below NAV.

Korsten can bring disciplines to Rusfurn. He has appointed Bill Pienaar, formerly of Volkskas Merchant Bank, as head of Rusfurn's debtors' management and banking activities, over Rusfurn financial director Mervyn Gerszt. Under the more conservative accounting methods, Rusfurn will start with a clean slate.

Almost R155m was written off as abnormal items for provisions after sharply increasing those for bad debts. Bad debt provisions were lifted to 30% of gross debtors, compared with 19% last year. Without the additional provisions, Rusfurn would have made 0,8c a share. Korsten says provisions have been too low in the past and the preference now is to be conservative in view of economic conditions.

Rusfurn is providing comprehensively for deferred tax. Had the group adopted this accounting policy in the previous year, EPS would have been 21,2c and not 56c as previously stated.

Ultimately, if Rusfurn is to recover, it will need to improve its trading. Unfortunately, furniture traders, apart from Ellerines, are all showing lower earnings. Amrel's interim results for September, due next week, are expected to be sharply down.

Dion, predominantly a cash business, can chase turnover more easily than the furniture chains. It will be run as a separate operation, reporting directly to Korsten. He says Dion is a very different business from the rest of Rusfurn, it is cash positive and relies on quick stock turns.

The present management team will stay intact. As part of the agreement to take over the management shares, they have agreed to stay on until the end of April 1994, otherwise they will have to repay their share obligations.

The idea is that once management has been redirected by Korsten and Pienaar, they will be able to turn the group around. But it is an open question whether the bankers can bring about improvements in the operational management.

Korsten says short-term profit will be sacrificed as Rusfurn lays the foundation for later years. Investors should wait and see.

Stephen Cranston

Amrel hit ⁽¹⁸⁸⁾ by two poor divisional ^{Star} showings ^{7/11/91}

By Ann Crotty

Although Amrel's furniture operations held up reasonably well in the six months to September, its footwear and apparel divisions were hit badly by tough conditions

With virtually no pre-tax profit, the group was only able to declare earnings as a result of a claw-back from deferred tax provisions

This amounted to R6,2 million, enabling the group to report a taxed profit of R5,6 million and attributable earnings of R5,4 million — 29 percent down from the previous interim's R7,7 million

Earnings per share were down 25 percent to 59c (84c), from which an interim of 19c (28c) has been declared

The claw-back is based on management's view that deferred tax should be provided at 40 percent instead of 48 percent.

The change led to an adjustment of over R12 million to the deferred tax position at end-March '91 of R94,6 million

Even with a 40 percent deferred tax provision, Amrel remains one of the most conservative of the furniture groups

On the operating side, turnover was down three percent to R462,6 million (R476,6 million) and operating profit fell to R10,3 million (R23,5 million) as a result of lower volumes and the squeeze on margins in cash operations.

This reduction led to a 34 percent rise in finance costs to R10,2 million (R7,5 million). Pre-tax profit was R146 000 (R16 million)

Eagle Furniture flies high by having a feel for the market

B/1000 12/11/91

HAVING consistently increased its exports since 1978, merit award winner Eagle Furniture Industries improved turnover by 60% for the financial year ended April 30, 1991 over the previous year

MD Doug McEwen says Durban-based Eagle Furniture has progressively placed greater emphasis on exports and today virtually all products are sold abroad

It is one of SA's top four timber products exporters and accounts for about 20% of the industry's export turnover

"However, by targeting a niche market, the prices we have achieved are higher than the average SA timber exporter"

He says the company produces the highest qual-

ity and most technically advanced range of products ranging from solid cabinet doors to specialised furniture components

Increased turnover resulted as new plant and equipment came on line, leading to greater plant utilisation and an increased night shift

Effort

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Management strategy has been to put effort into knowing the market, the major customers, distributors and competitors

We focus on niche markets and concentrate on a few larger customers

This ensures a customer base which is small in number but large and stable in size"

The ongoing training of

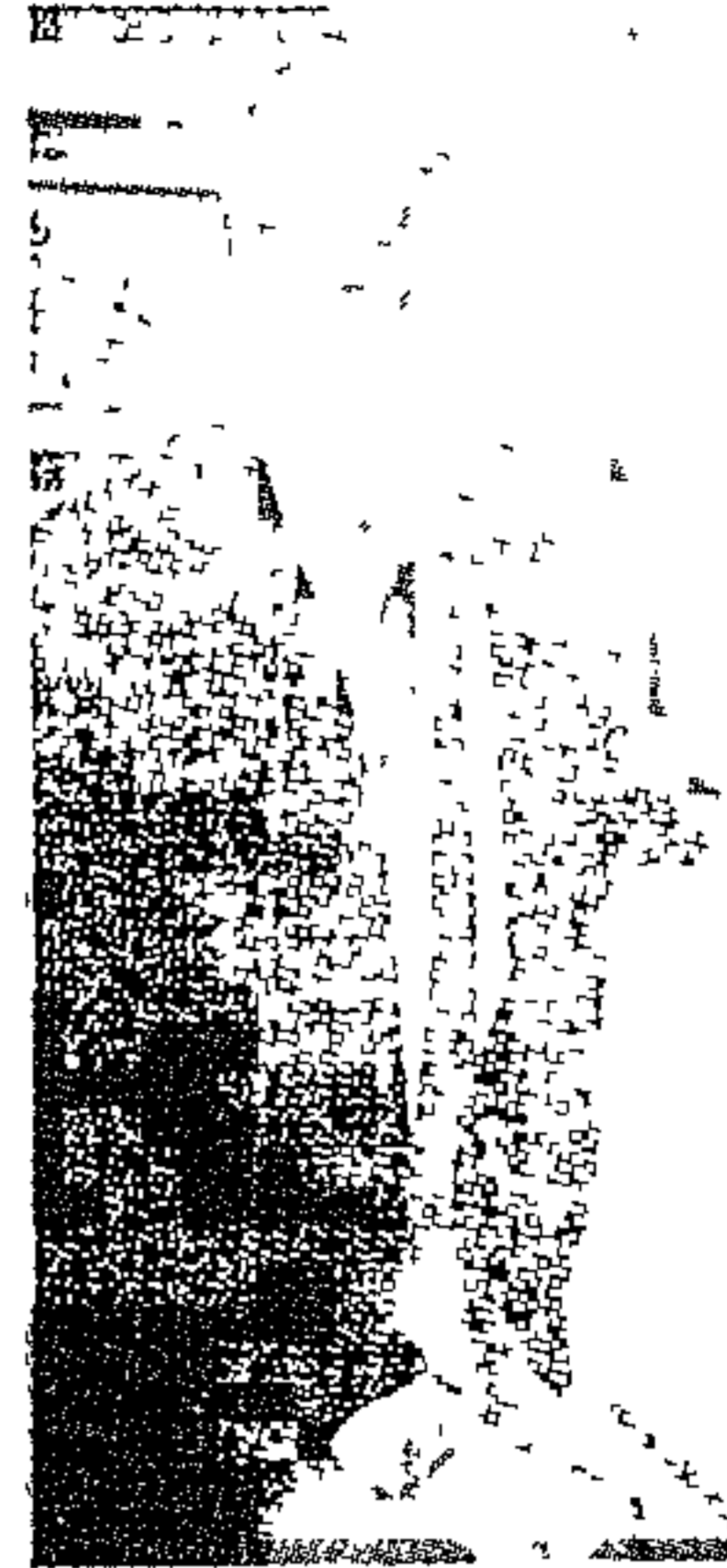
staff and a programme of sending middle management abroad regularly to visit factories, furniture shows and retail outlets where its products are sold have also contributed to its success

Too often, local exporters are only out to make a fast buck says McEwen

'In the end, through unscrupulous agents and a lack of knowledge, they destroy not only their own reputation, but create enormous problems for other SA exporters'

Probably Eagle Furniture's greatest success in achieving export growth has stemmed from its policy to pitch a product at a price point which the market will bear

'Costs don't determine price it's a feel for the mar-



DOUG MCEWAN

ket — unless you understand the market, the customer and products you cannot hope to pitch the price at the right level," he says

Afcol's earnings nosedive by 47%

B/Dag 14/11/91

MARCIA KLEIN

AFCOL, SA Breweries' (SAB's) furniture manufacturing arm, saw its earnings plunge 47% in the six months to end-September on the back of severely depressed conditions in the furniture industry

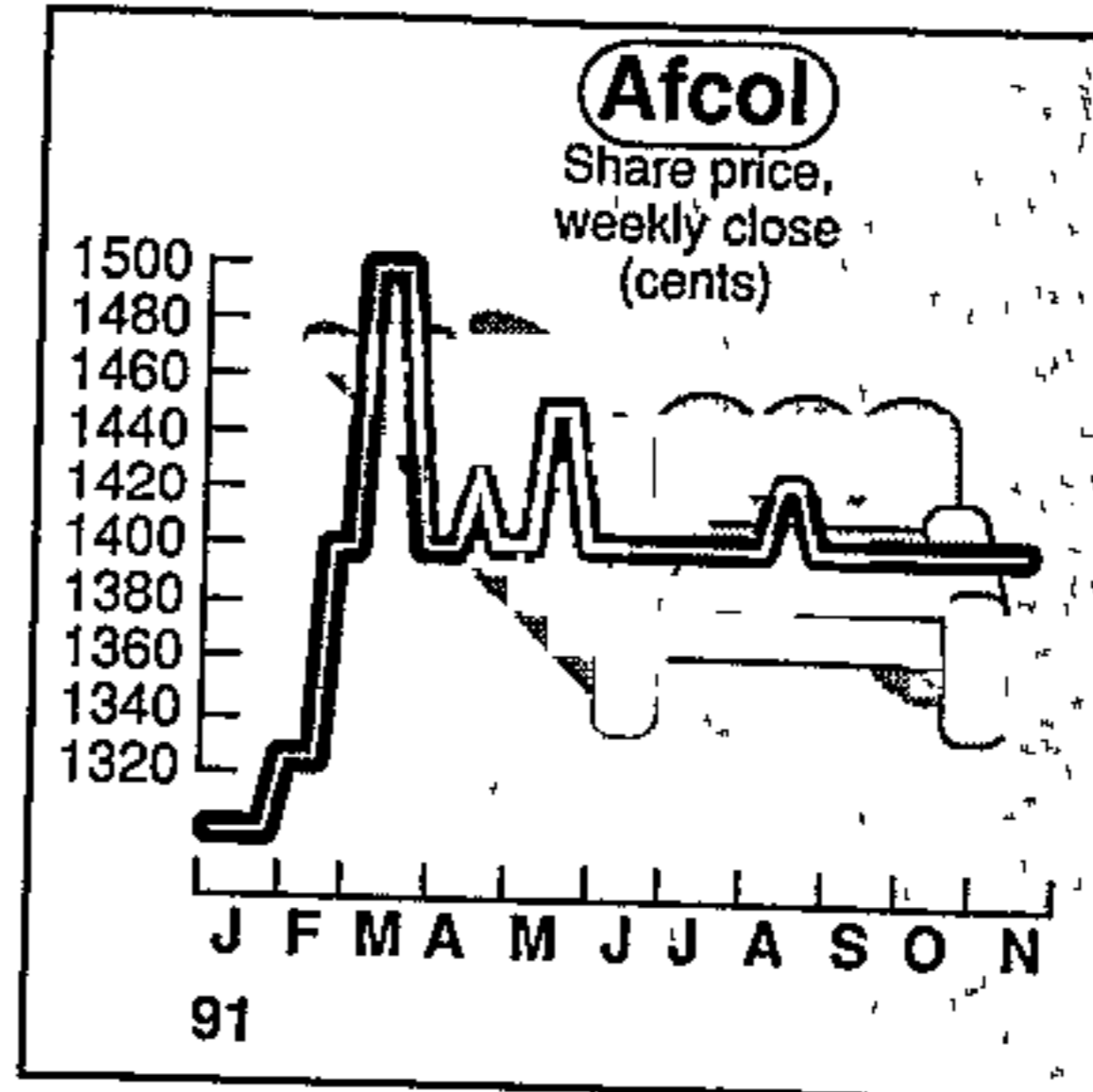
The results reflected worsening conditions during the past six months, as Afcol had reported a 14% drop in earnings and an 11% turnover increase in the year to end-March

The company, the last SAB subsidiary to report before SAB releases its results later today, showed a 3,3% decline in turnover to R388,8m (R401,9m) and a 36% drop in operating profits to R22,4m (R35,0m) in the six-month period

Chairman Laurie van der Watt said yesterday Afcol had gained market share despite the marked decline in trading conditions during the reporting period.

After a lower dividend income and an 8,5% reduction in its interest bill to R10,7m (R11,7m), Afcol reported a 51,3% pre-tax decline to R12,8m (R26,4m)

A large reduction in taxation to R4,0m



Graphic LEE EMERTON Source I NET

(R10,2m) and lower equity-accounted earnings saw profits after tax 46,5% down at R12,9m (R24,1m)

Van der Watt said managed and equity-accounted businesses within the group had felt the downturn

Attributable earnings were 47% lower

□ To Page 2

Afcol Bloom 14/11/91

at R12,5m (R23,4m) Earnings declined similarly to 50,7c (95,5c) a share A 46,3% lower interim dividend of 25,5c (47,5c) was declared, covered two times

Van der Watt said the balance sheet was strong, with gearing reduced from 46% to 43% Net assets were maintained at last year's levels despite capital expenditure

The outlook for the next six months was poor, and earnings would be "well down"

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at the year-end He said forecasts indicated recessionary conditions would persist.

Despite the poor results, Afcol had gained market share and its order levels were higher than at the same time last year However, Van der Watt said Afcol was still waiting to see whether these orders would materialise

● See Pages 6 and 12

Investing for growth

M&A's performance last year needs to be assessed on two levels the actual results, which were dreadful, and the dent in profits caused by development costs meant to position the group for future growth

EPS of 3,3c were the worst since the losses in the mid-Eighties. And market disappointment with performance since the merger of office furniture manufacturing interests with those of Afcol, as from the 1989 financial year, is reflected in a dumping of the shares which, at 160c, are lower than at any time since present management took control in 1987.

History might prove, however, that the market has been voting with its feet. There is little doubt that performance was distorted by a series of factors relating to M&A's drive to entrench its dominant position in the industry and establish new markets — all at what must have been considerable, if unquantifiable cost, which, in turn, contributed to operating at little better than break-even. First and foremost was the extent of price-

FM 22/11/91

Activities: Manufactures and supplies office furniture and equipment

Control: Ringo family through Vestacor (74,4%)

Chairman: A L Ringo, MD J de la H Beck

Capital structure: 11,5m ords Market capitalisation R18,4m

Share market: Price 160c Yields 2,1% on earnings, p e ratio, 48,5 12-month high, 325c, low, 150c Trading volume last quarter, 19 000 shares

Year to June	'88	'89	'90	'91
ST debt (Rm)	—	—	0,4	0,4
LT debt (Rm)	3,3	8,8	11,9	12,9
Debt equity ratio	nil	nil	0,15	0,29
Shareholders interest	0,57	0,53	0,54	0,53
Int & leasing cover	36,8	6,0	8,3	0,9
Return on cap (%)	15,3	21,8	13,0	2,8
Turnover (Rm)	39,0	99,4	134,8	125,0
Pre-int profit (Rm)	7,9	14,7	10,7	2,2
Pre-int margin (%)	20,2	14,8	7,9	1,8
Earnings (c)	33,1	68,3	50,2	3,3
Dividends (c)	12,5	20	20	nil
Net worth (c)	156	193	214	202

cutting needed to achieve 8% growth in volume sales in a market said to have shrunk by 40%. While chairman Winky Ringo and MD John Beck bemoan, in their annual review, conditions in the industry which led to across-the-board price reductions, the fact that M&A emerged with a much larger slice of a smaller pie hardly suggests that it was merely following industry trends.

So, in a sense, price-cutting, which for

number of contracts

One thing that did not suffer unduly was the balance sheet. Since 1988, the group has moved from net cash of R9,8m to net borrowings of R11,9m, but the debt equity ratio is still only 0,29. Against this, however, it should be noted that, at current profit levels, M&A is returning only 2,8% gross on total assets and last year's profits were insufficient to cover net finance charges.

Objectively, the picture emerges of a group that is basically well structured financially and, on paper, favourably positioned to benefit from any improvement in trading conditions. Ringo and Beck believe that, on the local front, there could be some short-term benefit from post-VAT purchases and in the second half of the year, the group could start to feel the effects of an improvement in economic activity.

To this can be added a full year's benefit from a more centralised manufacturing

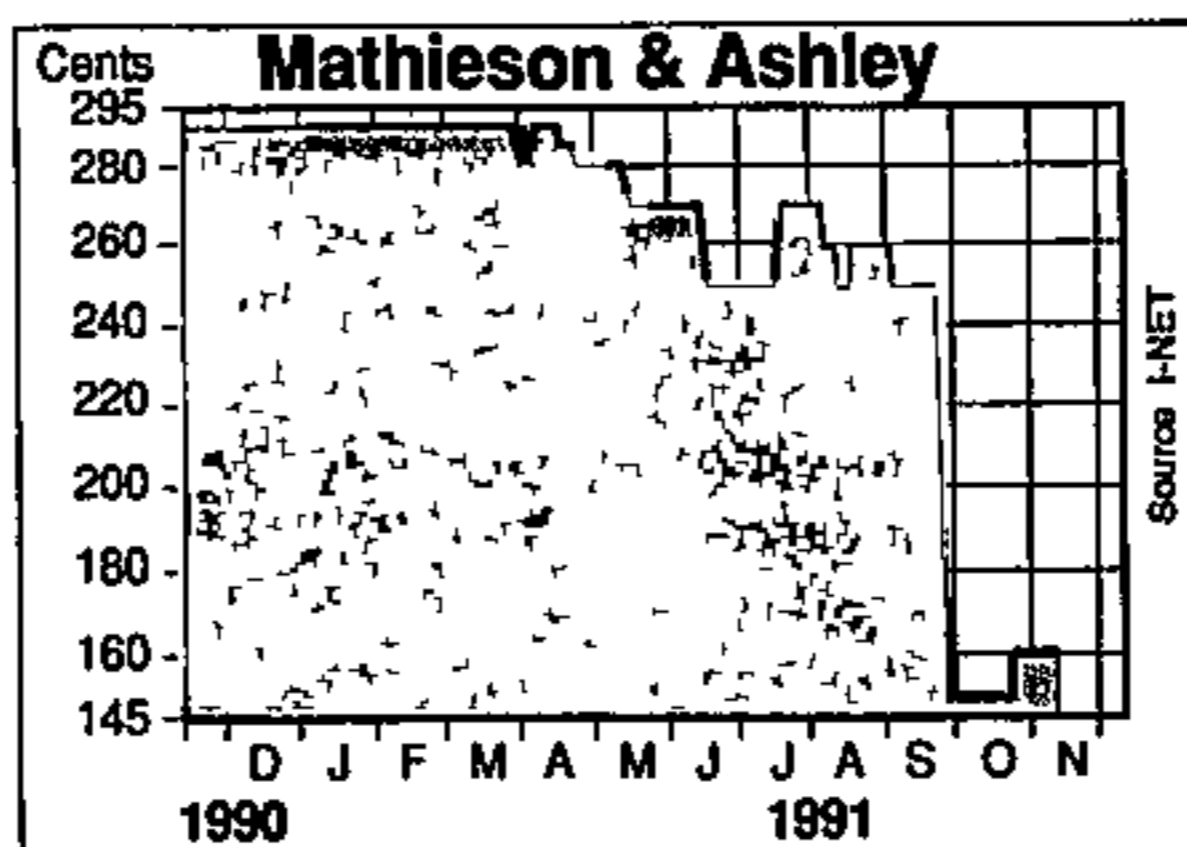


M&A's Ringo acquiring market share

M&A seems to have averaged about 14% last year alone, should be seen as a cost of acquiring more market share. All else being equal, this should benefit the group as and when business conditions return to normal.

In similar vein, costs (again unquantified and unquantifiable) have been incurred in the establishment of the OfficeMart retail operation and development of export markets — which now fall under a separately managed division, KH International.

Neither has made any material contribution to profits, but the initial response to OfficeMart is said to have exceeded expectations, while export revenue is forecast to start flowing this year after the conclusion of a



operation, following last year's relocation and expansion of the Anglo Dutch factory, which now incorporates other group manufacturing operations, first-time contributions from OfficeMart, export sales and the elimination of losses from the office automation division which has been sold.

If all goes according to plan, 1992 results should show a material improvement, in which case the market could reassess the share's low rating. But we said much the same thing a year ago.

Brian Thompson

Grant Andrews expected to restructure

A MAJOR restructuring at listed office furniture group Grant Andrews Holdings is expected to be announced this week

The move comes hard on the heels of the resignation of a top executive, financial director Ian Webber, and rumours of large-scale retrenchments. Four divisions of the company have been closed since the beginning of the year.

Executive chairman Grant Andrews, who, sources said, would probably end up with an increased stake in the new group, was said to have taken over the reins from

BRENT VON MELVILLE

CE Mike Edwards

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Edwards, sources said, would probably remain "hands-on" at some of the group's more peripheral divisions, but this could not be confirmed.

Sources at the company said the group was poised to finalise details of an extensive restructuring, which would see seven of the group's 17 divisions hived off. Analysts said the restructuring would refocus

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Grant Andrews ^{B120aw} _{26/11/91} 188 □ From Page 1

the group on its core office furniture division

Andrews would not comment on the restructuring but confirmed that an announcement was pending. Also pending are the group's results for the year to August, which analysts say are not likely to look too good. Andrews said there were encouraging signs, however, as order books in Grant Andrews Office Furniture were looking "extremely healthy", with orders amounting to a record R15m.

The office furniture component of the group is the main trading asset and repre-

sents about 60% of the group's turnover. Since the group's listing in 1987, turnover has grown from R23m to last year's R72m.

In the same period, however, and reflecting the "boom or bust" nature of the industry, the share prices of the two major players — Grant Andrews and the bigger Mathieson & Ashley (M & A) — have fallen from peaks of 140c and 650c to their current 30c and 140c respectively.

In relation to the rest of the furniture sector, the two are still highly rated, with M & A on a p e of 49,1, and Grant Andrews of 15.

Banks committed to funding Rusfurn

THE refinancing of the Rusfurn group would provide enough capital to plan and fund its development over the next four years, according to executive chairman Laurie Korsten

Korsten says Rusfurn had embarked on a recovery phase after declaring a R79,2m attributable loss, primarily because of write-offs and additional provision for bad and doubtful debts. A solid foundation is being laid for the long-term development of the business on the basis of conservative accounting policies.

The group is to be refinanced and it has secured the commitment of all of its banks to continue their funding for at least four years.

Some R250m will be raised with a rights offer of variable rate unsecured subordinated compulsorily convertible debentures, underwritten by Senbank, which will also substitute R145m short-term preference shares issued by a subsidiary with

partially subordinated loans of up to R150m

According to Korsten the rights issue and the R150m support from Senbank would reduce the ratio of outside interest-bearing debt to shareholders' funds to 32%.

In his review, Korsten threw more light on the group reorganisation to improve operational focus. Rusfurn now consists of three divisions which function as interdependent businesses: Rusfurniture (furniture and household durables retailing), Dion (mass merchandising and discounting of consumer goods), and Rusfinance (providing consumer and related finance).

"Improving the quality of our total debtors book through professional management is the primary task of the new Rusfinance division," he said.

"Adequate provisions would be maintained until this book had achieved the high standards set by the board. Risk would be managed on a profitable basis in line with the new risk assessment policy." Rusfurn's debtors book totalled R754m at June 30 1991, or 76% of total assets.

The new Rusfinance division will help set credit policies in partnership with the traders in Rusfurniture and Dion, determine group financial policy and act as the group's financier.

Korsten added that Rusfinance would also be responsible for risk management of the group which has a gross debtors book of more than R1bn, consisting of more than 1,2m accounts.

"Our aim, in the medium term when the economy is expected to improve, is to grow earnings at 5% above the inflation rate."

Bill Pienaar has joined the group as CE of Rusfinance.

B1 (Docu 29/11/91) BRENT VON MELVILLE

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Rusfurn testing investor patience

STAR 29/11/91 (188)

With no profit and no dividend expected for the 12 months to end-June 1992, investors who are prepared to pay 40c a share for Rusfurn are obviously taking a long-term view. Particularly with an enormous R250 million rights issue overhanging the market.

The share has certain attractions — the balance sheet has just been given a pretty thorough cleaning up and at the same time has received a substantial injection of capital on favourable terms. In addition management seems set on a firm long-term growth strategy.

But the downside is not only the grim condition of the economy but also the possibility that the previous lax treatment of the group's enormous debtors' book could still come back to haunt earnings performance.

Widespread write-offs have been effected partly on the grounds that the recent deterioration in trading conditions required a tougher look at the quality of the debtors' book. But it also seems to be the case that the present state of the debtors' book reflects policies going back as much as 3 to 4 years.

More scope

If this is the case then there could be scope for even more cleaning up. The new executive chairman, Laurie Korsten, will want to effect this sooner rather than later. This means that the current net asset value of 29c a share (ahead of the R250 million rights issue) could be further reduced.

The financial '91 annual report shows that two directors who were instrumental in the 1989 Rusfurn MBO and the disastrous acquisition of Furngro, Mr Willie Ross of Finansbank and Mr Sidney Frankel, will not be standing for re-election at the AGM in January.

In his executive review Mr Korsten notes: "Our revised projections indicate that the group is unlikely to show a profit for the '91/'92 financial year. We thus do not expect to pay dividends during that financial year but expect to resume payments in '92/'93."

In the medium term, with an improved economy, the aim is to grow earnings at 5 percent above the inflation rate.

Referring to the MBO and the

Diagonal Street

ANN CROTTY



Furngro acquisition, Mr Korsten states "Unfortunately, the shortcomings of the group's financial structure were such that it proved inadequate to bear the strains of the ill-advised acquisition of the Furniture Fair Group and an industry-wide deterioration in collections."

"Gearing rose to unacceptably high levels, Rusfurn's risk profile deteriorated and turnover was affected by declining stock levels due to a lack of working capital."

Notes to the group's cash flow statements show that during financial '91 stocks increased by only R25 million. Turnover increased by 9 percent — equivalent to R122 million.

Accounts receivable (trade debtors and instalment sales) increased by R126,7 million.

These figures indicate not only that the squeeze on funds limited stock purchases but also that the repayment period of the debtors' book was extended — possibly affected by a higher incidence of lapses.

Notes to the financial statements show that directors' emoluments for managerial and other services increased by 38 percent to R2,47 million in financial '91.

In his review Mr Korsten refers to the restructuring of the group into three divisions — Rusfurniture, Dions and Rusfinance. Rusfinance will assist in setting credit policies with the traders in Rusfurniture and Dions and it will act as financier to the group.

"Consumer credit will continue to be a significant factor in our business, given the profile of the Southern African consumer. The majority of our customers do not qualify for credit from the banking sector, and the banks cannot physically handle the vast number of small purchases and typical monthly instalment payments."

"Rusfinance will arrange funding effectively for the long term whilst managing cash flow on a daily basis."

BEFORE THE CHANGE

THIS, more or less, is how the top companies would have ranked, had Business Times stuck to the old system of measurement by earnings-a-share growth

Before we abandoned them because of varying definitions of earnings, the old rankings were based on earnings growth over five years. This table shows earnings growth over four years

Top company here was David Sussman's outstanding furniture group, JD Group, which lifted earnings by 89% a year. The company has hardly had recognition for its achievements — in the five years to September 1991, its share price actually fell from 625c to 390c

JD Group has been tarred with the same brush as the rest of the furniture industry since shocks at Rusfurn, Morkels,

Acrem, Afcol and Amrel. But the company has sold its debtors book to two banks for R400-million — without recourse. It would not have been able to do that unless the book was clean

Unlike several of the others, the Receiver's practice note 13 means a tax write-back for JD Group, not an additional provision. The company deals in the lucrative black market and after several liquidations, furniture will be less competitive in the next upturn. Mr Sussman is trying to distinguish JD Group from the rest of the sector.

There is little doubt that this is a high-quality list and several names here are prominent in the main top companies list. Others, such as Klypton and Omnia, can be expected to achieve prominence

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Activities: Designs and manufactures jewellery displays, specialised packaging, point-of-sale units, shop fittings and exhibition stands

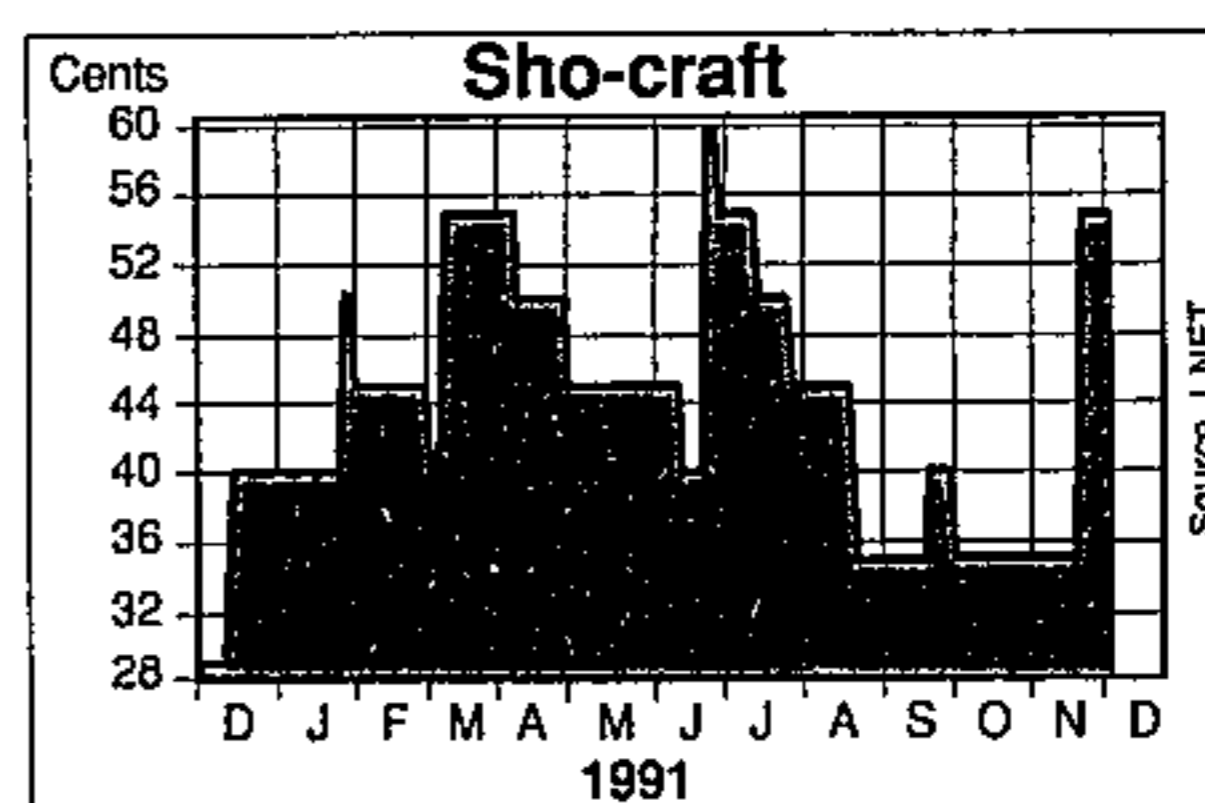
Control: Directors 85%

Chairman and MD: F V Haymann

Capital structure: 13m ords Market capitalisation R6,5m

Share market: Price 50c Yields 2% on dividend, 4,4% on earnings, p e ratio, 22,7, cover, 2,2 12-month high, 60c, low, 29c Trading volume last quarter, nil shares

Year to February 28	'88	'89	'90	'91
ST debt (R000)	223	115	223	45
LT debt (R000)	—	61	182	288
Debt equity ratio	0,09	—	0,14	0,06
Shareholders interest	0,82	0,83	0,73	0,75
Int & leasing cover	24,2	—	13,2	6,5
Return on cap (%)	14,5	14,3	10,2	13,8
Turnover (Rm)	3,8	5,3	6,0	6,4
Pre-int profit (R000)	459	626	397	556
Pre-int margin (%)	12,2	11,9	6,6	8,8
Earnings (c)	3,1	4,2	2,3	2,2
Dividends (c)	1,5	2,0	1,0	1,0
Net worth (c)	20,0	22,7	22,1	23,3



a 5% fall in attributable earnings. The dividend was pegged at 1c, as the board is confident about prospects.

Net borrowings were halved, with cash resources rising from R10 000 to R143 000. Gearing is low. This year the tax rate is not likely to rise much further, so benefits of any improvements in operating income should be seen at the bottom line.

Since year-end, there has been a fire at Sho-craft's display and packaging factory, with stock damaged by soot. Production has been relocated, but, inevitably, deliveries were disrupted.

At 50c, the price is well above net worth. The business offers interesting prospects, though the counter is rarely traded.

Stephen Cranston

SHO-CRAFT Fm 13/12/91

Tax blow (188)

Sho-craft has increased its share of the shrinking exhibition fittings market, Harry Schwarz says in his last statement as chairman, and it expects more opportunities as overseas traders again exhibit in SA.

The company has the local licence for SYMA, a Swiss-developed aluminium construction system used in exhibitions, which is continually being upgraded. SYMA built the SA stands at the Lisbon Trade Fair after liaising with Sho-craft. During the year, Sho-craft imported new tooling and machines to make jewel boxes, mainly for the export market.

Turnover increased by 6%, but the pre-interest margin was sharply up. However, the performance suffered from a change in export incentives that used to give substantial rebates for overseas visits. The effective tax rate climbed from 18% to 40%, leading to

MANUFACTURING - FURNITURE

1992

Competition high in office supplies sector

B/Dewy 3/1/92 (188)
B/Dewy 3/1/92

MARCIA KLEIN

CUT-THROAT activities in the highly competitive — and fast growing — discount office supply industry have already seen the demise of some players

But new companies are still being attracted to SA's new high volume low overhead discount office supplies superstore industry.

Waltons is the latest entrant into this market, which follows trends set in the US and has provided many office furniture groups an alternative to the sluggish office furniture market, which has shrunk by about 30% during the recession.

Players in this market have been slashing prices in a bid to attract customers. This price war has already seen the demise of the Argent Group as well as some smaller players.

Remaining major players include Cecil Nurse and relatively new entrants — Mathieson & Ashley company OfficeMart and Makro's Makrooffice

Waltons opened Waltons Discount Superstore on December 4. Marketing director Brian Taylor said the store had the widest range of office furniture and supplies.

He said Waltons was constantly assessing the market and would decide on further developments, but it has already planned

another store for early in the new year.

According to Taylor, Walton's store is slightly different in that it combines its existing operation — including service — with a cash and carry superstore.

In terms of the price war, Taylor said Waltons was meeting the industry prices and staying competitive.

OfficeMart's newly appointed MD Neal Quirk said that since opening early in 1991, "OfficeMart has gained significant market share at a time of general decline in the economy".

National

"Right now we are gaining a larger slice of a smaller pie and when the market expands again, so will our share", he said. OfficeMart is anticipating a turnover of R36m in its first year of operation.

Quirk said he intended to turn the company, which already has several stores in the Transvaal, into a national retail chain.

A Makrooffice spokesman declined to comment on the price war, but said the company was looking at expansion during this year. Its flagship store in Wynberg had shown encouraging results.

Rusfurn not expecting real growth until 1995

RESTRUCTURED and rationalised Rusfurn would not show a profit in the full year to end-June, executive chairman Laurie Korsten said at the group's AGM this week.

Real growth would not be realised in the next three years *by way 10/1/92*

Although turnover increased 8% in December over that of December 1990, more conservative accounting and credit policies had seen an attributable loss in the first six months of the fiscal year, he said. The group reported a R79,2m attributable loss in the full year to end-June 1991.

ANDREW GILL (188)

A "comprehensive rationalisation plan" would be implemented before the end of the financial year. "The backing of our bankers will allow us to concentrate on obtaining quality new business," he said.

However, the recovery would not be a short-term process.

At the AGM, shareholders agreed to Rusfurn's R250m rights issue and approved the consolidation of Rusfurn shares on a one-for-10 basis.

188

RUSFURN

No more teddy bears

Activities: *Retails furniture, appliances and consumer durables Finances consumer credit*

Control: *Senbank 41%*

Executive chairman: *L P Korsten*

Capital structure: *174m ords Market capitalisation R57m*

Share market: *Price 33c Yields 16,7% on dividend, nil % on earnings 12-month high, 160c, low, 33c Trading volume last quarter, 367 000 shares*

Year to June 30	'88	'89	'90	'91
ST debt (Rm)	8,1	—	238	401
LT debt (Rm)	119	108	—	—
Debt equity ratio	0,62	0,36	2,54	8,37
Shareholders interest	0,35	0,43	0,16	0,07
Int & leasing cover	3,4	3,6	2,2	0,8
Return on cap (%)	10,6	12,7	16,0	13,0
Turnover (Rm)	730	934	1 287	1 409
Pre-int profit (Rm)	61	88	158	128
Pre-int margin (%)	8,4	9,4	12,3	9,1
Earnings (c)	26,0	36,3	21,2	(45,5)
Dividends (c)	7,5	0,5	16,0	5,5
Net worth (c)	115,6	138,8	84,9	29,8

The 1990 report, with the euphoria of the management buy-out at its height, included a picture of the directors horsing around with plastic toys with non-executive director Sidney Frankel holding a blue teddy bear

A year later, Rusfurn has produced a report more in keeping with the sober mood now that the somewhat dour banker Laurie Korsten has succeeded the ebullient Geoff Austin as chairman. The directors are lined up in matching shirts and ties, and clearly straining to smile. Management is not exactly overwhelmed to be back in the Sanlam camp. The takeover has been dubbed *The Revenge of the Nerds*

Before Korsten arrived, management was faced with slower collection rates and was forced to tighten credit approval parameters. Some of the chains continued to do well: operating profit of the middle-market Russells and Giddy's increased by a quarter. Dion's profit rose by about 7% to R27,3m, despite the weaker performance of cash businesses throughout the year.

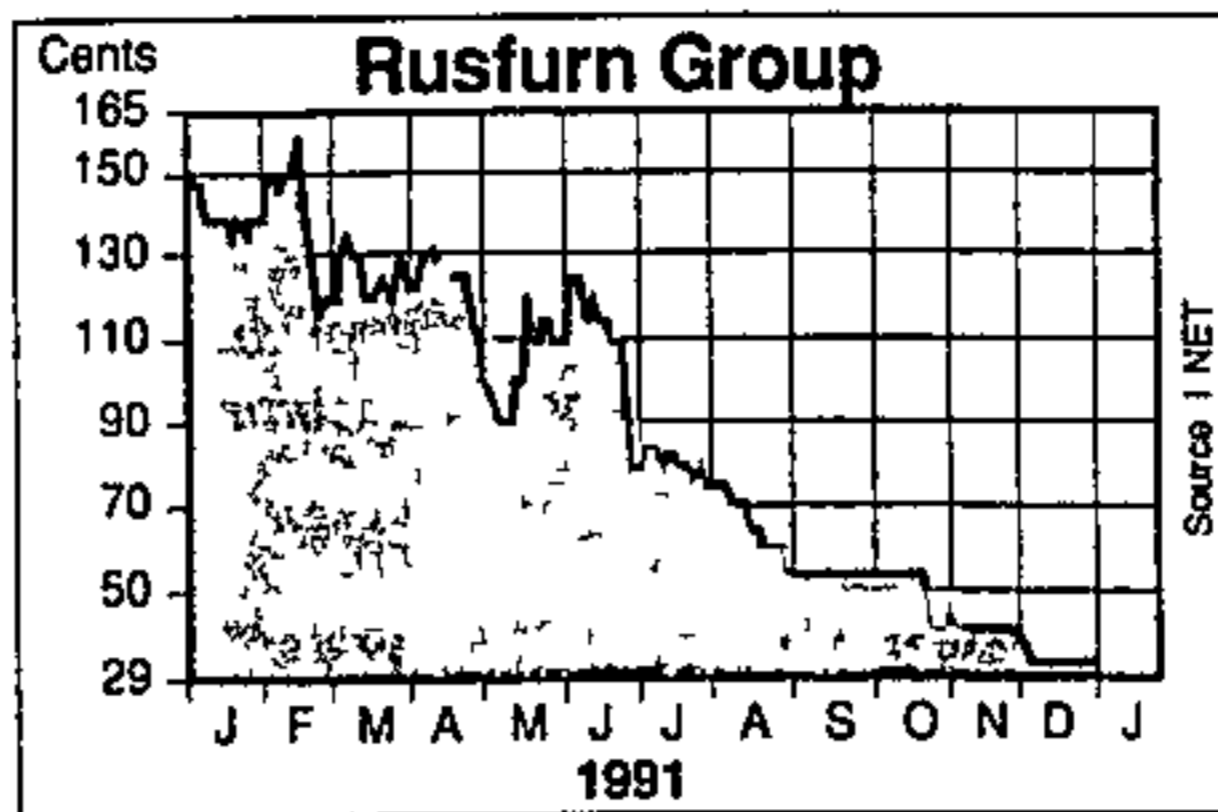
The worst results came from the Furngro chains, acquired at the time of the MBO. Furniture Fair was closed. Harmony and Montana made an operating loss of R9,6m. Wanda Frasers, the biggest contributor in 1990, saw profits down by a quarter.

Korsten says Rusfurn will reduce its exposure to the lower-income market. To supervise the debtors' book more closely, he has set up Rusfinance, which he says will arrange effective long-term funding and manage daily cash flow. As part of the restructuring, Rusfurn's balance sheet has been re-evaluated. Provisions for doubtful debt have been hiked from 19% of the gross book to 30%, about Ellerme's level (though that group built it up much more gradually).

The higher provisions were the main contributor to an abnormal item of R155m, itself the bulk of the bottom-line loss.

The 1990 results have been restated. The

188



losing market share while it cleans up the book. The risks are many but, if all goes well, the share price could be a good deal higher three years hence.

Stephen Cranston

new team has transferred more than R100m from equity funds to deferred tax. The redeemable prefs are now shown as debt rather than outside shareholders' interest. But Korsten will treat a support facility from Senbank as equity. Senbank will substitute the R145m of redeemable prefs with similar or alternative funding.

It is also underwriting the issue of convertible debentures to raise R250m, at 65% of the prime overdraft rate, that must be redeemed between 1996-1998. Rusfurn also proposes to consolidate its shares one-for-10.

Rusfurn has some sound businesses, like Giddy's, Russells and Dion, but still has a great deal of work cleaning the debtors' books in Wanda Frasers, Arrow, Montana and Harmony. Amrel has been trying to clean up its Tip Top and Triangle books for five years, and has still not finished the job.

Korsten says a profit is unlikely this year, and does not expect dividends to resume even the year after. The medium-term aim is to grow earnings by 5% more than inflation.

Rusfurn will be starting over with a conservative balance sheet, and management no longer has an incentive to chase turnover for its own gain. Senbank has taken over the total management shareholding arising out of the MBO on condition that managers must get Bankorp approval if they wish to leave before April 1994.

At 33c, the share price is still a premium to (the negligible) NAV. Rusfurn has a reasonable chance of recovery under the new structure but furniture trading will be tough for the next year or two, and it is resigned to



Rusfurn's Korsten profit unlikely this year

OfficeMart to expand

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S/Times (Bus) 12/1/92.

OFFICEMART, a subsidiary of Matheson & Ashley, plans to go national once new managing director Neal Quirk has streamlined systems and improved relationships between staff and customers

Mr Quirk, a former director of Pick 'n Pay Hypermarket and general manager of the Boksburg Hypermarket, says the idea is to go national with a chain of OfficeMarts

For the moment, however, growth will be consolidated and a fine-tuning policy adopted before the next big expansion drive.

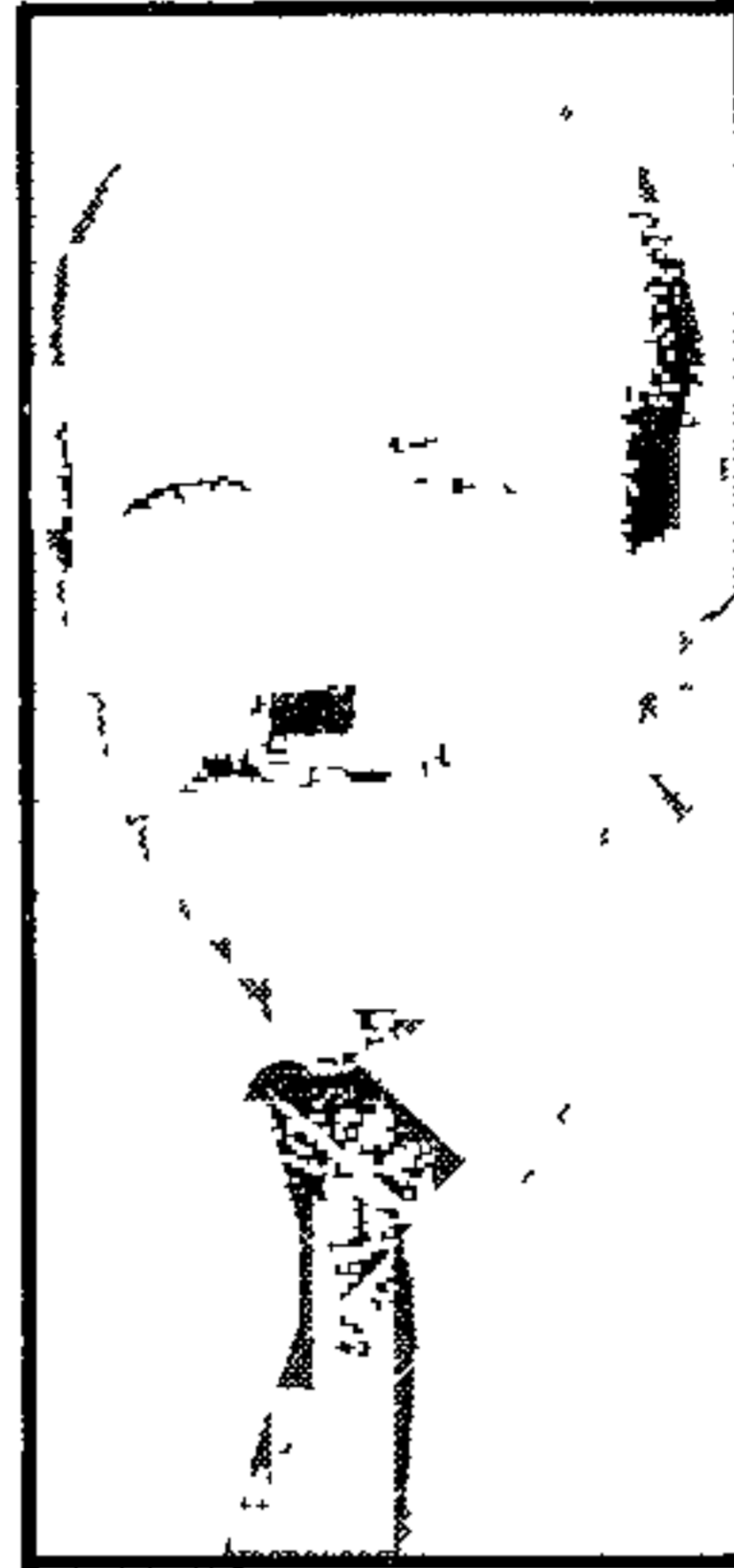
OfficeMarts operate from Steeldale, Sandton and Isando and although the stores have been open for fewer than 12 months, turnover in the first year is expected to exceed R36-million

Business Times Reporter

Mr Quirk says "Since its inception, OfficeMart has gained significant market share at a time of general decline in the economy. Clearly, our timing for a major entry into the office supplies market could not have been better

"It is a concept whose time has come because corporate margins are tight, every cent counts and cuts in cost centres, such as office automation, stationery and office furniture, make a major difference to the bottom line"

Savings offered by OfficeMart are significant, says Mr Quirk, and prices are on average between 20% and 30% below recommended retail figures



NEAL QUIRK Good timing

Rusfurn pitches issue at 10c a share

Finance Staff *STAR* 15/1/92

Rusfurn's R250 million recapitalisation involves an initial 2,5 billion share issue at 10c a share. Following this, all the shares in issue will be consolidated on a 10 for 1 basis. This will leave Rusfurn with 257 million shares in issue.

Executive chairman Laurie Korsten said yesterday that the capital injection and the commitment of Rusfurn's bankers to continue their funding support for at least four years would give the group a sound financial base.

"We are looking at a three-year recovery phase before Rusfurn can generate meaningful profits," he said.

The group recorded a loss for the interim period to end-De-

ember after a R79 million attributable loss in the year to end-June last year.

Mr Korsten added that the group had equity funds of R51,9 million at the end of June, which translated to a net asset value per ordinary consolidated share of 298c.

In terms of the offer shareholders can subscribe for 1 440 convertible debentures for every 100 ordinary shares at 100c per convertible debenture.

More attractive 188

"Since Rusfurn will not be paying dividends on its ordinary shares during this financial year it was decided that the issue price would be based on a more equitable and attractive basis."

Rusfurn was effectively being

recapitalised by the issue of the convertible debentures, and ordinary shareholders will be funding less than 5,25 percent of total assets, Mr Korsten said.

The proposed debentures will earn interest at a rate of 65 percent of the prime rate.

Mr Korsten said that planning of comprehensive rationalisation to improve operational focus was at an advanced stage, and the plans would be implemented before the end of June.

In October last year Rusfurn announced that its bankers had committed themselves to support the group's recovery with a package that comprised the rights issue capital injection of R250 million, a continuance of existing bank lines of R461 million and fresh debt funding of R200 million.

Rusfurn gets funding boost

RUSFURN said yesterday the commitment of its bankers to continue their funding for at least four years would give the group a sound financial base

Announcing details of the group's R250m rights offer, executive chairman Laurie Korsten said "We are looking at a three-year recovery phase before Rusfurn can generate meaningful profits"

Ordinary shareholders registered on January 24 will be entitled to subscribe for 1 440 variable rate unsecured subordinated compulsorily convertible debentures for every 100 ordinary consolidated shares at 100c per convertible debenture

Ordinary shares were consolidated on a 10-for-1 basis from the beginning of this week

Rusfurn is being recapitalised by the issue of the convertible debentures, and ordinary shareholders will fund than 5,25% of assets as at June 30 1991

Korsten said planning of comprehensive rationalisation was at an advanced stage, and would be implemented before the end of June

The group's new Rusfinance division's primary task was to improve the quality of the total debtors book, and Rusfurn was concentrating on obtaining new quality

Business Day Reporter

business

"Since the implementation of more conservative accounting and credit policies we recorded an attributable loss of R79,2m for the year ended June 1991 as well as a loss for the first six months of the current financial year

"We believe that the issue price of 100c is realistic given the current unprofitability and the three-year recovery scenario," Korsten said

"After we cleaned up the balance sheet we had equity funds of R51,9m at June 30 1991, which translates to a net asset value per ordinary consolidated share of 298c

A spokesman for Senbank, the underwriter to the offer, said the price should be seen as an "attractive opportunity to participate in Rusfurn's recovery"

The proposed debentures will earn interest at a rate of 65% of the prime overdraft rate charged by Bankorp payable half-yearly in arrear on July 31 and January 31

Debenture holders will be able to convert their convertible debentures into ordinary shares on a one-for-one basis in February 1996 or February 1997 Any debentures not yet converted by February 1998 will be automatically converted

Two ways of looking at Rusfurn's issue

One of the major debating points regarding Rusfurn's R250 million rights issue concerns the price. Was it pitched at 10c or 100c a share?

Technically speaking, because the rights issue occurred immediately after the consolidation of shares on a one-for-ten basis, it is more correct to say that the issue was pitched at 100c

But if there had not been a consolidation, the shares (2,5 billion instead of 250 million) would have had to be pitched at 10c a piece to raise R250 million.

So, for someone who bought Rusfurn shares at 140c a share at the time of the management buyout back in 1989 and who has held on to them and watched them slide down to a level of 31c on Monday, it is probably more informative to refer to a price of 10c

This more accurately reflects the deterioration in shareholders' wealth over the years. It reflects the massive reduction in shareholders' funds to R51,9 million at end-June 1991 from R140,7 million in 1990

Diagonal
Street
5/11/92
ANN CROTTY



It is this 10c that compares with the 31c that applied to the 174 million shares that were in issue from the time of the MBO to the close of business on Monday

From the start of business yesterday those 174 million shares were consolidated on a one-for-ten basis. So anyone who held 1 000 shares on Monday, had only 100 on Tuesday. But the market value of the holding remained unchanged. On Monday the 1 000 shares were worth R310 (1 000 times 31c a share). On Tuesday the 100 shares were worth R310 — 100 times 310c.

Once the one-for-ten consolidation was effected, an additional 250,7 million convertible debentures were issued at 100c a debenture

Grant Andrews to delist after major restructuring

MARCIA KLEIN

OFFICE furniture group Grant Andrews Holdings (Gahold), which yesterday reported a trading loss of R4,1m for the year to end-August, is to delist from the JSE.

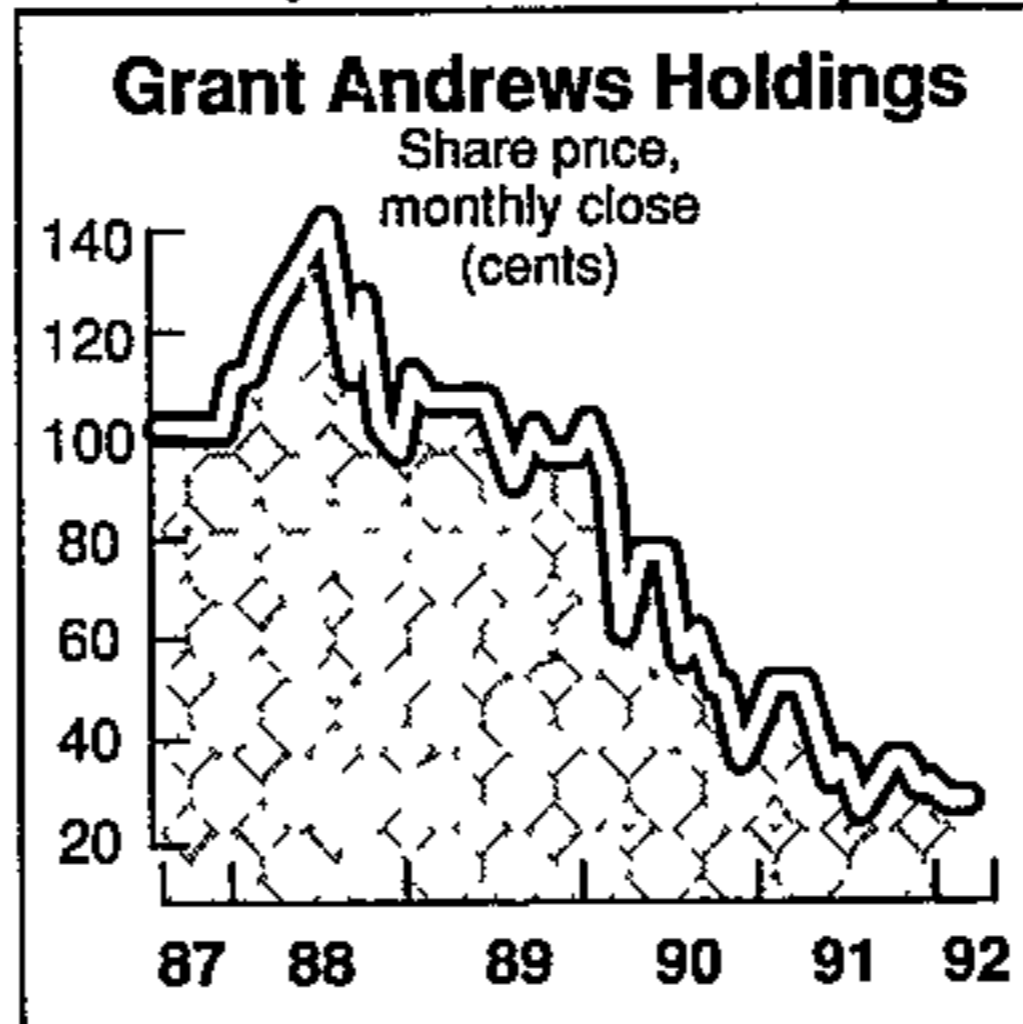
Results for the year to end-August showed that turnover declined by 21,5% to R55,8m (R71,1m), and a R2,8m operating loss had been incurred, compared with an operating income of R4,8m the previous year.

Executive chairman Grant Andrews, who resumed the responsibility of group CE in August said yesterday Gahold was in the process of major restructuring. This would see the company lose its public company profile due to its reduced size and its limited growth objective. A termination of its listing seemed appropriate.

The move follows cautionary announcements issued last year.

After listing at 125c a share in 1987, the shares reached a high of 140c in 1988 as the company rapidly expanded. But the price has declined steadily since then to close yesterday at 26c, just off its low of 23c a share.

Gahold will convert its ordinary shares — with the exception of 1 000



shares held by directors — into redeemable preference shares. They will be redeemed at 25c a share towards the end of February. This will be made possible by the injection of R4m by management, backed by a financial institution.

Following this, as well as the disposal of 70% of chair manufacturer Seating Limited to a consortium led by its MD Ashley Goldberg for R3m, Gahold would apply to be delisted.

Andrews said Gahold's previous strategy of excessive growth had put severe strain on financial and management resources. This, together with prevailing business conditions,

had resulted in the R4,1m loss before extraordinary items and extraordinary losses of R3,5m — relating to disposal and closures — for the year to end-August.

Andrews said the office furniture industry had been hard hit in the economic downturn. This had highlighted certain fundamental problems in the group's strategy, he said.

He said the restructuring included disposing of Seating and concentrating on its core business, which was the manufacture of office furniture for the upper, added value end of the corporate market. He said significant steps had already been taken to refocus the group's operations on its original core business.

Gahold reported a loss of 25,4c (earnings of 14,0c) a share, and an annualised loss of 25,4c (earnings of 12c) a share.

Andrews said that under the circumstances, the company had decided not to declare a dividend.

Following the disposal of Seating and the redemption of the shares, Gahold would show earnings of 4c a share for the year to end-August had the disposal been effective from September 1 1990 and assuming that the consideration had been invested in the money market.

Prefcor 'not hurt by furniture downturn'

B (Day) 30/1/92

MARCIA KLEIN

RECENTLY listed retail and wholesale group Prefcor Holdings (Prefcor) should report good results for the six months to end-December despite severely depressed sales in the furniture and retail industries, analysts said yesterday.

The group, which holds the Beare furniture group, Game Discount World and Clobea clothing division, had forecast pro forma earnings of 108.8c (67.7c) a share in the year to June 1992, and expected turnover to rise by 27% to R1,27bn (R1bn).

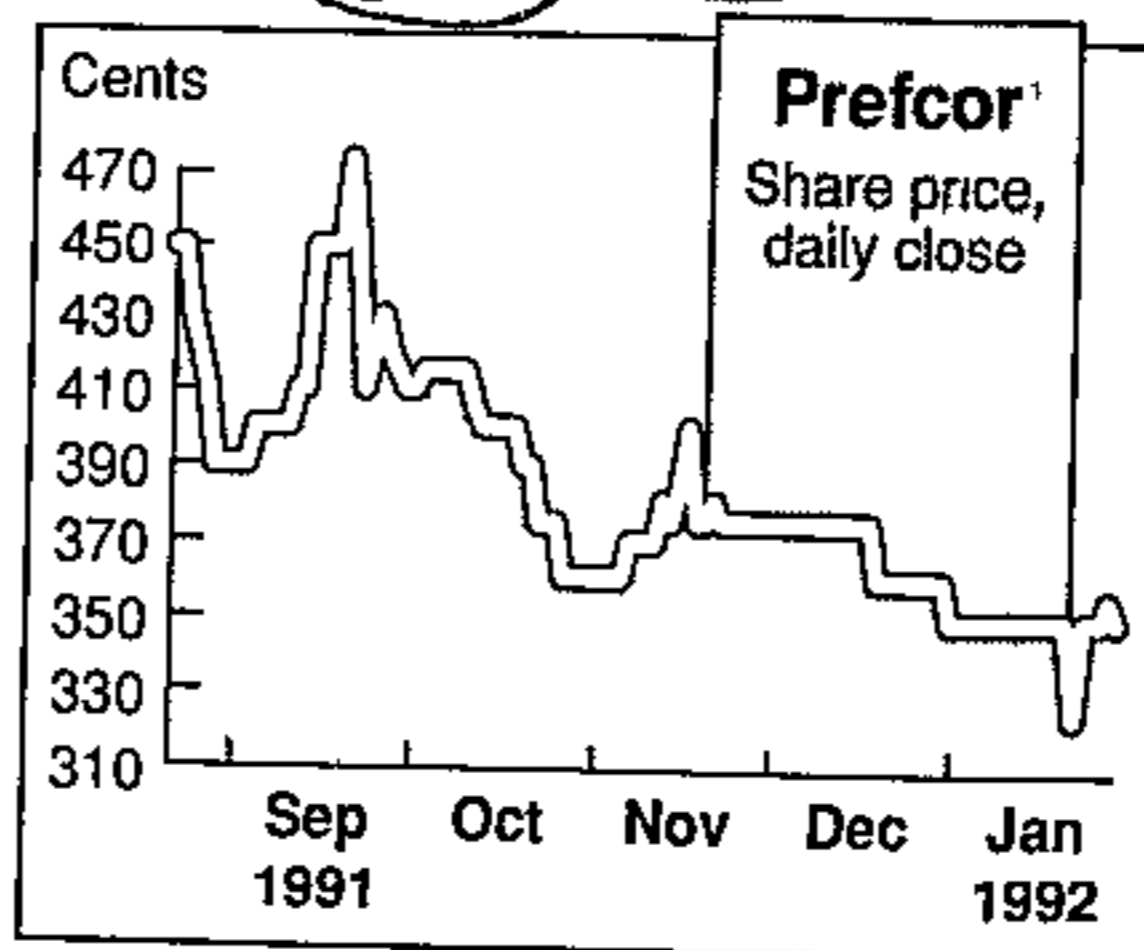
Results, due to be published next week, should show the Beare group — the major contributor to group profits — had fared better than the rest of the furniture industry over the past six months.

Although industry sales figures for the last few months of 1991 have not been released, industry players said sales had dropped dramatically over the second half of the year.

Recent reports by the Beare group indicated it had done considerably better than the rest of the furniture industry in terms of turnover, and analysts said it could show a 25% sales growth while other major players would show sales which could be flat at best.

Analysts said this could mean it was simply doing better than some others in the industry (through better management or sites), or that the other players were being conservative, or that it was chasing turnover at the expense of its debtors' book.

While some analysts said it could be chasing turnover, others said its relationship with Firstpref, in which much of the burden of the debtors book was taken away from the company, should satisfy shareholders that the debtors book was healthy.



Graphic: FIONA KRISCH Source: I NET

Although a smaller contributor than the Beare Group, Game was expected to do well as it was managed well and was a cash business, analysts said.

Since listing in August last year at 500c, Prefcor has not been well rated by the market.

The share closed yesterday at 350c after touching a low of 325c last month and reaching a high of 475c just after listing.

Despite scepticism about the group's ability to meet its forecasts and to sustain its optimistic earnings projections, analysts said the company was soundly based with an excellent, experienced management team.

They said the calibre of management did not point to the company chasing sales, but now that it was a listed company, it might feel pressure to show growth.

This could compel it to reach its targets, which were set when furniture sales were still buoyant, and it might not have anticipated the extent of the downswing in the industry.

But analysts said a continued sound performance could still prove them wrong in the longer term.

Furniture sales decline

61 Day
11/2/92
MARCIA KLEIN
188

THE marked decline in the sale of furniture, appliances, TV and audio equipment in 1991 is patently clear in recently released sales figures for the year.

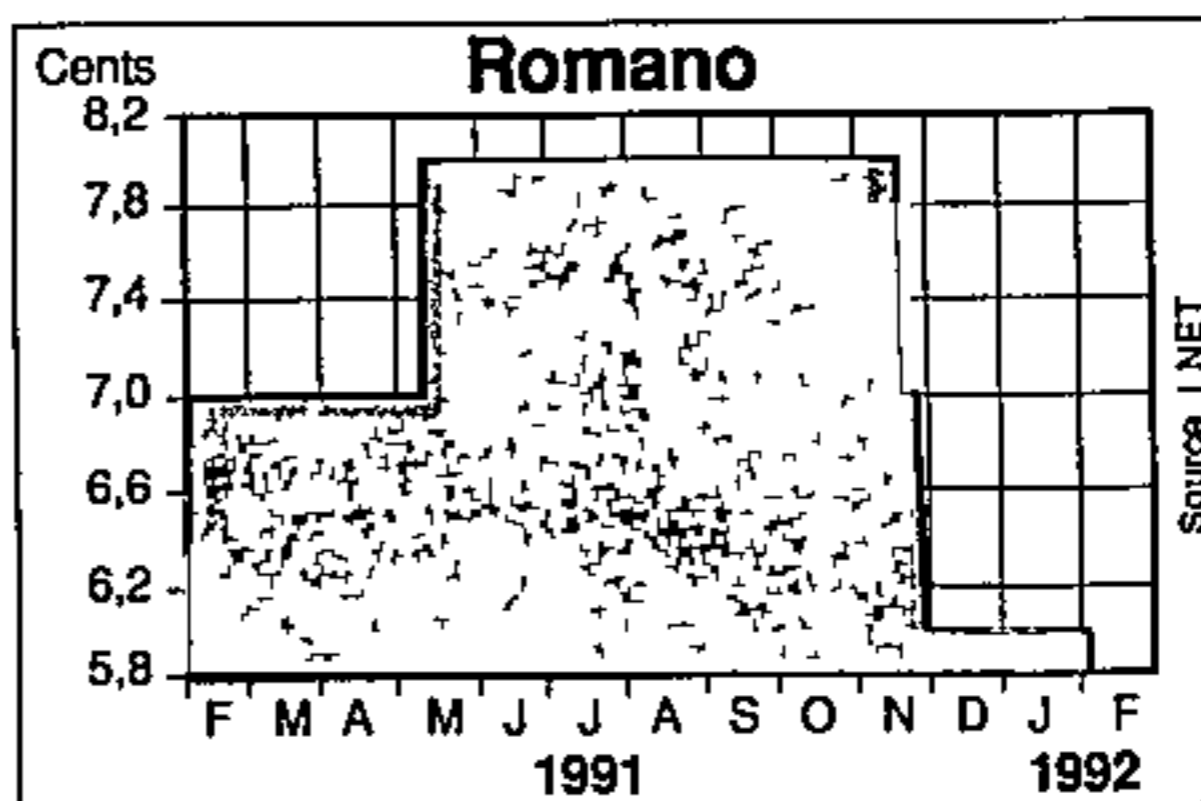
Figures compiled by the Retailer Liaison Committee and released yesterday by the Furniture Traders Association (FTA) show overall sales of furniture, appliances, TV and audio equipment grew by only 6,6% at current prices in 1991 over 1990. In 1990 sales rose by 25,8% over 1989.

Although 1991 sales are far from encouraging, they must be viewed against the high base in 1990.

While sales averaged between 20% and 30% for most of 1990, overall sales grew by 17,6% in January 1991, and declined steadily.

The 1991 figures show that furniture sales grew by only 3,3% over the year, while appliance sales grew by 10,7%, audio by 12,1% and TVs by 8,4% — a substantial decline since December 1990.

FTA executive director Frans Jordaan said retailers were cautiously optimistic of improved business in 1992.



high for a company with no earnings. But director Mario de Chaud says the company will continue as a going concern in the foreseeable future and has negotiated adequate financial facilities for this year.

Plans for this year include reducing overheads and improving volumes by "better production planning." Marais hopes for synergies with the Unathi and Cologne furniture group, of which he is also chairman/CE, and hopes to redirect government work to Romano's established infrastructure and fully automated manufacturing plant.

This will improve the squeezed margins and provide additional nonseasonal turnover to supplement reliance on fashionable metal furniture items.

The lighting division's operations are less sensitive to fiscal measures than furniture and should help to sustain growth.

Management says the furniture trade is generally softening at the top end, while the black market remains buoyant. So sales will be redirected to this sector.

There is not much the group can do about the economy but the share is not likely to appreciate until basic operating problems are resolved.

Basil Barber

ROMANO FURNITURE ^{FM 14/2/92}
Looking for synergies

Activities: Makes tubular brass, chrome and epoxy coated furniture as well as domestic light fittings

Control: Directors 73,4%

Chairman & CE: P J Marais

Capital structure: 13,9m ords Market capitalisation R834 000

Share market: Price 6c 12-month high, 8c, low, 6c Trading volume last quarter, 885 000 shares

Year to Jun 30	*'88	'89	'90	'91
ST debt (Rm)	2,5	2,7	1,7	2,1
LT debt (Rm)	—	—	0,1	—
Debt equity ratio	0,7	0,8	0,8	1,7
Shareholders' interest	0,4	0,4	0,4	0,2
Int & leasing cover	11,1	—	—	—
Return on cap (%)	13,8†	—	—	—
Turnover (Rm)	10,6	10,5	11,6	10,6
Pre-int profit (Rm)	1,4	(0,2)	(0,3)	(0,6)
Pre-int margin (%)	13,0	—	—	—
Earnings (c)	3,8†	(2,1)	(6,0)	(7,1)
Dividends (c)	2†	—	—	—
Net worth (c)	25	23	16	9

* 15 month trading period

† Annualised

The 1988 transfer from the DCM to the main board ironically coincided with a reversion from profits to losses, which have still not been staunched.

Last year's results were published only in mid-January, more than six months after the year-end, which management says was done so that new chairman/CE Pieter Marais, appointed on August 29, could be included.

Inexorably, sliding turnover took its toll of operating margins, profitability, liquidity and the asset base. Gearing was up by 112%, which is worrying in view of the trading loss.

The resulting debt equity ratio of 1,7 is too

MARCIA KLEIN

Profurn notches up a rise in profit

PROTEA Furnishers (Profurn) increased attributable profit 7,6% to R13,6m (R12,6m) in the year to end-December despite difficult trading conditions, the group said yesterday

A 5% earnings increase to 18,9c (18c) a share was reported on a 30% turnover increase to R131,6m (R107m)

The dividend was maintained at 4c a share and Profurn offered shareholders shares in lieu of a dividend on a one for 10 basis

810am 20/2/92
At the June interim stage, a 2,4% higher turnover and a 20% increase in trading profit were eroded by a 60% rise in Profurn's interest bill and a hike in its taxation

At the time, chairman Edward Ronbeck said the group had been sustained in difficult trading conditions through stringent cost control and asset management

Since then, Profurn raised R10m in a rights offer to reduce gearing from

221,8% at December 1990 to about 100% at end-1991. Details of the group's financial performance for the year were not given

Last year Profurn sold TV retailer TV Life for R3,1m due to the substantial investment necessary to develop it, its effect on gearing and its poor trading results through labour disputes and boycotts. It expected the sale to benefit earnings in the 1991 financial year

Rusfurn restructures for recovery

B/Dumy 27/2/92

188

MARCIA KLEIN

FURNITURE group Rusfurn has changed its board and organisational structure as part of its medium- to long-term recovery plan

Former Arthur Andersen managing partner, Barry Adams, and former chairman of the W & A group, Bradlows and Joshua Doore, Philip Jacobson, have joined Rusfurn as non-executive directors. Adams will chair Rusfurn's audit committee, and will "play a key role in business planning and rationalisation". Jacobson will act as consultant and adviser to Rusfurn executive chairman Laurie Korsten and to the group.

Korsten said recently that Rusfurn would not show profit this financial year, and warned that real growth

would not be realised in the next three years.

Yesterday, Korsten said strategic analysis over the past few months had led to the decision to change corporate structure. It was planned to introduce greater leadership intervention and control, a more focused operational emphasis, better internal communication and a greater sharing of resources, he said.

Grouping into four divisions, more clearly focused at the operational level, is expected to result in better operating efficiencies.

Dion will be housed in the first division — mass merchandising. The

second, which is lower to middle income furniture and household durables, includes Wanda-Frasers, Rudicks, Furngro and Giddy's.

The third division, centred on upper to middle income durables, will comprise Russells, Dashaus, Mattress House and General Carpets.

The fourth division, Central Co-ordinated Services, will focus on services including treasury and group finance, group accounting, tax planning and computer systems, the property portfolio and consumer finance.

Korsten said that while Rusfurn needed strong central policy control and closer group teamwork, it also needed "to shift operational decision-making closer to the action".

Senbank tally for Rusfurn is R283m

REFINANCING Rusfurn furniture group will involve Senbank in transactions totaling at least R283m in underwriting obligations and converting liabilities

The furniture company has said that only 46,7% of the convertible debentures offered in its R250,7m rights offer had been subscribed for. As a result, underwriter Senbank has had to take up R133,7m worth of debentures after excess applications were allocated in full.

Apart from this outlay, Rusfurn executive chairman Laurie Korsten recently said that Senbank would also substitute

R145m short-term preference shares issued by a subsidiary with partially subordinated loans of up to R150m

After showing a R79,2m attributable loss for the year to end-June 1991, mainly due to write-offs and additional provisions for bad and doubtful debts, Rusfurn embarked on a restructuring programme which includes a commitment from its bankers to continue funding for at least four years.

The refinancing would reduce gearing to 32%, Korsten said.

8 | Day 28/2/92 (188)
MARCIA KLEIN

Planning helps Dashing through troubled times

188

B10am 4/3/92

DASHING Office Furniture is probably in the strongest position this year of any of the office furniture companies in SA, says MD Franco Barocas

"Even though the industry has suffered, we have been planning for the last two years for this type of scenario

Stronger

"We have established tight-knit, well-motivated teams in our manufacturing, sales and service operations and are set to meet the problems of 1992 head on and, hopefully, come out even stronger"

He claims Dashing has taken the number one position in the industry, with about 23% of the market, valued at around R200m a year

Although the company expects to increase market share within the next 12 months, margins are likely to come under pressure.

Price cutting, although seemingly beneficial to the customer in the short term, can have serious ramifications in the medium to long term

This has been evidenced in the last three months, with some companies going into liquidation, some merging and others reporting huge losses, he says

Among other things, Dashing owes its leading position to

□ Management's decision to invest R5,5m in specialised machinery, dies and tooling for a new German-designed office system called Unit,

□ The tendency of companies to favour suppliers such as Dashing, who they know will be around in the future,

□ Dashing's ability to provide clients, where a professional designer is not involved, with a comprehensive service that includes facilities management and a detailed design service through its exclu-

sive in-house CAD system, as well as an ongoing installation and maintenance service programme,

□ Quality products and good design, which are important in the purchasing decision,

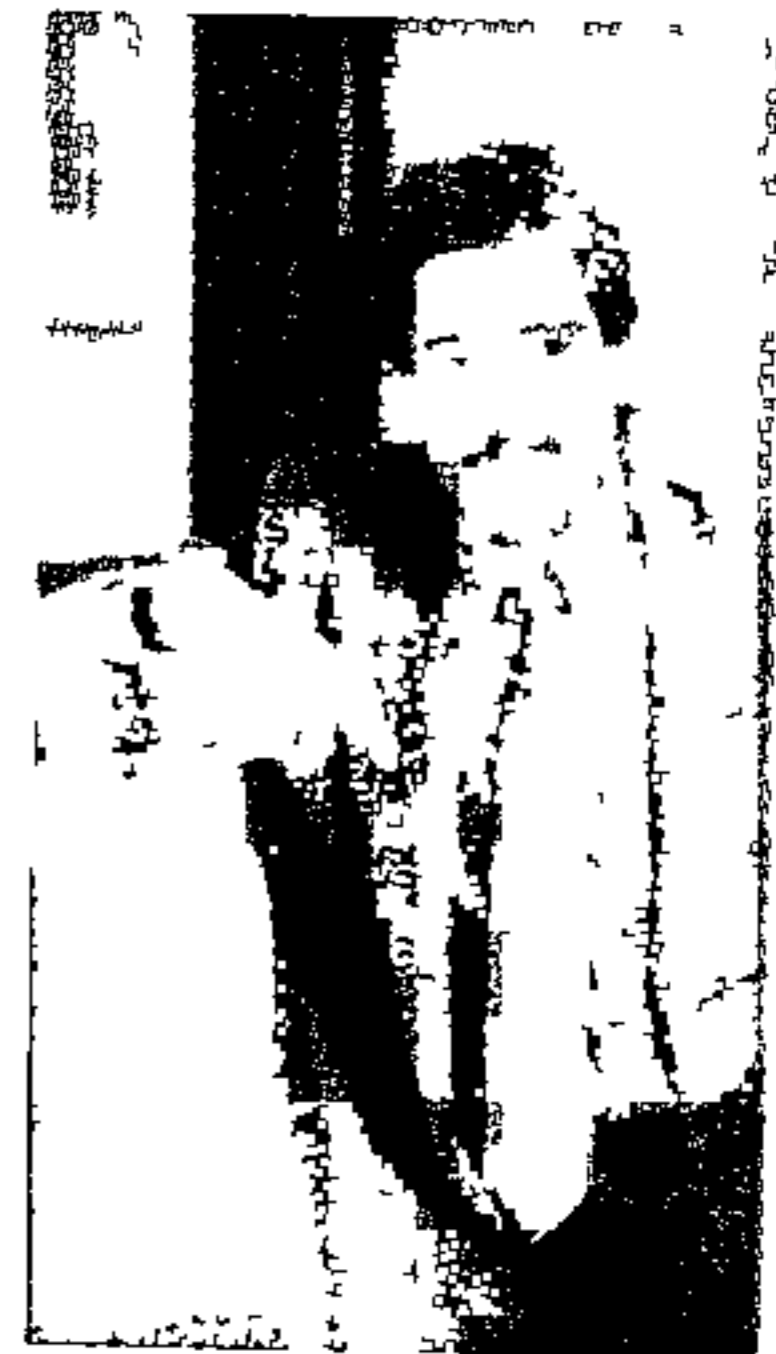
□ Excellent service,

□ Its links with its licence partners Planmöbel and Wilkhahn in Germany, which allow it to receive the benefits of a R19m research and development budget as well as production, service, design and training support

Opportunity

"It is also a time of opportunity for the well structured, creative and financially stable companies," says Barocas

"We have started our export programme and hope that within the next 12 months this will grow and enhance our local production, thereby leading to beneficial economies of



FRANCO BAROCAS

scale for our local and overseas customers"

In addition, the company is becoming recognised for its variety of conference furniture and its leadership in this field

"Dashing's leading position in product design and quality has benefited the entire SA office furniture industry," says Barocas

"This is because Planmöbel and Wilkhahn spend huge sums on research and product development and Dashing brings these tried, tested and internationally accepted products into the local market"

"These become the benchmark standards in SA and ensure that by trying to emulate them, the standards of local products also improve"

Research leads to added dimension in seating

THE findings of international research into new product applications has prompted Dashing to embark on production of a new ergonomic chair range.

This will add another dimension and complement those seating products offered by the company

Marketing director Don Bethell says the new chair range is aimed at the more price-sensitive segments of the market

The latest range is comprehensive and provides seating with the same conceptual design — from simple visitors' chairs to

executive high-back chairs

Included in the range are specialist products for terminal operators, typists, clerical staff, management and others.

The new seating range will feature a "knee tilt" mechanism which he says is a dynamic component in the make-up of the overall product.

In addition, the body contours of the backrest design are such that they are ergonomically correct and will enhance posture at various tasks, he says.

In the next few months, Dashing will also intro-

duce a range of executive furniture aimed at middle management and executives, featuring wooden components without metal frames

Extend 188

Apart from products such as desks and tables, the range will extend through to executive bar units as well as book cases, glass front cupboards, credenzas, TV cabinets, occasional furniture, coffee tables and other items.

"The products also take into account the needs of lady executives who tend

to prefer the softer lines as opposed to angular pieces.

"This option was introduced to provide interior designers with an alternative to the conventional shapes flooding the market," says Bethell.

The finishes have not been finalised, he says

"However, a decision has been taken to exclude tropical and rainforest hardwood, as Dashing has decided to lead by example and will soon enter into a programme to show its commitment to environmental awareness."

Business Day

SURVEY

Strong links to German manufacturers are a key element behind Dashing Office Furniture's success in the office furniture market. Not only does Dashing benefit from up-to-date research, design and technology but the company also has access to skilled German-trained personnel. LYNN CARLISLE reports.

German links are a key to business success

GERMAN links are a key element behind Dashing's leading position in the office furniture market, says MD Franco Barocas.

Not only does Dashing benefit in several areas from its licence agreements with Planmübel and Wilkhahn, but the South African manufacturer and supplier also employs

skilled German personnel. The licenced partners, both based near Hanover, have given Dashing access to the world's most up-to-date research, design and technology.

Planmübel, a licence partner since 1972, designs

and supplies desking and storage systems

Dashing's links with seating designer and manufacturer Wilkhahn go back to the late '70s

"In addition to the extensive research and develop-

ment base, state-of-the-art product designs and superior manufacturing processes provided by each licenced partner, Dashing has additional German expertise to rely on without cost to us or our clients

"Some of our key produc-

tion people manning expensive machinery hold German craft degrees," says Barocas

As part of its programme to develop local expertise and skills, Dashing is sponsoring a student, who works at its factory during vaca-

tions, to study for such a degree in Germany

Frequent visits by other staff, sent on six-week training programmes, to both of its licence partners in Germany also enable them to keep abreast of world developments in furniture design, office planning and working environments

M & A takes a bad beating

STAR 4/3/92

Finance Staff

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One of the highflyers on the JSE over the past few years, office furniture group Mathieson & Ashley (M & A), has reported dismal interim results in the six months to December

Despite a 17,5 percent rise in turnover to R74,6 million (R63,4 million), operating profits fell to a loss of R1,08 million from a profit of R2,7 million in the interim period in 1990

The directors say margins came under pressure, given the continued deterioration of trading conditions in the competitive office furniture industry

Financing costs surged from R1,2 million to R1,9 million after M & A made a substantial investment in establishing re-

tail operation OfficeMart

Earnings per share showed a loss of 11,6c from the previous year's 6,2c profit

The interim dividend has been passed

Group managing director John Beck says that an expected recovery in demand for office equipment did not materialise after the introduction of VAT in October

He does not expect a significant recovery in the market and predicts a further loss for the full financial year

He adds, however, that the balance sheet remains strong, with gearing of 38,5 percent, which puts the group in a position to take advantage of an improvement in market conditions

Millions can be saved with new office ranges

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4/3/92

BUSINESSES can save millions of rands through the purchase of Dashing's revolutionary new "Unit" range of multi-purpose office furniture, says Dashing MD Franco Barocas.

He says this international award-winning range is setting new production standards in the local furniture industry.

Conceived by German-based licensee partner Planmobel and manufactured exclusively by Dashing, the Unit range breaks with convention in its design.

"It places South Africa at the cutting edge of state-of-the-art office furniture comparable to the best Europe has to offer," he says.

"Unit sets new standards in space saving, cost-efficiency and engineering excellence because of its intelligent design, quality materials and sophisticated manufacturing process."

While competitively priced, Barocas says the range has other pricing advantages.

"When one takes into

account the saving on office rentals reduction in building costs or the facility to expand within a building rather than having to move, Unit becomes the most cost-effective product available in SA."

He says Unit is fast becoming the system to be considered before companies make a final decision on the purchase of office furniture.

"It has captured the imagination of some of the country's corporate giants and has resulted in major orders won against tough competition.

"Smaller companies and image-conscious businesses are also showing an interest in the range."

Since production commenced at Dashing's Woodmead factory at Roodepoort last year, orders have exceeded R15m, including one for 1 000 work stations.

Barocas says improved office space arising from this order will save the buyer more than R9m in office space over 10 years.

Despite suggestions by competitors that Dashing does not have the capacity to fulfil further orders, he says orders to date only

Franchises will consolidate market share

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4/3/92

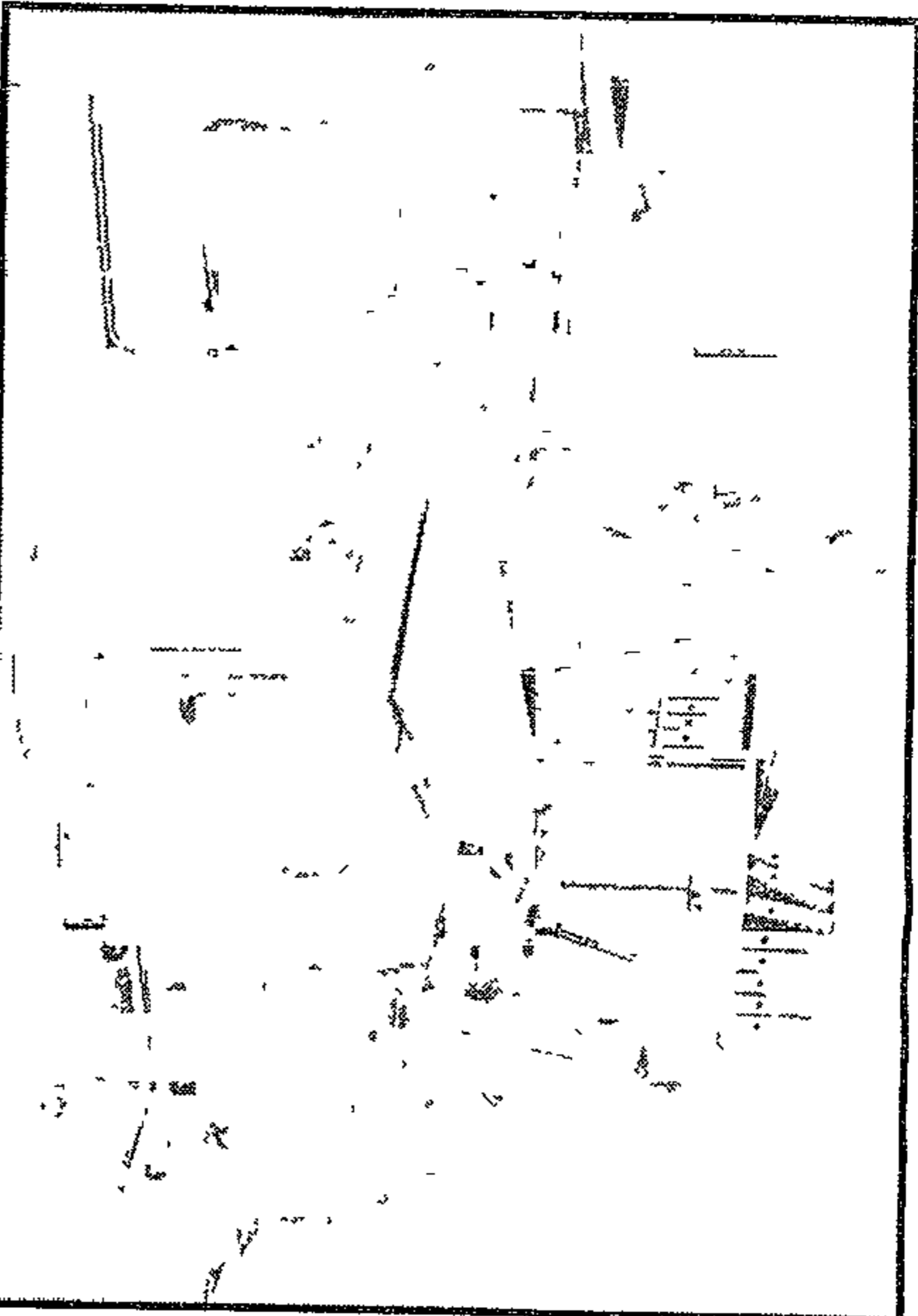
DASHING Office Furniture is establishing a franchise sales/supply network throughout South Africa and neighbouring countries.

This strategy is aimed at consolidating its dominant share of the estimated R150m functional and systems segment of the office furniture market.

Holistic picture comes from expertise

188
4/3/92

COMPANIES should have an holistic picture of their office working environment, and Dashing has the expertise and facilities to help them achieve this. Not only does it manu-



The Unit range sets new standards in space saving and cost efficiency

Computer system can explore design colour and lighting

HI-TECH innovations have become an integral factor in providing Dashing's client base with the highest standard consulting service.

The latest feature of this service is the company's acquisition of the most powerful and sophisticated computer aided design (CAD) software system ever installed in the South African office furniture industry.

Office planning and interior design department manager Nadine de Boucherville says the new CAD system can answer questions which Dashing's competitors' systems have not even begun to address.

"Three-dimensional colour layouts provide our clients with the opportunity to view and consider a variety of design and colour combination options."

"The system also allows them to explore the impact of artificial and ambient natural light on the interior," she says.

Located in Johannesburg, it runs on a Hewlett Packard computer and is also utilised by Dashing's branches in Durban and Cape Town.

The system has superior presentation abilities and excellent resolution and three-dimensional representation capabilities.

Its software package includes a facilities management module which has intelligent interaction between drawings and worksheets.

Bethell keeps abreast of world trends

KEEPING abreast of international developments in the office working environment and facilities is part of Dashing marketing director Don Bethell's job.

He travels abroad extensively to learn about the direction of office environments and buildings.

A reason for this is that developments in office furniture are in the hands of those industries or disciplines that decide what direction office buildings will take.

"The major forces seem to be information technology, as it affects desk-top requirements, together with building technology and those facilities that relate to the internal working environment."

Last November, he visited the annual congress of the International Facilities Management Association (IFMA) in San Diego in the US.

It was preceded by a one-day international seminar that attracted delegates from the UK, the Netherlands, Australia, Japan, France, Canada, the US and SA.

The next congress is scheduled for October in New Orleans.

Bethell, who also attended the one-day seminar, says the conference theme, 'Improving the Environment', was significant amidst international concern over the need for improving the environmental quality of buildings for office workers.

Having visited many office environmental seminars throughout the world, he says the IFMA congress, which attracted 3 700 people, was probably the premier event.

"It was certainly the best opportunity for people involved with office environments to meet their counterparts and discuss the different but related topics and disciplines that affect us all."

The IFMA congress not only provided delegates with an opportunity to learn more about improv-

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"On any project there is only one thing more important than the money"

Management of paper helps to upgrade productivity

ADVANCEMENTS in filing and storage systems office paper management, including filing and storage systems, have been achieved by Dashing Office Furniture and associate company Multifile Solutions.

Dashing sales director and Multifile Solutions (MS) MD Kevin Page says the companies have enabled many businesses to upgrade productivity and improve office space utilization.

Demand for specialist advice and well designed filing and storage systems has escalated in the past two years as businesses seek greater efficiencies in SA's tightening economic conditions.

MS, a Mathison & Ashley Group company, services companies in and outside the group.

"We not only service the office furniture industry, but also many end users — including some of the group's old clients that are re-visited to advise on the possibilities of upgrading their paper management methods."

Page says most businesses have little understanding of what good filing and storage in an office environment is about.

"Organisations of every type and size, including the banks, insurance companies and nursing homes, suffer from a paper cancer that hampers working efficiency and the bottom line."

"Over the past decade, many buildings and offices have been established which overlook provision for paper management," he says.

MS provides solutions, starting with its consultancy service.

Using products manufactured in SA, but including some German expertise, Page says MS provides its customers with advantages such as:

- Space savings of up to 50%;
- Cost savings, including hardware reductions of about 20% on a single piece of office furniture;
- Increased accessibility to information, which improves productivity;
- Improvements in aesthetics through a reduction in a company's paper problem;
- Enhancements in office hygiene through a reduction in excessive paper accumulation, making cleaning easier.

"Our consultancy includes implementation and the ongoing servicing of the systems we have designed," he says.



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Bank City sets new standards for furnishings

FURNISHING a prestigious office complex like BankCity, which is to accommodate 5 000 staff, is a tremendous challenge.

Dashing clinched the R20m contract to design and install innovative workstations.

Requiring modern and ergonomically advanced office furniture, this is the largest office furnishing project South Africa has ever seen, says First National Bank (FNB) project team leader Peter Beddorouh.

Developers FNB and consultants BI Associates, headed by Mike Barrow, also wanted something superior.

The bank's requirement has thus acted as the catalyst for massive product development by all potential suppliers to update furnishing standards.

Dashing has met the challenge, says marketing director Don Bethell.

"We were at an advanced stage as Plannibel, our German licence partner of 21 years' standing, are innovators of leading-edge concepts and our manufacturing agreement with them fell in line with the BankCity brief," he says.

FNB had looked at operational efficiency in terms of the new complex of four buildings and its ability to

They provided the direction and specification for the furniture requirements. Prototypes were developed locally and various types of mock-ups were set up — firstly inside Dashing's facility for this type of close customer development programme.

Later, various workstations were set up in the bank which simulated the working environment of BankCity.

The concepts were approved by management, but only after the workstations had also been exposed to bank employees.

After securing the furniture contract, Dashing also won the seating contract with its PS Wilkhahn range.

An additional Dashing contract for BankCity is the 120 state-of-the-art forex dealer desks for the treasury operation.

International research plays a positive role

DASHING is part of a R17m international research and development programme.

Together with licence partners Plannibel and Wilkhahn in Germany, and other international research authorities — ranging from futurologists to universities — the company stays abreast of world developments that affect office workers.

"How can you plan office projects or even discuss them if you do not see the total picture and opportunity?" says Dashing marketing director Don Bethell.

Managements are not generally enlightened about good working environments, he says, while there is still a reluctance in SA to introduce innovative concepts in building design.

"The more that is understood about buildings,

many of which are air conditioned, and the office environment, the better, as they have a tangible effect on productivity."

Recent studies on the quality of office working environments indicate buildings are not as problem-free as generally believed.

He says many SA buildings contain air more polluted than outside air, while air-conditioned buildings contribute to staff health problems.

Investigations show about 80% are problem buildings, meaning the cause is identifiable and may be improved or remedied.

The remainder are regarded as "sick" buildings. They are beset with complex sets of problems where it is difficult to isolate a single element. Sick buildings call for more in-depth analysis and expert treatment.

He says symptoms are sensory in the sense that workers experience irritations of the throat, eyes, nose and possibly skin.

"They are also neurotoxic, causing mental fatigue, reduced memory, drowsiness, headaches, lethargy, changed sensitivity to odour and taste and other problems."

Complaints stem largely from increased air velocity.

Dashing Office Furniture JHB Group

Investment in latest plant pays off

YEARS of investment in the latest plant and equipment have paid off.

Dashing manufacturing director Terry Volter says in creating its production infrastructure and facilities, the company has sought to invest in the future.

"We are in the fortunate position whereby most plant and machinery is either computer controlled or of the highest technological standard available."

"This investment is paying off in terms of controlling production costs and the gearing of production-to-business volumes as they vary from time to time," he says.

Dashing's commitment to production technology and personnel development through training programmes is manifested through the initiatives taken by Volter.

He has ensured training through visits to Dashing's two major licence partners abroad is ongoing and of the highest quality.

"Black, coloured and white employees at the Robertsonville factory have visited our European licence partners where up to six weeks of on-the-job training has been given them."

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equipment. It has specialists capable of setting up an ideal working environment.

Marketing director Don Bethell says: "There is more to office furniture than chairs, desks and filing cabinets."

"That is why we have a specific office planning and design division."

Acting exclusively as a consultative planning and design facility, this division is not tied to any particular company.

While staff work closely with various products,

logistical project management, he says.

Research

Office system consultants are also available.

They concentrate on aspects such as on-site research and are less involved in the design solution.

Bethell says research is carried out into aspects such as paper management, layout and status requirements.

pany's staff.

Dashing's office planning and design staff become part of the client's project task force and thus accumulate the information that can be committed to a plan that augments the original plans of the architect.

The architect-interior designer is the controlling authority on any office furniture design or planning project, and Dashing gets involved only if it wins the project contract.

Hence, we must be fully equipped to provide the ser-

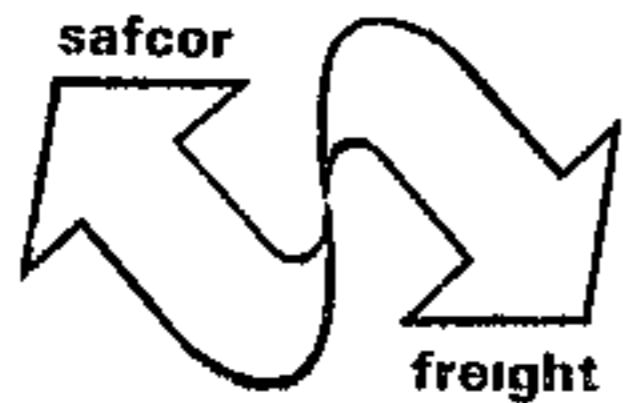
vice. The architect, designer and client.

Only then is the layout plan committed to the drawing board, taking into account environmental requirements of the building plus ensuring staff will relate to these.

Examples include ensuring that air conditioning and cable outlets for data, power and telecommunications requirements are positioned correctly and integrated into the furniture layout.

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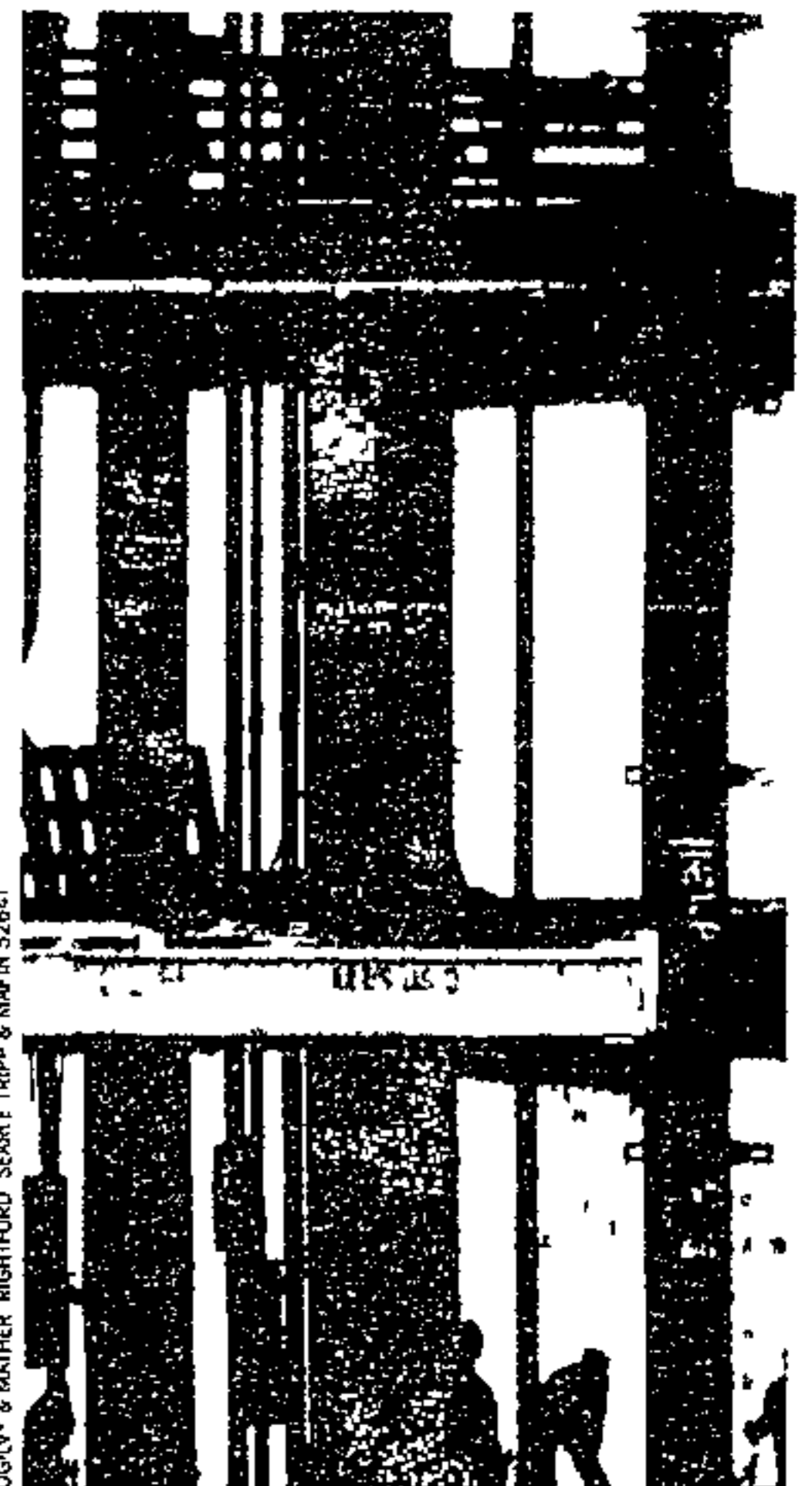
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Value for money service has paid off

PROVIDING office furniture and services that represent value for money has paid off for Dashing

MD Franco Barocas says it is important clients perceive their furniture as an investment and, whether the customer is large or small, products supplied must meet their present and future needs

"We concentrate on delivering good quality products and identifying customer needs in terms of design, maximising human resources and increasing productivity"

Satisfied clients are good for future business, not only through orders but from their word of mouth recommendations to prospective new clients

However, some people may still have the perception that Dashing is expensive

Image

Barocas says this an image stemming back to the '80s

"We are not a yuppie company, but have become a better value for money supplier of a wide range of quality products and associated services.

"Through our German licence partners, who are striving for world leadership in office furniture, we have also become environmentally conscious in terms of materials and processes"

An example of the cost-effective and quality products that have helped

Dashing earn its value for money reputation, is the company's popular Unit range

Dashing was recently consulted by the future occupant of a new corporate building before the size of the building was finalised

"By choosing the Unit range as opposed to conventional third-generation furniture, the occupant was able to fulfil all requirements and save R4,14m in building costs," he says

The Unit modules and systems are designed to respond to the various tasks, functions and individual requirements of office workers

They provide the basis

for maximum comfort, convenience and productivity, while offering an holistic approach to the office environment

The flexibility of the range and its ingenious assembly mechanism with few component parts allows it to respond to changing situations in the office

Challenging

Traditionally, office work stations have been symmetrically designed

By challenging this convention, Unit makes use of considerably less floor space

"The work surface is designed in such a way that

the whole area occupied by each Unit work station is usable space

"No space is wasted by the traditional symmetrical corners and link pieces," says Barocas

One Unit work station uses 1,9m² less floor space than a conventionally designed work station

At an average office rental of R25m² a month and taking into account a 10% escalation each year, the saving in office space rental on one work station alone works out to R9 086 over a 10-year period

"That's almost twice the initial investment of the work station," he says

Furniture market slump takes toll on Math Ash

By Day 4/3/92

788

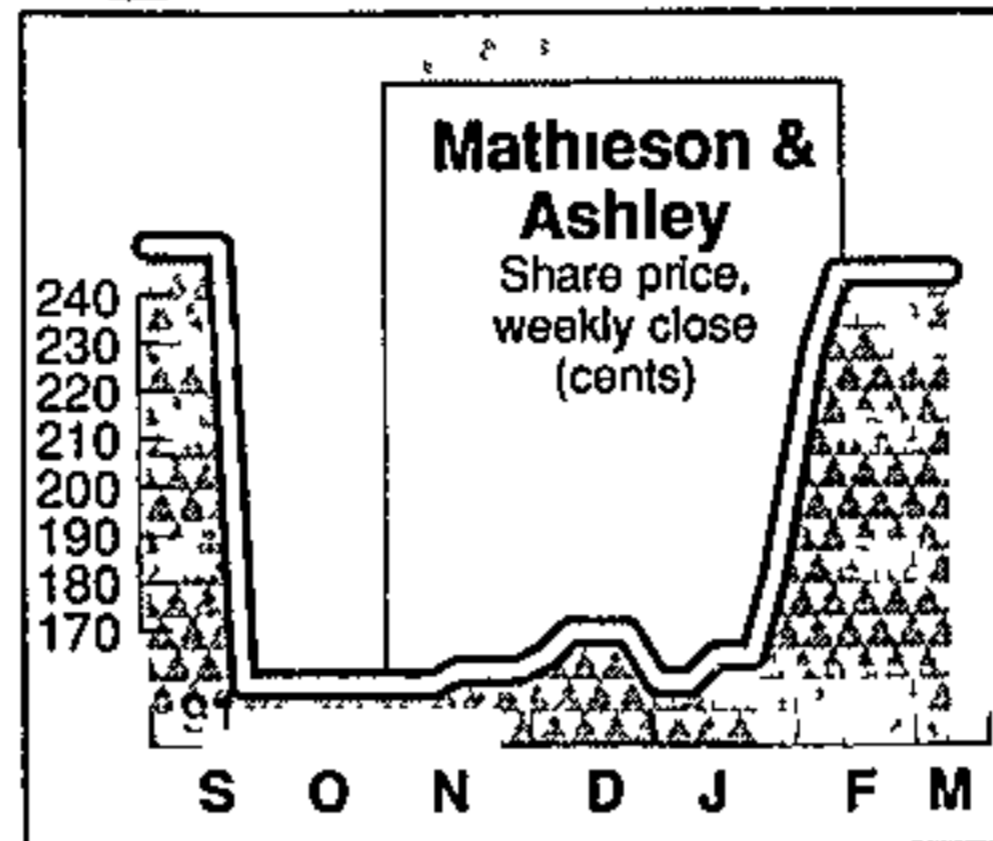
MARCIA KLEIN

THE declining office furniture market has taken its toll on Mathieson & Ashley (Math Ash), whose results for the six months to end-December reflect its first reported loss since 1985

Math Ash, which remains the only listed office furniture company following the de-listing of Grant Andrews, reported an interim loss of R1,3m after showing an attributable profit of R939 000 in the previous year

During the period, turnover rose by 17,5% from R63,4m to R74,5m in a declining market, group MD John Beck said. This increase was at the expense of profit margins, and the company reported an operating loss of R1,1m compared with operating income of R2,7m in 1990

Finance costs rose from R1,1m to R1,9m as a result of the group's expansion, including the establishment of retail operation OfficeMart. Beck said net average borrowing levels,



Graphic: LEE EMERTON Source: I NET

excluding those applicable to the OfficeMart expansion, had decreased during the period

Math Ash had invested heavily in establishing OfficeMart, which contributed significantly to the turnover growth. About 8,9% of turnover growth came from non-office furniture goods, and 8,6% from office furniture, and Beck said turnover growth in office furniture in a declining market showed the group's resilience and an increase in market share.

Beck said OfficeMart had pro-

duced a "stronger than expected performance", which indicated "healthy growth prospects for the future"

After preference dividends and losses attributable to outside shareholders, Math Ash showed an attributable loss of 11,6c a share (earnings of 8,2c a share), and did not declare an interim dividend

Beck said working capital was tightly controlled, and the balance sheet remained strong, with gearing at 38,5%

Conditions in the industry during 1991 saw a number of important players cease to operate or weaken significantly, Beck said. Also, the introduction of VAT resulted in a significant number of orders being placed on hold, with no signs of a recovery

He did not expect a significant recovery in either the economy or the office furniture market in the short to medium term, and said there would be no improvement in Math Ash's financial performance until these conditions improved

Supreme puts in a good performance

MARCIA KLEIN

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SUPREME Industrial Holdings (Supreme), the holding company of JSE-listed Protea Furnishers and Supreme Manufacturing Holdings, has substantially increased its earnings for the year to end-December despite declines in turnover and operating profit *B/Buy 4/3/92*

Attributable profit grew by 48% from R5,8m to R8,5m, but turnover dropped 6% from R216,1m to R203,1m, and operating profit by 18% from R33,3m to R27,3m

Supreme director Roque Hafner said the drop in turnover was largely due to the sale of furniture retailer Profurn's subsidiary TV Life.

He said the R3,3m sale of TV Life, as well as Supreme's R20m and Profurn's R10m rights issues resulted in a dramatic improvement in gearing

Although attributable earnings were 48% up, earnings grew by 7,3% to 32,2c (30c) a share on more shares in issue. A 20% higher dividend of 12c (10c) a share was declared.

Rusfurn in the red after restructuring

B/Day 9/3/92 (188)

JABULANI SIKHAKHANE

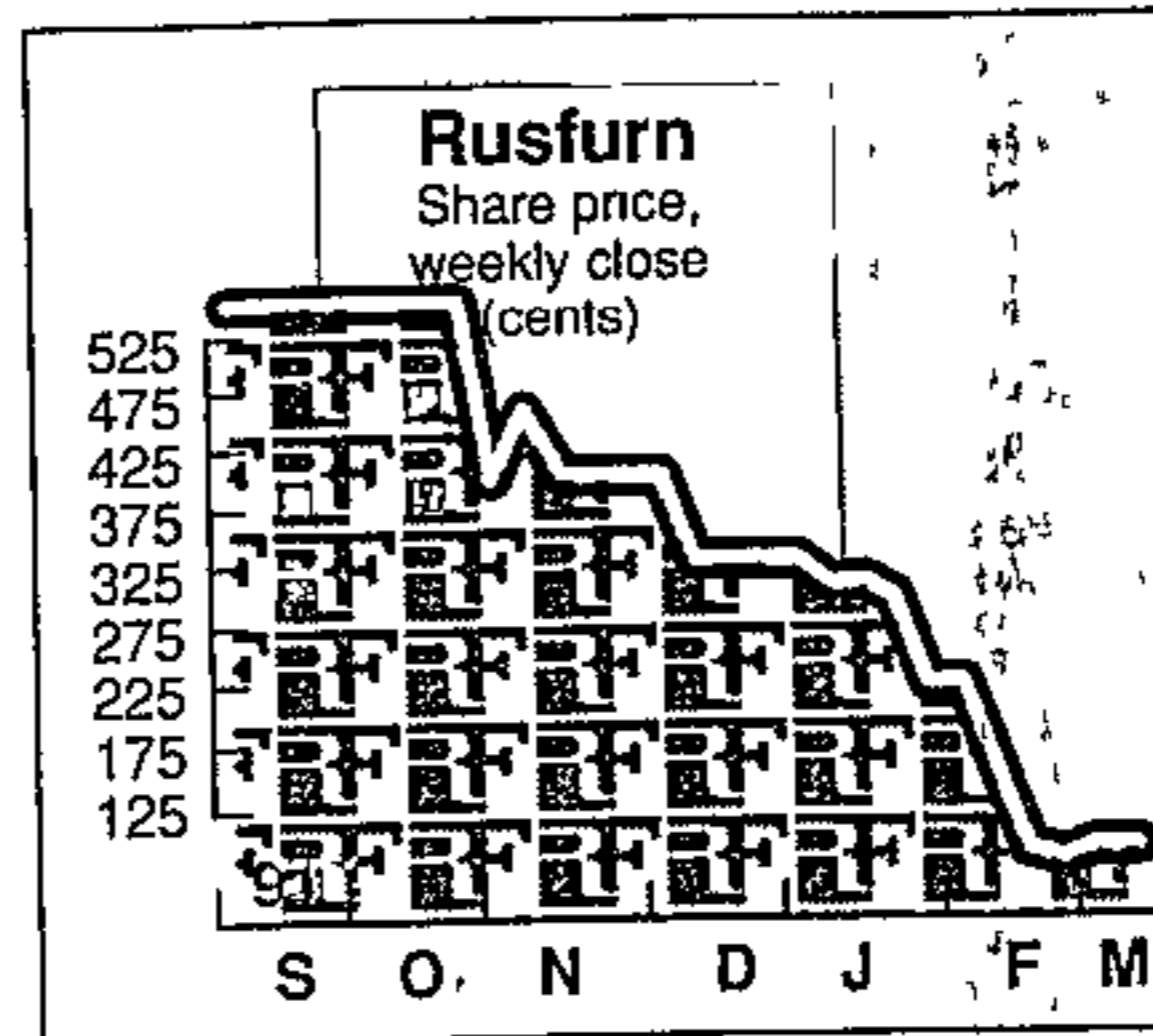
DRASTIC remedial action at Rusfurn has resulted in the furniture retail group recording a R44,02m loss for the six months to December. But the group is not over its troubles yet and a small loss is expected for the second half of the financial year.

Executive chairman Laurie Korsten said yesterday that without provisions of R166,55m, Rusfurn would have shown a small profit. The provisions were for bad debts and rationalisation costs.

Poor economic conditions and further costs related to the rationalisation of Wanda-Fraser, Rudicks, Furngro and Giddy are expected to keep the group in the red for the second half of the financial year. With effect from this month, these divisions will be rationalised into one profit centre.

Korsten said that no further provisions would be made and the directors were comfortable with the current 40% bad debt provision.

During the review period Rusfurn's debtors book remained virtually static and Korsten said that the group was committed to ensuring that turnover levels would



Graphic LEE EMERTON Source I NET

not be bolstered by passing questionable credit transactions, the effects of which would be felt later.

Turnover at R854,25m was marginally higher than the previous period's R848,99m. Due to a higher provision for bad debts which was increased to 40% (20%) of the gross debtors' book and a drop in gross margins, operating income collapsed to R12,65m (R109,80m). The operating margin dropped to 1,5% (13%).

□ To Page 2

Rusfurn

B/Day 9/3/92

(188)

□ From Page 1

A combination of slower growth in the debtors' book due to declining sales volumes, increased creditor funding and an advance from Senbank of funding due under the rights offer, enabled Rusfurn to reduce borrowings from R329,54m to R135,04m. The debt:equity ratio improved from 285 to 151.

But financing costs rose 2% to R40,69m (R31,77m), resulting in a pre-tax loss of R28,04m.

After an abnormal item of R29,66m which relates to a provision for the rationalisation of operations currently being finalised, the loss increased to R57,698m. This was somewhat offset by a transfer of R27,69m from provision for deferred tax,

resulting in a taxed loss of R30m which after minorities and accrued preference dividends increased to R38,07m or 14,2c a share.

Adding an extraordinary item of R5,95m (being a provision for an amount due by the Share Incentive Trust), the loss for the period totalled R44,02m or an equivalent of 16,4c a share. No dividends will be paid during the current financial year.

Korsten also announced that the boards of the Rusfurn group and Rusfurn management would be reconstituted and reduced in size. The tasks of the management board would include monitoring group performance and approving policy direction and new initiatives.

Rusfurn to continue ⁽¹⁸⁸⁾ restructuring

Finance Staff

STAR 9/3/92

Rusfurn has set aside a further R107,2 million for bad debts and rationalisation costs in the second half of the current financial year to end-June 1992

This follows after a major restructuring of the furniture retail group in the first half led to an attributable loss of R44 million compared with a profit of R17,7 million in the comparable 1990 interim period.

Executive chairman Laurie Korsten said the group had made provisions of R166,7 million in the first half for the reorganisation of operations.

Rusfurn, which has just raised R250 million through a share issue underwritten by Senbank, has substantially reduced its debt to the banking sector with bank borrowings and loans falling by 144 percent to R135 million (R330 million)

Mr Korsten said the restructuring was currently being finalised and included a further streamlining through the creation of three profit centres and a central service structure

In the interim period turnover was virtually unchanged at R854 million (R849 million), but operating profits slumped from R110 million to R12,6 million following on a drop in margins and bad debt provisions

Bad debts accounted for 40 percent of the gross debtors book but Mr Korsten said future turnover level would not be bolstered by "questionable credit transactions".

Attributable income showed a net loss of R44 million, compared with a profit of R17,7 million previously, equivalent to a loss of 16,4c per share

Rusfurn draws veil over individual results

B. (Dau) 13/3/92

188

SHAREHOLDERS of furniture group Rusfurn are unlikely to get a clear picture of divisional performances by subsidiaries including Dion, Russells, Rudicks, Giddy's and Wanda-Frasers.

Executive chairman Laurie Korsten said yesterday he was not prepared to disclose the performance of individual companies as this was sensitive

Analysts believed that Russells and Giddy's had performed well in the six months to end-December, but Wanda-Frasers and Dion had not. They said Dion had been feeling the effects of the pressure on cash-based retail businesses. Although Rusfurn shareholders are unlikely to see returns yet, Korsten believes the group can be turned around at the end of a three-year recovery phase, now in its first year.

The share has plummeted from R13,50 in March last year (taking into account a 10 for one consolidation) to close yesterday at 90c, just off a recent yearly low of 80c.

Announcing the group's R44m loss in the six months to end-December, Rusfurn warned shareholders no dividends should be expected for financial 1992. The loss, which follows a loss of R88,8m in the year to end-June 1991, came on a marginal turnover increase to R854,3m and after provisions of R166,6m for bad debts and rationalisation costs. The operating margin was reduced from 13% to 1,5%, and operating income dropped nearly R100m to R12,7m.

Korsten said the losses were probably higher at the interim stage "only to the extent of the basis of accounting". During the six months, additional provisions were made after a further debtor evaluation.

He said that over the past two years a significant amount of Rusfurn exposure was sales to the middle to lower income

MARCIA KLEIN

groups. This was reflected in the debtor's book, which comprises about 76% of the group's total assets. While the group may show a small profit at a trading level in the next six months, Korsten said the problem was collection of the existing book.

In the second six months, losses would probably be at a lower level. Korsten said the group could not consider closing a large amount of stores because of its vast exposure and a debtors book of R1,2bn, so it had to trade itself out of the situation.

The emphasis would be on changing the cultures of various companies and rationalising where necessary. A few stores could be closed, he said. These factors, as well as conservative accounting and trading policies, had cleared the way for the group to recover in the longer term.

The slump in retail sales had been an additional factor, but Korsten said Rusfurn would not chase turnover by passing questionable credit transactions. He said turnover grew 10,4% in January over the previous year, way below inflation.

With a positive referendum result, there would be increased movement by blacks into urban areas, and an increase of blacks in the civil service. Rusfurn would then change its emphasis from rural to urban stores. Analysts said Rusfurn's operating margins had almost disappeared, reflecting "a sad state of affairs" at the operating level.

Although the group had made prudent additional bad debt provisions and faced huge internal problems, they said results were disappointing and Rusfurn had not identified problem areas.

tions, the loss per share increased from 4,9c in the second half of the year to June to 11,6c in the December interim MD John Beck says he does not expect any improvement in the second half and that M&A will have a loss in the full year.

Beck says competition has remained severe, even among M&A's operating companies M&A's sole operating asset is a 50% holding in and management of companies within Kallenbach Hendler. Dashing, Anglo Dutch, Offex and Brown & Neethling — all part of Kallenbach Hendler — were forced to tender at low margins to make a contribution to overheads

The office furniture businesses increased turnover by 8,6%, when the industry was off by about 25% in value. But it led to an operating loss of more than R1m on a negative margin of 1,4%.

Anglo Dutch merged with Offex during the period. A R900 000 extraordinary loss was caused mainly by the merger costs.

Finance costs increased by almost two-thirds to R1,93m, which Beck says can be attributed to the additional working capital requirements resulting from the opening of three OfficeMart outlets in the previous period OfficeMart margins have been especially thin to establish its presence in the market

Despite the losses, Beck argues that M&A is significantly stronger than it has been Gearing, at 36%, is ahead of the 31% at June year-end, but is still well below 1986 and 1987 levels

The group has an active export division and, as office furniture adds value to wood, it

qualifies for a 19,5% allowance When steel products are included, it qualifies for further rebates

Beck believes Kallenbach Hendler, and with it M&A, can ride out the storm and its controlling shareholders will continue to back its expansion in retailing and exports. Afcol treats Kallenbach Hendler as a strategic investment, which it expects will turn in the long-term.

DEEPER AND DEEPER

Six months to	Dec 31 '90	Jun 30 '91	Dec 31 '91
Turnover (Rm)	63,4	61,6	74,5
Operating prof (Rm)	2,7	(0,5)	(1,1)
Attributable (Rm)	0,9	(0,6)	(1,3)
Earnings (c)	8,2	(4,9)	(11,6)
Dividends (c)	nil	nil	nil

M&A chairman Winky Ringo, who has ultimate control, has dedicated his life to the office furniture industry and his financial capabilities are far from exhausted.

The share price has recovered strongly from 160c at the beginning of January to 245c now, though this does not reflect an improvement in the fundamental prospects. It is still well down, however, on its peak of 650c in early 1990. Office furniture is highly cyclical and M&A has good prospects of increased profits in the future, especially as its market share has increased. But the group is unlikely to offer the kind of consistent earnings growth that institutional investors expect.

Stephen Cranston

MATHIESON & ASHLEY

FM 13/3/92

Still making losses (188)

In its last annual report, Mathieson & Ashley (M&A) was expecting a small improvement in trading conditions in the six months to December 1991

Management had assumed that orders for office furniture were being postponed until the introduction of VAT. The orders were deferred further, as there was no sign of the elusive upturn and few companies were moving to new premises or expanding their office staff

With no improvement in market condi-

signed Rusfurn will now treat it as earnings proportionately as it is received

Provisions now account for 40% of the gross debtors' book, of which doubtful debt provisions account for only 13%. A further R107m was added to provisions on business written in prior years. The new provision policy contributed to a fall in operating margin from 12,9% to 1,5%.

Korsten says the board has now provided in full for exposure in some areas. The most troubled books are the Harmony and Montana stores in the western Cape, acquired from the Hammerschlag family shortly after the 1989 management buyout. There are also serious problems in the books of rural black-orientated chains such as Arrow and Wanda-Frasers.

Arrow is likely to be phased out and Rusfurn will try to reduce its exposure to the rural market. Rusfurn is closing 12 Arrow stores and converting others to stronger trading names like Russells and Giddy's.

In any case, Korsten argues, the population shift towards the urban areas does not offer good prospects for rural areas.

WHERE'S THE BOTTOM?

Six months to	Dec 31 '90	Jun 30 '91	Dec 31 '91
Turnover (Rm)	848	560	854
Operating inc (Rm)	110	18	13
Attributable (Rm)	27	(106)	(38)
Earnings (c)	156,7	(611,8)	(14,2)

He maintains that Rusfurn will not bolster turnover by passing questionable credit. While industry sales rose by 7% in nominal terms during the year, Rusfurn's turnover was barely 1% up, even though the Russell chain increased turnover by 17%.

Dion, a predominantly cash business, continues to show growth. Before Korsten's takeover, its cash flow was plundered to prop up the group. Stocks ran down and many popular lines were depleted. Stock levels have since reached a better level.

Rusfurn's board has been cleaned up almost as drastically as its book. Only ex-MD Ian Sturrock and financial director Mervyn Gerszt remain from the management buyout team, though with reduced influence. Sturrock is responsible for the lower-to-middle-income business, which represents 60% of the book.

Korsten himself will chair the more up-market Russells, Dashaus, Mattress House and General Carpets. Gerszt now reports to former Volkskas Merchant Bank boss Bill Pienaar, who is chairman of the central services division, essentially the financing arm. New directors include the former managing partner of Arthur Andersen, Barry Adams, and ex-Bradlows chairman Philip Jacobson, who has resigned from the board of W&A to join the Rusfurn board.

Korsten says these men were not approached just to add prestige to the names at the bottom of financial statements. Jacobson

will work five days a month advising on the trading side of the business. Barry Adams will head the audit committee and advise on financial strategy, which will commit him for about two days a month.

Korsten believes that Rusfurn has now "adequately provided" for doubtful debts and is well capitalised. Senbank underwrote a convertible debenture issue of R250m, that was only 46,7% subscribed, meaning that few shareholders other than Senbank subscribed. After conversion Rusfurn's NAV will be 65c — after a 10-for-one share consolidation — compared with 298c at June year-end and 910c in December 1990.

Rusfurn has budgeted for a loss this full year, and there is little prospect of a dividend before 1993. At 90c (the equivalent of 9c pre-consolidation), it is still above NAV. It has lost 94% of its value over 12 months. It's difficult to recommend other than as an alternative to roulette.

Stephen Cranston

RUSFURN FM 13/3/92

Roulette alternative (188)

There are many different ways to present financial accounts, but the complete change since Laurie Korsten took over the Rusfurn chair from Geoff Austin nine months ago could be unprecedented.

At June year-end Korsten introduced additional unearned income and doubtful debt provisions, and began to show deferred tax on a comprehensive basis. In the interim he has introduced a provision for customer protection insurance. All other major furniture dealers treat this as earnings when the deal is

Furniture traders gloomy

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B Day 16/3/92
THE Furniture Traders' Association has warned of bleak short-term prospects for the furniture industry

MARCIA KLEIN

Impoverished customers and an over-traded market have seen furniture traders reel during the extended recession, and association president Terry Simon said at the AGM last week that short-term prospects for the furniture industry were "not encouraging"

His remarks follow a lacklustre 1991 in which overall sales of furniture, appliances, TV and audio equipment grew by only 6,6% at current prices. This compares with a 25,8% rise in 1990 over 1989.

Simon said the past year was "one of the toughest that most businessmen have experienced in their careers. Retailers, especially in the durables sector, have seen growth rates go negative in real terms as customers curtail spending"

Simon said that, as in the rest of the world, the retail market in SA was over-traded. This meant furniture retailers "will all be fighting for a bigger share of a shrinking market". If companies were to grow in this sector, they would have to take business away from each other or "persuade the consumer to channel more of his reduced disposable income away from other retailers to the furniture trade"

A furniture retailer said on Friday that the overtraded industry would need fur-

ther rationalisation and consolidation, with some players possibly falling away.

Simon said although the short-term future was not good, the long-term outlook was more promising, conditional on a "yes" vote in the referendum.

"We need renewed investment of local and overseas capital in manufacturing, and the opening up of new markets", he said.

"The appalling effects on the economy and social order of a return to the dark pre-reform days and the resulting international isolation would be devastating," said Simon.

But he said there would be a demand for homes in the future and, if the referendum result was positive, the furniture sector would experience long-term growth ahead of the general economy.

A retailer said an interim government would have to address mass housing, and there would be a dramatic increase in demand for furniture and appliances.

"The real criteria for future growth are to remain profitable" during the recession, he said, and if a company managed to remain profitable in the current year, this would show that it was well managed and resilient, and would perform well over the next few years.

Strike and sluggish sales deliver a blow to Ellerine

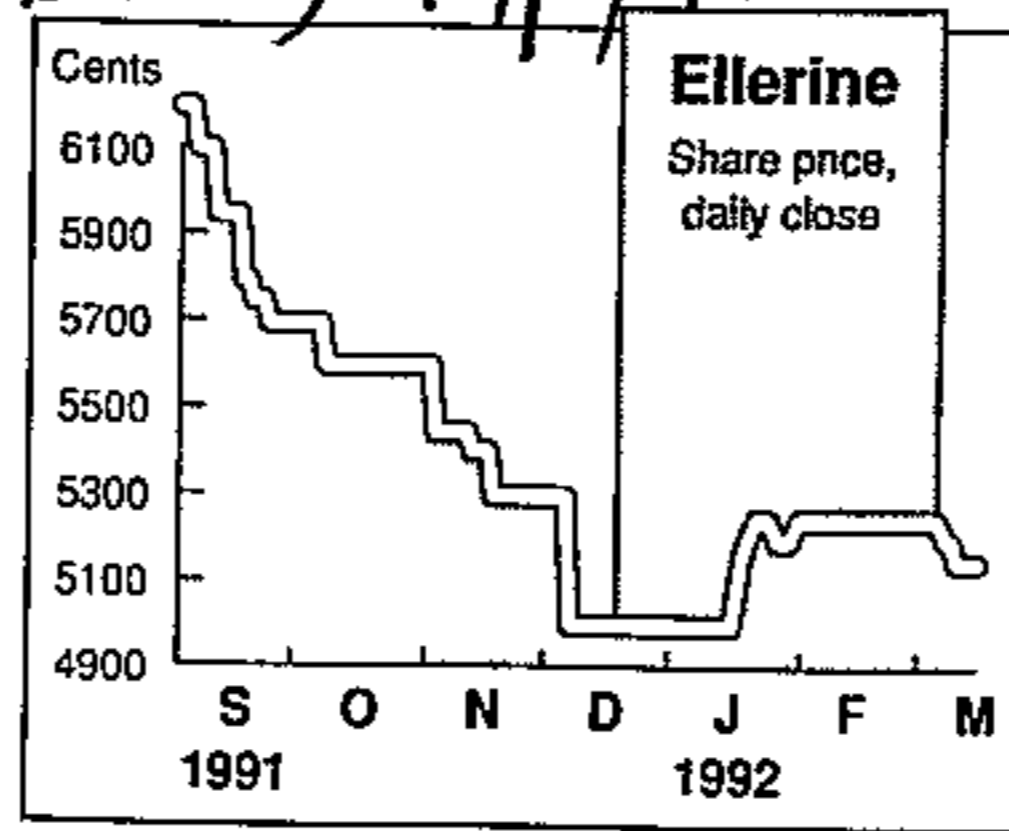
MARCIA KLEIN

ELLERINE Holdings, the star performer in the furniture sector, has taken a 32% knock in interim earnings to report a drop from 375c to 255c a share in the six months to end-February.

Little confidence in the sluggish furniture industry saw the Ellerine share, regarded by the market as the best performing furniture stock, close yesterday at R51,50, just off its yearly low of R50,00 and significantly below April 1990's high of R72,00

Chairman Eric Ellerine said yesterday strike action during Ellerine's peak season and the sharp and continuing drop in consumer demand saw sales drop by 9,3% from R311,3m to R282,4m in the six months

Although expenses were tightly controlled, Ellerine said the lower level of sales affected margins, and



Graphic: FIONA KRISCH Source: I-NET

operating profit dropped by 30,5% from R51,6m to R35,8m

After receiving interest of R1,3m in the previous year, an interest payment of R762 000 for the six months saw pre-tax profit decrease even further from R52,8m to R35,1m

At the August year-end Ellerine said the group would move into a gearing position which was necessary for its expansion programme

Taxation of R16,5m, for current and deferred tax, was 36,4% higher than the previous year. This brought earnings after tax down by 31% to R18,6m. After minorities, attributable earnings were 32% lower at R18,3m (R26,9m)

The dividend cover was maintained at three times, and a 32% lower interim dividend of 85c a share was declared

Lower interim results on the back of the continued decline in demand for consumer durables were predicted in the group's 1991 annual report. At the August year-end earnings had grown by 16% to R55,5m on the back of a 23% turnover growth to R592,4m. Earnings had grown at an average compound rate of 28% a year over the past five years

Ellerine said the group considered the results satisfactory under current trading conditions

Directors consider streamlining Pichold

CAPE TOWN — The streamlining of the head office structure of Picardi Holdings (Pichold) is being examined by its board of directors

The group's excessive structure came under fire from minority shareholders at the November AGM for its dissipating effect on the earnings generated by subsidiary Picardi Appliances (Picapli)

The shareholders also felt that the interest received from Pichold's R21m cash investment in Picapli was not flowing up to Pichold and Picardi Investments.

They called for a total review of the group's pyramid structure with a view to streamlining it to unlock the value of its underlying assets

Concrete proposals on how to effect the rationalisation have apparently been made to the group of disgruntled minority shareholders and discussions are under way, it was learnt yesterday

One minority shareholder said there were indications that a "cleaning-up" operation was in progress

The proposals arise out of the appointment of Absa Merchant Bank to conduct an investigation into the structure of the group and make recommendations on how to streamline it.

The bank's report was submitted to the last meeting of the Pichold board of directors in February and the board apparently decided to streamline the administration structure of Pichold

B1 Day 17/3/92
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LINDA ENSOR

Pichold director Jan Pickard (jnr) confirmed the appointment of the merchant bank as advisor but was not prepared to comment on what he said was a "confidential" report.

He did say, however, that the board had decided not to proceed "at the moment" with the delisting of Picapli

The board apparently felt that the incorporation of Picapli into Pichold would be too drastic

But a source said the Absa advisors had said the delisting of Picapli — 93% owned by Pichold — made commercial sense as the company incurred substantial expenses in keeping its listing while the share rarely traded. Per share, the listing costs were very high, their report said

However, they added, a delisting would not address of minority shareholders' complaints which were targeted at Pichold.

Apparently the Absa team looked at the way value was added and considered the possibility of delisting all the companies in the group. This option was rejected as being too expensive as the majority shareholder would have to buy out all the minority shareholders and would have to raise the money to pay them

Pichold chairman Jan Pickard Snr refused to comment, saying a formal announcement would be made when this was considered necessary

Tyre manufacturers to lobby govt over imports

THE Tyre Manufacturers' Conference (TMC) plans to lobby government in coming months to allow the R16bn-a-year tyre industry to import raw materials instead of sourcing locally, said TMC chairman Gert Fischer

This follows an application earlier this year by the TMC — representing the country's four tyre manufacturer's Dunlop, Firestone, Gentyre and Tycon — to raise average ad valorem tariff from 25% to 50% on all new imported tyres and tubes and a total ban on importing second-hand tyres

Fischer said, for instance, tyre manufacturers were forced to buy synthetic material from Sentra-chem's Karbochem plant in Newcastle. The industry had on numerous occasions applied for import permits for synthetic rubber, but these had been turned down by government

Dunlop MD Clive Hooper backed Fischer's view. He said the company would like import controls lifted on raw material

"We support seven single source suppliers in this country and we feel the entire production chain in the tyre industry should be liberalised,

B1 Day 19/3/92
EDWARD WEST

not just tyre manufacturing"

Fischer said the availability of cheaper raw materials would enable the tyre manufacturing industry to become internationally competitive

"In the current environment, the SA tyre industry cannot compete on equal terms with foreign manufacturers as a result of significant and entrenched socio-economic, financial, technical and structural disadvantage"

These imbalances created barriers to the relaxation of trade regulations and import protection measures would be necessary to ensure the long-term viability of the industry, said Fischer

Trade and Industry Board import control director Piet Barnard said import permits for synthetic rubber were turned down as a protective measure for local synthetic rubber producers

He said government had given the tyre industry an undertaking to keep import controls on tyre products in place until December 1992 and import controls on rubber products for

tyres in place until June 1993

The industry applied for higher tariff duties after local manufacturers' share of the local replacement market eroded to just 45%, with imported new and used tyres claiming 25% of the market, said Fischer

The number of imported tyres in the second half of 1991 rose in spite of the existence of import controls, tariff duties, formula duties and even voluntary trade restraint on the part of Japanese tyre exporters, he added. Japan accounted for 50% of SA's tyre imports, he said.

Tyre Dealers' Association executive director Vio Fourie said the doubling of the ad valorem duty would control or prevent the import of inferior standard tyres

There was a glut of new car tyres on world markets, he said

The industry has also been knocked by the recession. Dunlop's Hooper said production had dropped from 100% of capacity in 1990/91 to about between 80% and 85% of production capacity in 1992

Fischer said the industry was operating at an average 70% of production capacity this year

Silver lining in the furniture sector

RESULTS posted by major furniture groups reflect the full extent of the decline in consumer spending

Analysts said yesterday that although they expected results from major furniture groups to be below those of the previous year, the extent of the fall in earnings was disappointing, especially at an operating level

But they also said they would have been even more worried if furniture companies reported good results, as this would have implied increased sales on credit

Results came on the back of dramatically reduced sales over the 1991 calendar year. Figures from the Retailer Liaison Committee show that overall sales of furniture, appliances, TV and audio equipment grew by only 6,6% at current prices compared with 25,8% in the previous year

Recently Rusfurn reported a R44m

B1 Day 19/3/92
MARCIA KLEIN

loss, Ellerine a 32% drop in interim earnings and the JD Group a 37% fall in earnings for financial 1991. Results from Amrel and manufacturer Afcoll are expected to follow this trend

In the office furniture sector, Mathieson & Ashley's interim loss of R1,3m reflects its first reported loss since 1985, while Grant Andrews reported a R4,1m loss and announced it would delist from the JSE

But analysts said that with weak consumer spending, especially on durables, companies would have had to loosen credit facilities and survive on suspect debt to show any growth

Most of the major retailers had instead prudently controlled debt and were "sitting back and waiting"

When the economy did recover,

furniture companies would show an excellent turnaround in results — although off a low base — and they should benefit more than many other industries in an upturn, they said

An analyst said Ellerine's results had been good, bearing in mind that they included a nine-week strike over its busiest period. JD Group, which most analysts rate as the second-best performer to Ellerine in the furniture sector, had been "a bit disappointing"

Analysts said that although furniture share prices had corrected lately and longer term prospects looked good, it was not time to buy shares yet

They said the furniture companies could expect at least another six months of tough conditions, but most were sitting on good yields

EXECUTIVE SUITE

By William Wells and Jack Lindstrom

ELLERINE/JD GROUP ^{FM} 20/3/92

A sinking feeling ~~188~~ 188

Profits announced by big furniture traders continue to be sharply down, in what have proved to be appalling — and worsening — market conditions after the furniture boom ended about a year ago
The industry increased sales in rand terms

FOX

FM 20/3/92

~~188~~ 188

JD SLUMPS

Year to Dec 31	1990	1991
Turnover (Rm)	646	542
Operating income (Rm)	83,6	45,7
Attributable (Rm)	51,1	32,4
Earnings (c)	143,2	90,9
Dividends (c)	22	22

holding company W&A JD Group's bank balance increased from R80 000 to R59m, and debtors fell from R439m to R75m Its long-term borrowings of R115m were eliminated

JD Group's operating margin of 8,4% appears to compare poorly with Ellerine's 12,7% This largely reflects the different mix of business. Cash sales form a negligible part of Ellerine's business, but they account for 18% of JD Group's sales JD also operates two discount chains, Joshua Doore and Price 'n Pride, which operate on lower margins

Further cash resources have enabled JD Group to expand its store base more aggressively Two Joshua Doore, two Bradlows and five Price 'n Pride stores will open in 1992.

The JD debtors' book has been under pressure — overall arrears increased from 5% to 6,4%, while bad debt write-offs increased by 1,8% to 2,4%, still well within the group's relatively demanding parameters. The length of the debtors' book increased from 13 months to 15,4

Sussman hopes margins will improve after the introduction of central distribution cen-

4,1% The JD Group fall has been more precipitous, which might be connected to its place in the FSI/W&A group The JD Group share price has fallen from 615c to 350c, where it has a p e of 3,9 and a dividend yield of 6,3%

Results are poor right now, but these are comparatively high yields for well-managed businesses in almost any sector of the economy Population growth should ensure better returns, taking a three-to-five-year view

Stephen Cranston



Ellerine's Ellerine . prefers direct deliveries

tres He says the Aeroton, Johannesburg, warehouse will service 45 outlets throughout the PWV more cost-effectively than the present store-by-store delivery system Sussman believes that in the long term it will enable the group to keep down stock levels

The JD Group dividend has been maintained at 22c, but it had an extremely high cover of 6,5 last year. The cover has fallen to 4,1 times Ellerine maintained its three times cover, cutting the dividend to 85c

Ellerine's share price has fallen to R52,50 from a high of about R70 a year ago. It sits on a p e of eight and offers a dividend yield of

Romano joins furniture industry casualties

(135)

CT 23/3/92

From MARCIA KLEIN

FURNITURE manufacturer Romano joins the growing list of companies reporting severely depressed conditions in the furniture industry

The company reported a 4,7c a share loss for the six months to end-December and has passed its dividend

This loss compares with earnings of 0,13c a share in the previous interim period, and a 7,1c a share loss in the full year to end-June

Since the June 1991 year-end, Piet Marais of Unathi Holdings and the Cologne Furniture group acquired a substantial interest in Romano, and became the company's new chairman

At the time of the acquisition, Marais said there were potential synergies between Romano and his other companies, and some profitable government contract work would be redirected to Romano

This would result in improved margins and provide Romano with additional non-seasonal turnover

The benefits of the acquisition have yet to filter through, as the company showed a net attributable loss of R667 000 at the interim period, after reporting a small R18 000 profit in December 1990

A significant reduction in demand in the furniture industry saw turnover reduced from R5,8m to R4,6m, and Romano reported an operating loss of R345 000 compared

with an operating profit of R240 000 in the previous year

Finance costs were up from R222 000 to R322 000

On the balance sheet, total shareholders' funds were reduced from R1,3m to R589 000, and interest bearing debt increased by 48,8% to R3,3m (R2,2m)

Stock was 26,5% higher at R2,1m

Directors said they did not expect any significant improvement before the June year-end, and the company would focus on containing costs, concentrating on its target market and "implementing synergistic improvements"

The share has been languishing at a 6c low since December last year

COMPANIES

Romano joins 'casualty list'

FURNITURE manufacturer Romano joins the growing list of companies reporting severely depressed conditions in the furniture industry. *Monday 23/3/92*

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MARCIA KLEIN

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Outlook brighter for furniture trade

Business Staff

188

THE retail furniture industry is cautiously optimistic about the effects of the government's announcement of the reduction of deposits from 12 percent to 10 percent for purchases of furniture, appliances, television and audio equipment

"This, coupled with the reduction in the bank rate, which should give consumers more disposable income and the positive results of the referendum, could provide a much-needed stimulus

for the industry," says Frans Jordaan, executive director of the Furniture Traders Association (FTA) **AKT 24/3/92**

"The whole furniture industry is in need of a boost, as January 1992 sales of furniture, appliances, TV and audio equipment did little to cheer businesses in the retail furniture trade," he says

"In the short term however, a cause for concern is that sales of furniture have been declining over a period of 18 months which

has already resulted in casualties in the manufacturing sector — and could cause more. This in turn will mean a smaller selection of goods for the consumer," he says

"In the short term however, a cause for concern is that sales of furniture have been declining over a period of 18 months which has already resulted in casualties in the manufacturing sector — and could cause more

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Anglo Dutch aims for top shelf in spite of recession

By DON ROBERTSON

188

THE tough conditions in the office furniture industry have taken their toll on the market, but Anglo Dutch, newly restructured, believes it can soon become number one.

The company, which recently merged with the Offex group, expects to increase turnover to about R50-million in the financial year beginning in July and, through rationalisation, profits could increase by about 20%.

The company is also pushing ahead with its export drive into neighbouring states and the UK.

Both companies are subsidiaries of the JSE listed Matheson and Ashley group and, like the rest in the industry, have been hard hit by the slowdown in the economy. In January, competitor Grant Andrews sold off a major portion of its operations to the management group, while the ordinary shares were converted into preference shares which will be redeemed. Grant Andrews' listing was terminated on March 2.

Anglo Dutch has, however, managed to increase its slice of the market and enjoyed a record month in February. Newly appointed

managing director Victor Fish says considerable benefits have been achieved as a result of the merger, including rationalisation of products, resources and facilities which have translated into faster lead times and a better competitive position. Production systems have also been improved at the Aeroton plant near Soweto.

Exports to Zimbabwe, Mozambique and Mauritius have increased, while former Anglo Dutch managing director Allan Green is promoting the company's products in the UK and Europe. Because of exchange rate differences, Anglo Dutch products can be exported competitively to Europe.

Mr Fish says export sales in the coming financial year will make up a substantial part of total sales.

"The market is extremely tough, but we at Anglo Dutch believe we have everything in place to achieve our objectives."

Unidev turns loss into R2m profit

INVESTMENT holding company Unidev has turned an R86,8m attributable loss into a R2,0m profit in the year to end-December following a year of major restructuring and disposals

In nine months of reorganisation following the March takeover by Jon Brett Alan Chonowitz, Unidev has been consolidated and reorganised, and peripheral assets have been shed

In line with this strategy, Unidev raised R23m in a rights issue to repay borrowings, and holding company Unicon raised R13m to follow its rights

Household products company Prestige was made a wholly owned subsidiary and Unidev disposed of its interests in furniture group Rusfurn and property company



MARCIA KLEIN



Equikor.

Joint MD Alan Chonowitz said Unidev's shareholdings in Rusfurn and Equikor did not enable the group to have a meaningful participation in its management and this was in conflict with its objective of being an active investment holding company

The group now has interests in three companies, Prestige and associate companies Medicor health care group and the Hyperette and Bread Basket chains

Apart from these actions taken in financial 1991, Unidev has again cautioned shareholders that proposals with regard to Hyperette are still being considered

□ To Page 2

Unidev *Bl Day 30/3/92*

Chonowitz said this did not relate to an acquisition or a disposal, so some form of reorganisation could be on the cards

Negotiations with Rembrandt-controlled hospital group Medi-Clinic, believed to have been for the sale of Medicor to Med-Clinic in return for shares, have been terminated

Turnover figures were not stated as two of the group's three operating companies were associates, so the turnover figure would have been distorted, Chonowitz said

At the operating level, the group showed a R3,5m profit compared with a R80,2m loss in the previous year. Finance costs were reduced from R10,3m to R2,5m

Earnings were 2,0c a share — on nearly three times more shares in issue — compared with a loss of 280,4c a share in the previous year

The balance sheet takes into account an extraordinary loss of R21,9m incurred on



□ From Page 1

restructuring the group, discontinued operations and the disposal of its Rusfurn stake. No dividend was declared, as cash generated was being used to invest in capital projects

Chonowitz said Prestige's results had not been good, but many of the plans made last year were starting to come together

Hyperette's results reflected the difficulties in the food retail industry, but the hospital division's results had been satisfactory and it was planning to expand

He said the group's core businesses now operated in key growth areas in SA — household products, healthcare and food — and were being developed to take advantage of any upturn in the economy and SA's return to the international community

Unidev was looking for other opportunities, with an emphasis on consumer-related markets, Chonowitz said

JD Group optimistic about 1992

6/10/92 8/14/92

MARCIA KLEIN

FURNITURE retailer JD Group expects to improve margins and maintain earnings in a difficult financial 1992

Chairman David Sussman said Retail Liaison Committee figures showed furniture and appliance sales dropped in real terms in nine of the 12 months to end-December, and this drop exceeded 10% in real terms from September to December

The group, which operates Bradlows, Joshua Doore, Price 'n Pride and Score Furnishers, recently reported a 36,5% drop in earnings to 90,9c a share in the year to end-December, on a 45,3% decline in operating income to R45,7m and a reduction in margins from 12,9% to 8,4%

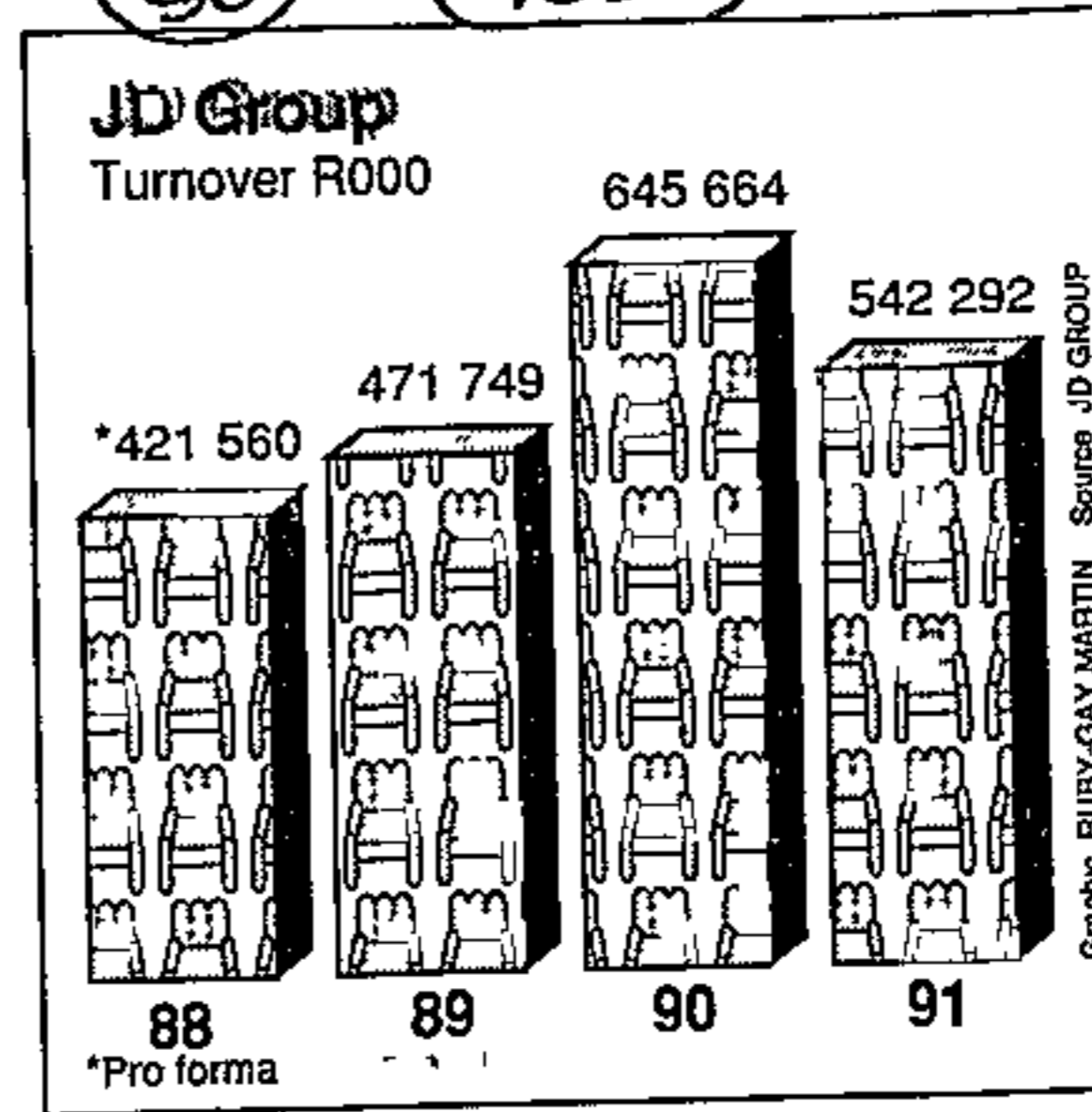
Sussman said these results were satisfactory given "the appalling political and economic environment"

He said although the 36,5% earnings drop was "a bitter pill to swallow", results were being compared with 1990, a year of "unprecedented growth"

Bradlows increased sales by 7,2% during financial 1991, Joshua Doore by 8,4%, Price 'n Pride by 13,7% and Score by 9,2%

The debtors' book grew to R616m, of which R593m was managed on behalf of the consortium. Arrears increased from 5% to 6,4%, and bad debt write-offs grew from 1,8% to 2,4% of the total book. The average length of the debtors' book increased from 13 to 15,4 months

The sale of the debtors book to JD Sales — owned by a consortium of six banks — had reduced the group's debt and risk pro-



file, he said, and cash at year-end was R59m compared to 1990 debt of R115m

The sale saw the JD Group change its profile, and it now trades as a cash business and manages the credit business for JD Sales, from which dividends are received. Sussman said although it had not been acknowledged by investors, the transaction created a three year facility with the banking consortium, virtually eliminated gearing, significantly reduced shareholder risk and would provide increased cash resources for future expansion

The group recently developed a central distribution centre, which will reduce cost and increase efficiency, Sussman said.

He said JD Group was heavily represented in urban areas, from where major medium term growth in the furniture sector was expected

Some furniture groups buck the downtrend

SOME furniture companies have continued to do well in spite of dismal sales figures in the furniture and appliances industry over the past year

Figures released by the Furniture Traders' Association show that sales for the full 1991 year were up by only 6,6% at current prices, and sales in January and February of this year show no improvement. The pedestrian 1991 sales increases compare with a 25,8% rise in 1990 over 1989.

Yet companies including Prefcor's Beare Group, Protea Furnishers (Profurn) and Barnetts have managed to maintain or increase earnings. The Beare Group increased its turnover by 22% in the six months to end-December, and Barnetts' earnings grew 10,3% to 7,5c a share in the same period. Profurn's earnings grew 7,6% to R13,6m in the year to end-December.

Good results from furniture companies have been greeted with a fair amount of scepticism in the market, with both analysts and industry spokesmen saying results from furniture retailers should be bad considering the trading environment.

But directors of these companies disagree, saying that their results reflect an innovative approach during a recession.

Prefcor executive deputy chairman Hymie Sibul said the Beare Group's sales had not been buoyant, and turnover on existing stores had grown by 6% to 7%, in line with the rest of the industry.

But he said growing companies were

increasing their market share, and new store development had made a significant contribution to turnover growth.

The Beare Group, which comprises Beares, Savells, Price and other chains, had a long way to go and was opening in high turnover areas, while companies which were well established, and possibly ex-growth, could be expected to produce poor results in this sort of climate as they could not easily expand.

Sibul said the Beare Group's success was also based on promotional activity and innovative marketing. Even if the industry's growth was 5%, market share gains had played an important role in increasing earnings.

Profurn CE Alex Maraney said Profurn was a totally focused group with a strong management team. The quality of its stock was such that collections were at an all time high, and it was in a position where it could resupply customers. Turnover had improved largely as a result of repeat business, he said.

Barnetts MD Myron Lewkowski said his group had concentrated on the quality of its business over the past two years, and this had paid dividends.

In the past certain groups had chased turnover at the expense of margin, and had to pay for it now. Upgrading and the improved image of its stores had also contributed to Barnett's success, he said.

MARCIA KLEIN

188
B/day 5/5/92

Afcol profits drop 35 pc

Finance Staff

(188)

STAR 7/5/92

Weathering the worst slump in furniture manufacturing in the past decade, Associated Furniture Companies (Afcol) showed a 35 percent drop in earnings to R26 million (R40 million) in the year to end-March

This equals 106,1c (163,1c) a share.

The final dividend of 27,5c makes a total for the year of 53c (81,5c)

The directors say that against the background of the deep recession Afcol did well to gain market share and improve turnover by two percent above the previous year

The sale of the 50 percent investment in Spankor (effectively 23,9 percent in PG Bison) for R95 million will allow the group to reduce its debt significantly, improve its focus on its managed core business and facilitate future growth

Afcol feels effect of depressed market

188

Bj Day 7/5/92

MARCIA KLEIN

EARNINGS at furniture maker Afcol fell 35% to R26m from R40m in the year to end-March, on the back of a severely depressed furniture market

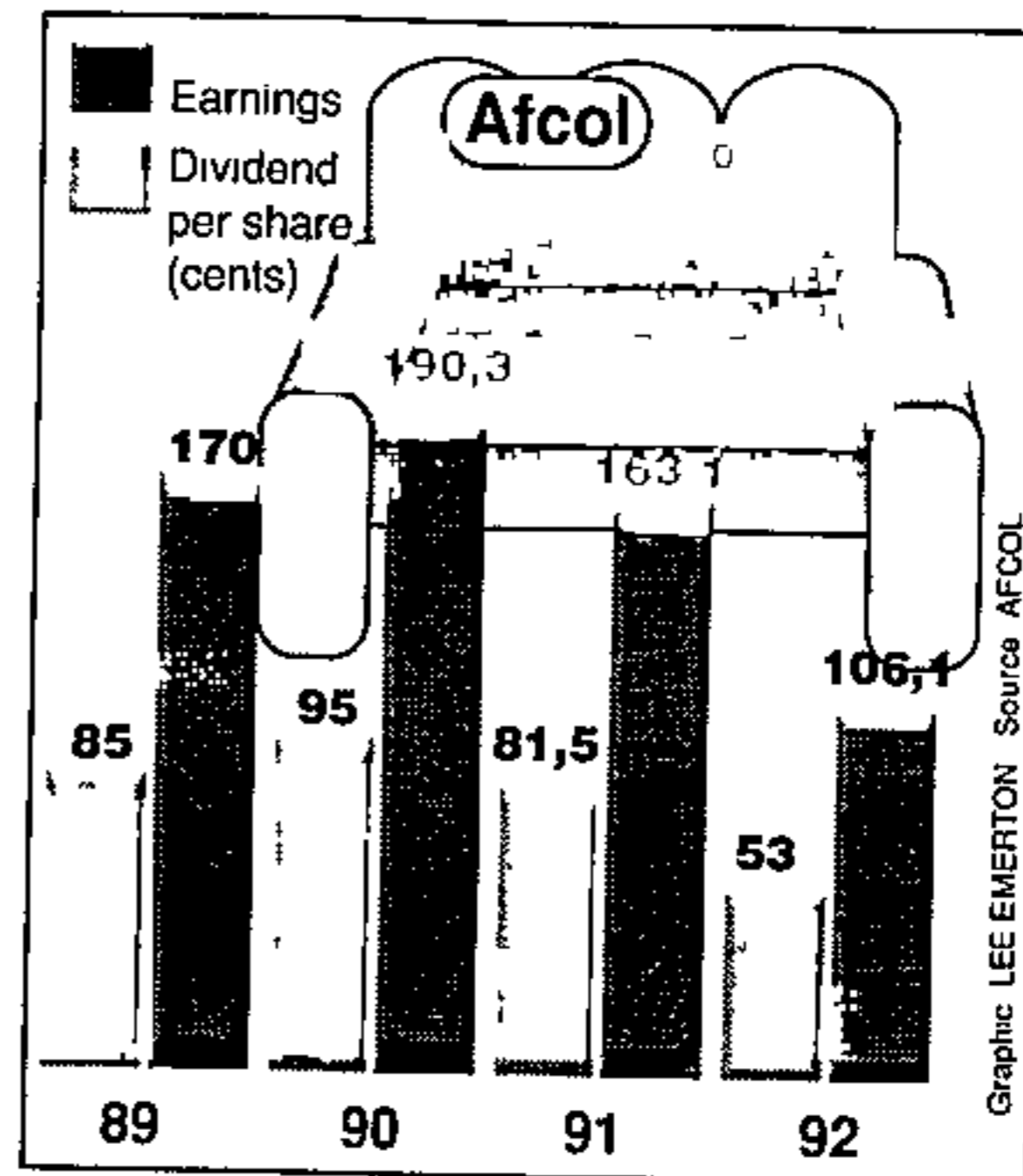
The SA Breweries subsidiary's results nevertheless show an improvement on the 47% drop in earnings at the interim stage

Executive chairman Laurie van der Watt said Afcol operated in a cyclical industry which was in the grip of a deep recession. He said industry figures showed furniture output fell 17,4% in real terms in the year to end-December, the worst in the past decade. This was accompanied by factory closures, redundancies and "widespread short-time working"

However, Afcol gained market share and improved turnover by 2% to R791,5m (R780,1m). Trading profit fell 31% to R44,3m (R64,2m), and profit after tax was 34,4% down at R27,0m (R41,2m)

Earnings of consolidated managed companies fell 29%, while equity accounted earnings — including results from Romatex, Kallenbach-Hendler and the recently sold Spankor — fell 42%

Van der Watt said the balance sheet was sound, and gearing was at 41% (37%) despite pressures on working capital. Capex



of R20m in the coming year would be funded from net operating cashflow

Afcol said the sale of 50%-held Spankor, which holds 47,8% of PG Bison, was approved at a shareholders' meeting. The R95m sale, which has not been taken into account in formulating the closing gearing, would enable Afcol to reduce significantly its debt of R109,7m, improve focus on its managed core business and facilitate future growth

Gloom as furniture sales decline by 7%

A SIGNIFICANT real drop in sales of furniture, appliances, TV and audio equipment in the first quarter paints a gloomy picture of the state of the industry

First-quarter figures, released yesterday by the Furniture Traders' Association (FTA), show that sales of furniture, appliances, sound equipment, TVs and videos dropped by 7% in real terms compared with the first quarter of 1991

Hardest hit were TVs and videos. Sales declined by 15% in real terms. FTA executive director Frans Jordaan said sales of appliances had held up relatively well.

The black market, which had been particularly strong in the previous year, had not held up as well as sales to other sectors, he said.

These sluggish figures are reflected in results of major furniture retailers and manufacturers which had reported recently. Amrel, Afcol, El-lerine, JD Group and Tedalex had shown reduced earnings.

Although the sales figures were measured off a high base in the previous year's "mini-boom", this shortfall in earnings was cause for concern.

Jordaan said the biggest long-term

threat was that factory closures would result in supply problems when the economy turned.

The fall-off in sales had resulted in factory closures, short time or retrenchments.

"We are concerned that when the upswing comes, remaining factories will have difficulty coping with demand and product differentiation will be difficult to achieve," he said.

There had been no indication that the recently announced reduced deposits on HP transactions would give the industry any kind of boost.

Figures released yesterday by the Central Statistical Service (CSS) showed that total retail trade sales for the three months to February had dropped 4,1% in real terms compared with the same period in the previous year.

Total retail trade sales for February were 15,6% up compared with February 1991 — a 2% decrease in real terms. The CSS said February's total retail trade sales of R6,35bn were 10,8% higher than expected.

Recently retailers estimated that sales had declined by almost 10% in real terms over the first quarter.

MARCIA KLEIN

810 day 12/5/92 188

Furniture industry jobs in jeopardy

188
CT 12/5/92

By MAGGIE ROWLEY
Deputy Business Editor

EMPLOYMENT levels in the furniture industry have shrunk more than 13% in the past 16 months and further retrenchments would be unavoidable, Dr Winston Smith, executive director of the Federation of Furniture Manufacturers warned.

In an interview Smith said the furniture industry was experiencing its worst downturn in living memory with 3748 jobs being lost since December 1990 when a total of 28 305 people were employed in the industry

Employment levels dropped to 26 140 in December last year and in the first four months of this year a further 1 500 jobs in Natal and the Transvaal alone had been lost, he said.

During last year 68 of the 899 factories throughout the country closed with a further 15 ceasing operations this year

In the Western Cape 22 of 148 companies employing 406 employees

closed last year with figures for this year still outstanding, said Smith

He warned that no upturn in the industry could be expected this year.

"There are many companies holding on by the skin of their teeth and unless the situation improves they will be forced to close

"No one in the industry is making a profit and many companies are just trying to hold on to their staff in case of an upturn but they have no work for them

'Only salvation'

"Our only salvation lies in an upsurge in homebuilding activity which by all accounts does not look likely this year"

Frans Jordaan, executive director of the Furniture Traders Association, said factory closures caused by reduced sales posed the biggest long-term threat to the industry and would result in problems of supply in time to come.

"We are concerned that when the upswing comes, remaining factories will have difficulty coping with de-

mand and product differentiation will be difficult to achieve," he says

First quarter sales of furniture, television and video equipment released last night show there was an overall drop in real terms of 7% when measured against the sales figures at current prices for the first quarter of 1991

Appliance sales held up relatively well, increasing by 14,3% at current prices. However sales of TVs and video recorders showed a negative real growth of close to 15%

"One of the reasons for this is that there was something of a mini-boom in this field during the first three months of 1991, which meant that this year's figures were measured off a relatively high base"

Sales to black consumers, he said, were particularly hard hit showing a real negative growth of 12%

"So far, there has been no indication that the recently announced legislation which reduced deposits on HP transactions will give the industry any kind of boost," says Jordaan

Pickard deal talks break down

CAPE TOWN — Eleventh-hour disagreements have resulted in the breakdown of takeover talks between the Pickard family and a consortium of Johannesburg and Cape Town businessmen *B(Daw)*

The failure to agree on terms came after conditional agreement had been signed, guarantees furnished and a due diligence investigation undertaken *22/5/92*

However, consortium members said they wished to leave the door open to future possible negotiations — although renegotiations would involve a new deal

Conflicting reasons for the collapse emerged yesterday with some suggesting that the Pickard group had failed to meet the onerous conditions laid down by the consortium in the due diligence test

Rumour also has it that the consortium was unable to reach an accord with operating management. Other sources suggested the consortium had not furnished, or did

188

LINDA ENSOR

not want to furnish, the R21m required to settle the inter-company loan between Picardi Investments (Picbel) and its subsidiary Picardi Appliances (Picaph)

This was rejected by members of the consortium, which included former Altron deputy chairman Neill Davies, Anglo American deputy chairman Peter Gush, Cape Town attorney Brett Keble and Sovereignty Investment Trust directors Simon Koch and Mike Pfaff. The consortium claimed the time period for the submission of the R21m had not expired

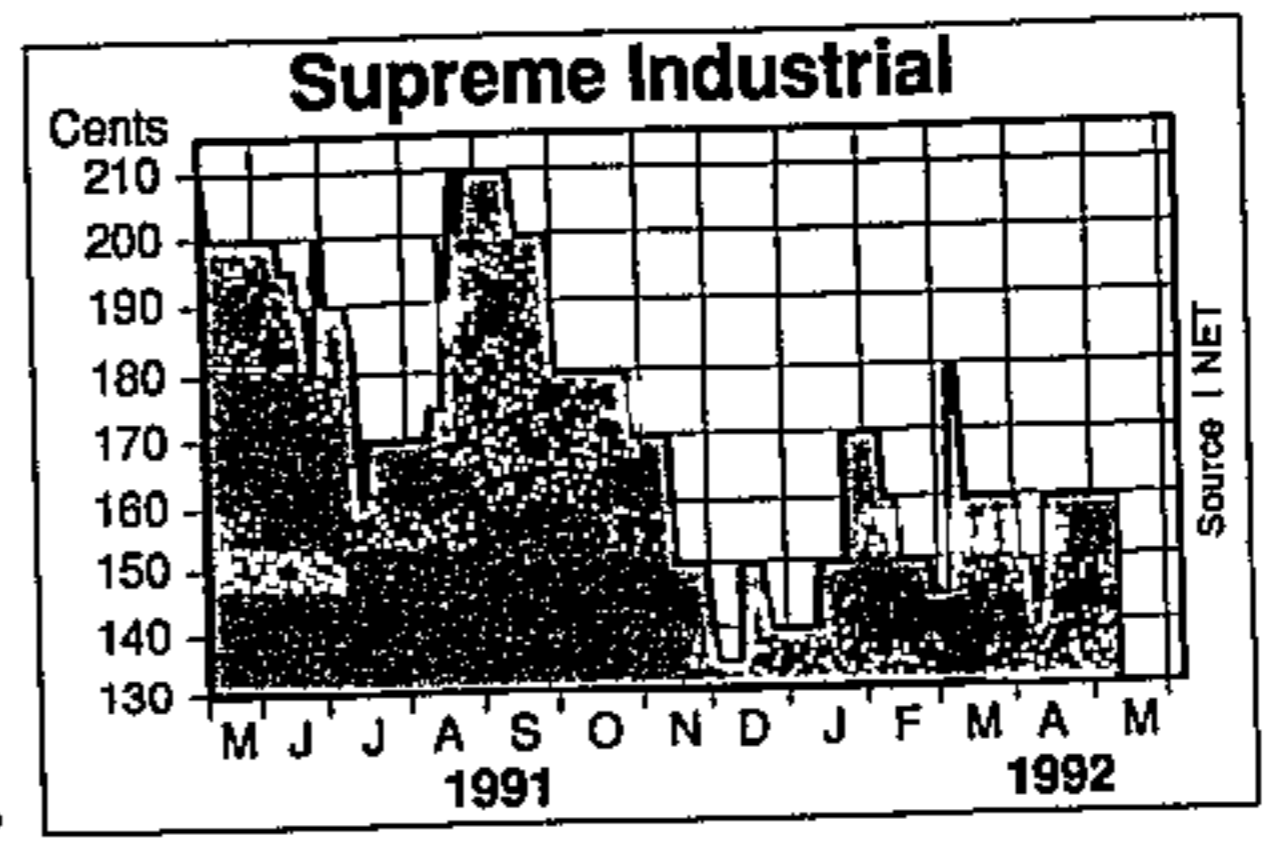
Minority shareholders had been keenly awaiting the deal. The share prices of Picardi Appliances, Picardi Holdings and Picardi Investments have traded at a large discount to net asset value and shareholders could benefit from a higher price offered by the consortium

FM 22/5/92 (188)

SUPREME INDUSTRIAL
FM 22/5/92
Boost from new structure

Activities: Holding company of Profurn (79%) and Supreme Manufacturing (98%)
Control: Directors 85%
Chairman and MD: E Ronbeck *(188)*
Capital structure: 32,1m ords Market capitalisation R51,4m
Share market: Price 160c Yield 7,5% on dividend, 20,1% on earnings, p e ratio, 5,0 cover, 2,7 12-month high, 210c, low, 135c
 Trading volume last quarter, 44 000 shares
Year to Dec

	'89	'90	'91
ST debt (Rm)	6,3	7,8	8,3
LT debt (Rm)	49,2	99,3	68,0
Debt equity ratio	1,2	2,1	0,8
Shareholders' interest	0,3	0,2	0,4
Int & leasing cover	3,3	1,6	1,8
Return on cap (%)	5,9	14,9	14,6
Turnover (Rm)	76	216	203
Pre-int profit (Rm)	8,7	33,3	28,9
Pre-int margin (%)	11,5	15,4	14,2
Earnings (c)	18,6	30,0	32,2
Dividends (c)	7	10	12
Net worth (c)	163	182	206



But interest cover, at 1,8 times, remains thin and the market is unlikely to give the group a completely clean bill of health until this ratio improves to a more comfortable level. Though both subsidiaries forecast improved results, Ronbeck is unwilling to make a specific forecast. Like Profurn, Supreme will have to run hard simply to maintain EPS on a much larger issued capital. The market seems to have a far higher opinion of Supreme than of its subsidiaries. The 160c share price (the same as the rights price) is about three times the market value of holdings in the subsidiaries, together worth R29,3m against a book value of R78,4m. Adjusting Supreme's NAV for this shortfall would give a net worth of around 53c compared with the consolidated balance sheet value of 206c. *Brian Thompson*

As non-operating holding company of Supreme Manufacturing Holdings (SMH, *Companies* May 15) and Protea Furnishers (*Companies* April 24), Supreme Industrial's results depend almost entirely on these two. So it may seem odd that EPS nudged slightly ahead last year, whereas those of both Profurn and SMH were lower — heavily so at the latter. This, however, had nothing to do with any sleight of hand; it was a consequence of a change in structure.

As a result of the undersubscription of Profurn's mid-year rights issue, Supreme had to take up 27% of the shares. It also bought 10m shares (pre-rights) from a minority holder, so that its total interest in Profurn increased from 53% to 79%.

Carried through to the income statement, this was mainly responsible for the sharp drop in minority interests. This gave an increase in attributable income sufficient to offset Supreme's own 67-for-100 rights issue and still left EPS 2,2c higher at 32,2c. Almost the entire increase was passed on to shareholders by a higher annual dividend. As holders of more than 85% of the equity are taking bonus shares in lieu of cash, this will have no effect on financial resources.

As indicated in the separate reviews, both subsidiaries concentrated last year on getting their balance sheets into better shape. Profurn's R21,4m cut in gross borrowings, together with a R5,8m decline at SMH, was mainly responsible for a drop in the group total from R107,1m to R76,2m.

Chairman Edward Ronbeck believes gearing is acceptable in view of the nature of business which, at Profurn, involves financing an HP debtors' book. From a purely structural point of view, this is probably true.

OfficeMart on the move ⁽¹⁸⁸⁾

CASH-AND-CARRY furniture and office requisites group OfficeMart plans to double turnover in the current year and expand outside Johannesburg

OfficeMart, a subsidiary of Mathieson & Ashley (M&A), recorded sales of about R30-million in its first year from its three outlets in Steeldale, Wynberg and Isando

Managing director Neal Quirk says that in the year to March turnover is expected to reach R61-million and the company should contribute to M&A's profits for the first time

A branch will be opened in central Johannesburg in July and one in Pretoria in November. The company may open in Randburg Early next year, branches will be set up in Cape Town and Durban

OfficeMart is also concen-

By DON ROBERTSON

S/Times (Buss) 24/5/72
trating on facsimile machines, telephones, calculators and answering systems under the name sMartbrand

Mr Quirk is investigating the possibility of offering travel bookings, car rentals and business gifts

"Whatever businesses require, they will be able to get from OfficeMart, including letterheads, business cards, liquor, books and magazines"

Mr Quirk says the concept of OfficeMart is ideal for difficult times because savings can be had from discounts of as much as 30% on stationery

"When the economy turns, we will do even better"

No respite for office furniture industry ¹⁸⁸

B/Daw 11/6/92
THE office furniture industry, arguably one of the sectors worst hit by recessionary conditions, would see no respite for at least another year, industry players said

Mathieson & Ashley (Math Ash) MD John Beck said a large number of factories were closing down, and nearly all the manufacturers were working on short time

He said the continual start-stop short time was highly disruptive, caused morale problems and was expensive as it took considerable time to get up to full production speed again. The industry also suffered from the typical, expensive SA problem of too many ranges spread over a small volume

An indication of how bad things were was that about 23 companies recently pitched for business on a big project. Normally there were four or five

Beck expected no respite for at least the next 12 months, and expected more casualties and a dramatic downsizing of office furniture companies

Beck said another major problem facing the market was that companies were price cutting in order to stay alive, and this affected the entire industry

Math Ash, the only listed office furniture company following the de-listing of Grant Andrews, had also suffered. Beck said it had used this time to consolidate and improve basic business fundamentals. He was confident the group would survive

The move towards establishing discount operations was providing a hedge for Math Ash, and there was a general swing towards buying at these stores. In line with this there was a move to expand into all the major metropolitan areas

Apart from the successful opening of its OfficeMart discount operation, Beck said Math Ash had started up a businesses in the UK and the Far East, which were geared to promote exports out of SA. Math Ash

had also been successful in terms of its exports into Africa

Beck believed that Math Ash would turn around in the next financial year as it gained market share when its export successes started to come on stream and the consolidation period began to bear fruit

It is believed that Math Ash is negotiating with the world's largest chair manufacturer to form a partnership. This would support the local market and allow for the export of a significant part of production back to its overseas partner

Grant Andrews Office Furniture (GAOF) CE Grant Andrews said one of the problems facing the industry was that, because of the recession, market segmentation had become a grey area. "Previously, corporate clients would only deal with major manufacturers and there was very definite market segmentation," he said

But now major corporate clients had moved downmarket in their purchasing, dealing with office furniture dealers who were not manufacturers. "Fortunately, these clients are realising that this is false economy," he said

Although trading conditions were at their lowest since the company's entry into the market 14 years ago, Andrews said that GAOF had restructured its entire organisation, and scaled down to focus exclusively on its core business. This allowed it to slash overheads, reduce costs and concentrate on the niche high quality sector

Andrews said his company had increased its share in the corporate market. It had secured the Anglo American head office contract and other major orders. Following the positive referendum result, GAOF was looking more aggressively to Africa. It has dealt with exports to neighbouring territories, but now it would look further north and to the Indian Ocean islands

MARCIA KLEIN

(2) Voeg die volgende nuwe subklousule (4) (iv) in

"(iv) 'n lid geregtig is op kraamvoordele van hoogstens R300 Met dien verstande voorts dat die werknemer voor die aanvang van die kraamverlof een jaar lank in die Bedryf was, binne ses maande na die Bedryf terugkeer en daarna vir 'n minimum tydperk van ses maande in die Bedryf aanbly "

Namens die partye op hede die 9de dag van Desember 1991 te Kaapstad onderteken

Mev P. LAMPRECHT,

Voorsitter

D. VAN DER WESTHUIZEN,

Ondervoorsitter

K. BARNES,

Sekretaris

No. R. 1865

3 Julie 1992

WET OP ARBEIDSVERHOUDINGE, 1956

INTREKKING VAN GOEWERMENSKENNIS-
GEWING

MEUBEL- EN BEDDEGOEDNYWERHEID TRANS-
VAAL BYSTANDSFONDSE-OOREENKOMS

Ek, Glen Morris Edwin Carelse, Adjunkminister van Mannekrag, trek hierby, kragtens artikel 48 (5) van die Wet op Arbeidsverhoudinge, 1956, Goewermensken- nisgewing R 3043 van 4 Januarie 1991 in met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing

G. M. E. CARELSE,

Adjunkminister van Mannekrag.

No. R. 1866

3 Julie 1992

WET OP ARBEIDSVERHOUDINGE, 1956

MEUBEL- EN BEDDEGOEDNYWERHEID TRANS-
VAAL NUWE BYSTANDSFONDSE-OOREENKOMS

Ek, Glen Morris Edwin Carelse, Adjunkminister van Mannekrag, verklaar hierby—

(a) kragtens artikel 48 (1) (a) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalings van die Ooreenkoms wat in die Bylae hiervan verskyn en betrekking het op die Onderneming, Nywerheid, Bedryf of Beroep in die opskrif by hierdie kennisgewing vermeld, met ingang van die tweede Maandag na die datum van publika- sie van hierdie kennisgewing en vir die tydperk wat op 31 Mei 1994 eindig, bindend is vir die werkgewersorganisasie en die vakvereniging wat genoemde Ooreenkoms aangegaan het en vir die werkgewers en werknemers wat lede van genoemde organisasie of vereniging is, en

(b) kragtens artikel 48 (1) (b) van genoemde Wet, dat die bepalings van die genoemde Ooreen- koms, uitgesonderd dié vervat in klousules 1 (1) (a), 2 en 5 van Hoofstuk I, klousules 4 (5) en 6 (c) van Hoofstuk II, Hoofstuk III en Hoofstuk IV met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing

(2) Insert the following new subclause (4) (iv)

"(iv) a member shall be entitled to confinement benefits to a maximum of R300 Provided that the employee has been in the Trade for one year prior to commencement of maternity leave, returns to the Trade within six months and sub- sequently remains in the trade for a minimum period of six months "

Signed at Cape Town on behalf of the parties this 9th day of December 1991

Mrs P. LAMPRECHT,

Chairman

D. VAN DER WESTHUIZEN,

Vice-chairman

K BARNES,

Secretary

No. R. 1865

3 July 1992

LABOUR RELATIONS ACT, 1956

CANCELLATION OF GOVERNMENT NOTICE

FURNITURE AND BEDDING MANUFACTURING
INDUSTRY TRANSVAAL BENEFIT FUNDS
AGREEMENT

I, Glen Morris Edwin Carelse, Deputy Minister of Manpower, hereby, in terms of section 48 (5) of the Labour Relations Act, 1956, cancel Government No- tice R 3043 of 4 January 1991 with effect from the second Monday after the date of publication of this notice

G. M. E. CARELSE,

Deputy Minister of Manpower.

No. R. 1866

3 July 1992

LABOUR RELATIONS ACT, 1956

FURNITURE AND BEDDING MANUFACTURING IN-
DUSTRY TRANSVAAL NEW BENEFIT FUNDS
AGREEMENT

I, Glen Morris Edwin Carelse, Deputy Minister of Manpower, hereby—

(a) in terms of section 48 (1) (a) of the Labour Rela- tions Act, 1956, declare that the provisions of the Agreement which appears in the Schedule hereto and which relates to the Undertaking, In- dustry, Trade or Occupation referred to in the heading to this notice, shall be binding, with effect from the second Monday after the date of publication of this notice and for the period end- ing 31 May 1994 upon the employers' organisa- tion and the trade union which entered into the said Agreement and upon the employers and employees who are members of the said organi- sation or union, and

(b) in terms of section 48 (1) (b) of the said Act, declare that the provisions of the said Agreement, excluding those contained in clauses 1 (1) (a), 2 and 5 of Chapter I, clauses 4 (5) and 6 (c) of Chapter II, Chapter III and Chap- ter IV, shall be binding, with effect from the second Monday after the date of publication of

en vir die tydperk wat op 31 Mei 1994 eindig, bindend is vir alle ander werkgewers en werknemers as die genoem in paragraaf (a) van hierdie kennisgewing wat betrokke is by of in diens is in genoemde Onderneming, Nywerheid, Bedryf of Beroep in die gebiede in klousule 1 van die genoemde Ooreenkoms gespesifiseer

G. M. E. CARELSE,

Adjunkminister van Mannekrag

BYLAE

NYWERHEIDSRAAD VIR DIE MEUBEL- EN BEDDE- GOEDNYWERHEID, TRANSVAAL

BYSTANDSFONDSE-OOREENKOMS

Ooreenkoms stig die Wet op Arbeidsverhoudinge, 1956, gesluit deur en aangegaan tussen die

Transvaal Furniture, Bedding and Upholstery Manufacturers' Association

(hierna die "werkgewers" of die "werkgewersorganisasie" genoem), aan die een kant, en die

National Union of Furniture and Allied Workers of South Africa

(hierna die "werknemers" of die "vakvereniging" genoem), aan die ander kant,

wat die partye is by die Nywerheidsraad vir die Meubel- en Beddegoednywerheid, Transvaal

HOOFSTUK 1

1. TOEPASSINGSBESTEK VAN OOREENKOMS

(1) Hierdie Ooreenkoms moet in die Meubel- en Beddegoednywerheid, Transvaal, nagekom word—

(a) deur alle werkgewers wat lede van die werkgewersorganisasie is en deur alle werknemers wat lede van die vakvereniging is en wat onderskeidelik by die Meubel- en Beddegoednywerheid betrokke of daarin werksaam is,

(b) in die provinsie Transvaal en in die landdrostdistrik Vryburg soos dit op 24 Junie 1960 saamgestel was

(2) Ondanks subklousule (1), is hierdie Ooreenkoms—

(a) slegs van toepassing op werknemers vir wie minimum lone in die Hofooreenkoms voorgeskryf word en op werkende werkgewers soos in die Hofooreenkoms omskryf,

(b) van toepassing op vakleerlinge vir sover dit nie onbestaanbaar is nie met die Wet op Mannekragopleiding, 1981, of die Wysigingswet op Mannekragopleiding, 1990, of kontrakte aangegaan of voorwaardes vasgestel ingevolge genoemde Wet

2 GELDIGHEIDSDUUR

Hierdie Ooreenkoms tree in werking op 'n datum wat kragtens art kel 48 van die Wet deur die Minister bepaal word, en bly van krag vir die tydperk wat op 31 Mei 1994 eindig, of vir sodanige tydperk as wat hy vasstel

3. WOORDOMSKRYWING

Alle uitdrukkings wat in hierdie Ooreenkoms gebesig en in die Wet op Arbeidsverhoudinge, 1956, omskryf word, het dieselfde betekenis as in daardie Wet, waar daar van 'n Wet melding gemaak word, word ook alle wysigings van sodanige Wet bedoel, en tensy die teenoorgestelde blyk, omvat woorde wat die manlike geslag aandui, ook vroue, voorts, tensy dit onbestaanbaar met die samehang is, beteken—

"Wet" die Wet op Arbeidsverhoudinge, 1956;

this notice and for the period ending 31 May 1994, upon all employers and employees, other than those referred to in paragraph (a) of this notice, who are engaged or employed in the said Undertaking, Industry, Trade or Occupation in the areas specified in clause 1 of the said Agreement.

G. M. E. CARELSE,

Deputy Minister of Manpower

SCHEDULE

INDUSTRIAL COUNCIL FOR THE FURNITURE AND BEDDING MANUFACTURING INDUSTRY, TRANSVAAL

BENEFIT FUNDS AGREEMENT

In accordance with the provisions of the Labour Relations Act, 1956, made and entered into by and between the

Transvaal Furniture, Bedding and Upholstery Manufacturers' Association

(hereinafter referred to as the "employers" or the "employers' organisation"), of the one part, and the

National Union of Furniture and Allied Workers of South Africa

(hereinafter referred to as the "employees" or the "trade union"), of the other part,

being the parties to the Industrial Council for the Furniture and Bedding Manufacturing Industry, Transvaal

CHAPTER 1

1. SCOPE OF APPLICATION

(1) The terms of this Agreement shall be observed in the Furniture and Bedding Manufacturing Industry, Transvaal—

(a) by all employers who are members of the employers' organisation and by all employees who are members of the trade union, who are engaged or employed in the Furniture and Bedding Manufacturing Industry, respectively,

(b) in the Province of the Transvaal and in the Magisterial District of Vryburg as it was constituted as at 24 June 1960

(2) Notwithstanding the provisions of subclause (1), the provisions of this Agreement shall—

(a) only apply in respect of employees for whom minimum wages are prescribed in the Main Agreement and to working employers as defined in the Main Agreement,

(b) apply to apprentices in so far as they are not inconsistent with the provisions of the Manpower Training Act, 1981, or the Manpower Training Amendment Act, 1990, or any contracts entered into or any conditions fixed thereunder

2. PERIOD OF OPERATION

This Agreement shall come into operation on such date as may be specified by the Minister in terms of section 48 of the Act, and shall remain in force for the period ending 31 May 1994 or for such period as may be determined by him

3. DEFINITIONS

All expressions used in this Agreement which are defined in the Labour Relations Act, 1956, shall have the same meanings as in that Act, any reference to an Act shall include any amendments of such Act, and unless the contrary intention appears, words importing the masculine gender shall include females, further, unless inconsistent with the context—

"Act" means the Labour Relations Act, 1956,

"vakleerling" 'n werknemer wat gebind is deur 'n skriftelike leerlingkontrak, geregistreer kragtens die Wet op Mannekragopleiding, 1981, of die Wysigingswet op Mannekragopleiding, 1990,

"ouditeur" 'n openbare rekenmeester soos in die Wet omskryf,

"los werknemer" 'n werknemer wat hoogstens drie dae in 'n bepaalde week by dieselfde werkgewer in diens is om grondstowwe van watter aard ook al op te laai en/of af te laai en/of op te berg,

"Komitee" of "Bestuurskomitee", vir doeleindes van die administrasie van die Fonds, die Komitee deur die Raad aangestel ingevolge klousule 2 (1) (a) van Hoofstuk II en vir doeleindes van die administrasie van die Skema, die Komitee deur die Raad aangestel ingevolge klousule 8 (1) van Hoofstuk IV,

"bydraes" die geld wat ingevolge klousule 4 (1) van Hoofstuk II aan die Fonds betaalbaar is,

"Raad" die Nywerheidsraad vir die Meubel- en Beddegoednywerheid, Transvaal,

"afhanklike", met betrekking tot 'n lid vir die doeleindes van—

(a) Hoofstuk II

(i) Sy vrou,

(ii) sy weduwee,

(iii) sy minderjarige kind of minderjarige stiefkind, of

(iv) enige ander persoon wat geheel en al van sodanige lid afhanklik is en wat aan die Komitee bewys lewer dat hy aldus afhanklik is. Met dien verstande dat die Komitee se beslissing oor wie die afhanklikes van die oorlede lid is ingevolge hierdie paragraaf finaal is,

(v) 'n begunstigde deur 'n lid benoem waar daar op die datum van benoeming geen afhanklike bestaan nie. Met dien verstande dat as daar wel 'n afhanklike is soos in (a) (i) of (ii) of (iii) genoem, die benoeming van 'n begunstigde as ongeldig beskou moet word,

(b) Hoofstuk III Persone deur die Genootskap as afhanklikes toegelaat ingevolge klousule 5,

(c) Hoofstuk IV Persone omskryf as afhanklikes ingevolge klousule 2,

"Fonds" die Voorsorgfonds vir die Meubel- en Beddegoednywerheid, Transvaal, waarvoor in Hoofstuk II voorsiening gemaak word,

"Fondsweek" die tydperk vanaf middernag tussen Donderdag en Vrydag tot middernag van die volgende Donderdag en Vrydag,

"Meubel- en Beddegoednywerheid" beteken, sonder om die gewone betekenis van die uitdrukking enigszins te beperk, die nywerheid waarin werkgewers en hul werknemers met mekaar geassosieer is vir die vervaardiging, hetsy in die geheel of gedeeltelik, van alle tipes meubels en beddegoed, ongeag die materiaal wat gebruik word, en omvat dit onder meer die volgende

(a) Herstelwerk, stoffering, herstoffering, beitsing, besputting of polering en/of herpolering, die maak van los oortreksels en/of kussings en/of gordyne, en/of die maak en/of herstel van raamveermatrasse en/of rame vir stoffeerwerk, houtmasjinerie, finering, houtdraaiwerk en houtsnijwerk in verband met die vervaardiging en/of herstel van meubels, die polering en/of herpolering van klaviere, en/of die vervaardiging en/of beitsing, besputting en polering en/of herpolering van meubels vir teekamers, kantore, kerke, skole, kroee of teaters en kabinette vir musiekinstrumente en radio- of draadlooskabinette, met inbegrip van die werksaamhede

"apprentice" means an employee who is bound by a written contract of apprenticeship, registered under the Manpower Training Act, 1981, or the Manpower Training Amendment Act, 1990,

"auditor" means a public accountant as defined in the Act,

"casual employee" means an employee who is employed by the same employer on not more than three days in any one week for the purpose of loading and/or off-loading and/or storing raw materials of any kind,

"Committee" or "Management Committee", means for the purposes of the administration of the Fund, the Committee appointed by the Council in accordance with the provisions of clause 2 (1) (a) of Chapter II and for the purposes of the administration of the Scheme, the Committee appointed by the Council in terms of clause 8 (1) of Chapter IV,

"contributions" means the moneys payable to the Fund in terms of clause 4 (1) of Chapter II,

"Council" means the Industrial Council for the Furniture and Bedding Manufacturing Industry, Transvaal,

"dependant" means in relation to a member for the purpose of—

(a) Chapter II

(i) His wife,

(ii) his widow,

(iii) his minor child or minor stepchild, or

(iv) any other person who is wholly dependent upon such member and who satisfies the Committee that he is so dependent. Provide that the Committee's decision as to who are the dependants of the deceased member, in terms of this paragraph, shall be final,

(v) a beneficiary nominated by a member where at the date of nomination there is no dependant. Provided that should a dependant under (a) (i), (ii) or (iii) be established, the nomination of the beneficiary shall be deemed invalid,

(b) Chapter III Persons admitted by the Society as dependants in accordance with the provisions of clause 5, and

(c) Chapter IV Persons defined as dependants in terms of clause 2,

"Fund" means the Provident Fund for the Furniture and Bedding Manufacturing Industry, Transvaal, provided for in Chapter II,

"Fund week" means the period from midnight between Thursday and Friday to midnight of the following Thursday and Friday,

"Furniture and Bedding Manufacturing Industry" means, without in any way limiting the ordinary meaning of the expression, the industry in which employers and their employees are associated for the manufacture either in whole or in part of all types of furniture and bedding, irrespective of the materials used, and includes, *inter alia*, the following

(a) Repairing, upholstering, re-upholstering, staining, spraying or polishing and/or repolishing, the making of loose covers and/or cushions and/or curtains, and/or the making and/or repairing of box-spring mattresses and/or frames for upholstering, wood machining, veneering, wood-turning and carving in connection with the manufacturing and/or repairing of furniture, the polishing and/or repolishing of pianos, and/or the manufacturing and/or staining, spraying and polishing and/or repolishing of tea-room, office, church, school, bar or theatre furniture and cabinets for musical instruments and radio or wireless cabinets, including the activ-

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wat verrig word in persele waar houtmasjinerig, houtdraaiwerk en/of houtsnijwerk in verband met die produksie van meubels gedoen word, en met inbegrip van die herstel, herstoffering of herpolering van meubels in of in verband met bedryfsinrigtings waarin die produksie van meubels of enige werkzaamheid wat geassosieer word met die finale voorbereiding van 'n meubelstuk wat te koop is, of in die geheel of gedeeltelik, uitgevoer word, en die finering van gelamelleerde blokbord- of laaghoutdeure wat vir meubels gebruik word, en alle gedeeltes van materiaal wat by die vervaardiging van meubels gebruik word, maar uitgesonderd die vervaardiging van ateljeebanke soos hieronder omskryf, en kussings vir sodanige ateljeebanke, die vervaardiging van artikels wat hoofsaaklik van riet, gras en/of rottang gemaak word, en die vervaardiging van metaalmeubels asook die vervaardiging van metaalkatels,

(b) die gedeelte van die Meubelnywerheid wat te doen het met die vervaardiging van televisiekabinette, maar uitgesonderd die vervaardiging van televisiekabinette wat hoofsaaklik van metaal en/of plastiek gemaak word en/of televisiekabinette wat deur vervaardigers van televisiestelle gemaak word as omhulsel vir televisiestelle deur hulle vervaardig in die landdrostdistrikte Alberton en Johannesburg,

(c) die vervaardiging van beddegoed, wat enigeen of meer van die volgende werksaamhede omvat

(i) Die vervaardiging van matrasse, veermatrasse, bomatrasse, bolsters, kopkussings, kussings vir ateljeebanke en veereenhede,

(ii) die vervaardiging van ateljeebanke,

(iii) alle werksaamhede en prosesse wat met die vervaardiging van die artikels vermeld in (i) of (ii) gepaard gaan indien verrig deur 'n werknemer wat vir die vervaardiging van sodanige artikels in diens is, maar uitgesonderd die werksaamhede en prosesse by die vervaardiging en/of montering van metaaldele van sodanige artikels,

"ateljeebank", vir die doeleindes van (a) en (c), beteken 'n meubelstuk wat ontwerp is as sitplek en vir omstelling in 'n dubbelbed of twee of meer beddens en waarvan die raam hoofsaaklik van metaal gebou en die sitplek en/of slaapoppervlakke uit matrasse en/of kussings bestaan"

"leerling" 'n werknemer wat gemagtig is of geag word gemagtig te wees as 'n leerling ingevolge enige ooreenkoms, gepubliseer ingevolge die Wet, wat van tyd tot tyd op die Nywerheid van toepassing is of was,

"Hofooreenkoms" enige geldende ooreenkoms vir die Meubel- en Beddegoednywerheid, Transvaal, gepubliseer ingevolge artikel 48 van die Wet, waarin lone voorgeskryf word, of by gebrek aan so 'n ooreenkoms, die jongste loonooreenkoms wat ingevolge die Wet vir die Nywerheid gepubliseer is,

"Mediese Komitee" die Mediese Komitee deur die Raad aangestel ingevolge klousule 12 van Hoofstuk III,

"lid" 'n werknemer wat toegelaat is as lid van die Fonds en/of Genootskap en/of die Skema ingevolge klousule 3 van Hoofstuk II, klousule 3 van Hoofstuk III, en klousule 4 van Hoofstuk IV, en die woorde "lid" en "lidmaatskap" het 'n ooreenstemmende betekenis,

"hoe ouderdom" die leeftyd van 60 jaar of ouer,

"gewone loon" die loon gebaseer op 'n werknemer se verdienste en betaalbaar as hy 44 uur, uitgesonderd oortyd, gedurende 'n bepaalde week gewerk het,

"betaaldag" Vrydag elke week, behalwe as Vrydag nie 'n werkdag is nie, wanneer die betaaldag dan die laaste werkdag voor Vrydag is,

ities carried on in any premises where wood machining, wood-turning and/or carving in connection with the production of furniture is carried on, and including the repairing, reupholstering or repolishing of furniture in or in connection with establishments in which the production of furniture or any operation associated with the final preparation of any article of furniture for sale either in whole or in part is carried on, and the veneering of laminated blockboard or plywood doors used for furniture, and all parts of materials used in the manufacturing of furniture, but excluding the manufacturing of studio couches as defined hereinafter, and cushions for such studio couches, the manufacturing of articles made principally of wicker, grass and/or cane, and the manufacturing of metal furniture, including the manufacturing of metal bedsteads,

(b) that portion of the Furniture Manufacturing Industry concerned with the manufacturing of television cabinets, but excluding the manufacturing of television cabinets made principally of metal and/or plastic and/or television cabinets made by manufacturers of television sets for the housing of television sets manufactured by them in the Magisterial Districts of Alberton and Johannesburg,

(c) the manufacturing of bedding, which includes any one or more of the following operations 188 ~~188~~

(i) The manufacturing of mattresses, spring mattresses, overlays, bolsters, pillows, cushions for studio couches and spring units,

(ii) the manufacturing of studio couches,

(iii) all operations and processes incidental to the manufacturing of the articles mentioned in subparagraph (i) or (ii) if carried out by an employee employed in the manufacturing of such articles, but excluding the operations and processes in the manufacturing and/or assembly of metal parts of such articles,

"studio couch", for the purposes of (a) and (c), means an article of furniture which is designed for seating and for conversion into a double bed or two or more beds and of which the frame is constructed mainly of metal and the seating and/or sleeping surfaces consist of mattresses and/or cushions,

"learner" means an employee who has been authorised or is deemed to have been authorised a learner in terms of any agreement published in terms of the Act which is or was binding on the industry from time to time,

"Main Agreement" means any current agreement for the Furniture and Bedding Manufacturing Industry, published in terms of section 48 of the Act, in which wages are prescribed, or in the absence of such an agreement, the last wage agreement published for the Industry in terms of the Act,

"Medical Committee" means the Medical Committee appointed by the Council in accordance with the provisions of clause 12 of Chapter III,

"member" means an employee who has been admitted as a member of the Fund and/or Society and/or the Scheme in terms of clause 3 of Chapter II, clause 3 of Chapter III, and clause 4 of Chapter IV, and the words "member" and "membership" shall have a corresponding meaning,

"old age" means the age of 60 years or over,

"ordinary wage" means the wage based on an employee's earnings and payable had he worked 44 hours, excluding overtime, during any one week,

"pay-day" means Friday in each week, except where Friday is a non-working day, when the pay-day shall be the last working day preceding Friday,

"regulasies" die regulasies van die Genootskap van tyd tot tyd deur die Mediese Komitee gemaak ingevolge klousule 9 van hierdie Hoofstuk en Hoofstuk III,

"aftrede" permanente aftrede uit die Nywerheid weens ongeskiktheid, swak gesondheid of hoe ouderdom, en het "aftree" 'n ooreenstemmende betekenis,

"reels" die reels van die Fonds en Skema deur die Raad gemaak ingevolge onderskeidelik klousule 2 (1) (b) van Hoofstuk II en klousule 9 (3) van Hoofstuk IV

"Skema" die Sterfte- en Ongeskiktheidskema vir Transvaalse Meubel- en Beddegoedwerkers waarvoor in Hoofstuk IV voorsiening gemaak word,

"Sekretaris" die sekretaris aangestel ingevolge klousule 4 van hierdie Hoofstuk,

"siekte" liggaamlike ongesteldheid, ongeskiktheid of ongesteldheid weens 'n kwaal, siekte, aandoening of besering waarvoor lede en afhanklikes geregtig is op bystand uit hoofde van klousule 2 en ingevolge klousule 8, soos by klousule 10 van Hoofstuk III beperk, of waarvoor lede geregtig is op siektebesoldiging, ingevolge klousule 9 van Hoofstuk III voorsiening gemaak word,

"siektebesoldiging" die siektebesoldiging betaalbaar ingevolge klousule 9 van Hoofstuk III,

"Genootskap" die Siektebystandgenootskap vir Transvaalse Meubel- en Beddegoedwerkers waarvoor in Hoofstuk III voorsiening gemaak word,

"Iedegeld" die geld oorgedra ingevolge klousule 4 (5) van Hoofstuk II ooreenkomstig klousule 7 (1) van Hoofstuk III aan die Genootskap en klousule 5 (1) van Hoofstuk IV aan die Skema

4. ADMINISTRASIE

Die Raad moet 'n ouditeur, 'n sekretaris en personeel aanstel op sodanige grondslag en voorwaardes as wat hy geskik ag en hy kan sodanige aanstellings verander, reelings tref en voorsiening maak vir persele, kantoormeubels en -uitrusting vir die administrasie van die Fonds, die Genootskap en die Skema

5. AGENTE

Enige agent wat deur die Raad aangestel word, moet help om die bepalings van hierdie Ooreenkoms uit te voer. Dit is die plig van elke werkgewer om sodanige agente toe te laat om sy bedryfsinrigting binne te gaan en om sodanige navrae te doen en om sodanige dokumente, boeke, loonstate, loonkoeverte en loonkaartjies te ondersoek en om sodanige individue te ondervra as wat nodig is met die doel om vas te stel of die bepalings van hierdie Ooreenkoms nagekom word, en in geval geen agente deur die Raad aangestel word nie, kan hy die Bestuurskomitee of die Mediese Komitee magtig om een of meer agente aan te stel, beklee met soortgelyke bevoegdhede en belas met soortgelyke pligte as die agente wat hierbo gemeld word, vir solank bydraes deur lede en werkgewers aan die Fonds, die Genootskap of die Skema verskuldig is

6. VRYSTELLINGS

(1) Die Bestuurskomitee of die Mediese Komitee kan vrystelling verleen van enige van of al die bepalings van hierdie Ooreenkoms ten opsigte van 'n werkgewer en een of meer van sy werknemers

(2) Die Bestuurskomitee of die Mediese Komitee moet, ten opsigte van enige werkgewer of persoon aan wie vrystelling ingevolge subklousule (1) hierbo verleen is, die voorwaardes, as daar is, vasstel waaronder sodanige vrystelling verleen word en die tydperk waartydens sodanige vrystelling van krag is. Met dien verstande dat die Bestuurskomitee of die Mediese Komitee, indien hy dit gerade ag, nadat hy drie maande skriftelik kennis aan die betrokke werkgewer of werknemer gegee het, enige vrystellingssertifikaat kan intrek of wysig

"regulations" means the regulations of the Society made by the Medical Committee from time to time in accordance with the provisions of clause 9 of this Chapter and the provisions of Chapter III,

"retirement" means permanent retirement from the Industry through incapacity, ill-health or old age, and "retire" has a corresponding meaning,

"rules" means the rules of the Fund and the Scheme made by the Council in terms of clause 2 (1) (b) of Chapter II, and clause 9 (3) of Chapter IV, respectively,

"Scheme" means the Transvaal Furniture and Bedding Workers' Death and Disability Scheme provided for in Chapter IV,

"secretary" means the secretary appointed in terms of clause 4 of this Chapter,

"sickness" means physical disorder, incapacity or indisposition through ailment, disease, illness or injury for which members and dependants are entitled to benefits by virtue of clause 2 and in terms of clause 8 as limited by clause 10 of Chapter III, or for which members are entitled to sick pay in terms of clause 9 of Chapter III,

"sick pay" means the sick pay payable in terms of clause 9 of Chapter III,

"Society" means the Transvaal Furniture and Bedding Workers' Sick Benefit Society provided for in Chapter III, and

"subscriptions" means the amount of moneys diverted in terms of clause 4 (5) of Chapter II in accordance with clause 7 (1) of Chapter III to the Society, and clause 5 (1) of Chapter IV to the Scheme

4. ADMINISTRATION

The Council shall appoint an auditor, a secretary and staff on such terms and conditions as it may deem fit and may vary such appointments, arrange and provide for premises, office furniture and equipment for the administration of the Fund, the Society, and the Scheme

5. AGENTS

Any agent appointed by the Council shall assist in giving effect to the terms of this Agreement. It shall be the duty of every employer to permit such agents to enter his establishment and to institute such enquiries and to examine such documents, books wage-sheets, pay envelopes and pay tickets and to interrogate such individuals as may be necessary for the purpose of ascertaining whether the provisions of this Agreement are being observed, and in the event of there being no agents appointed by the Council it may authorise the Management Committee of the Medical Committee to appoint one or more agents, with similar powers and duties to those of the agents referred to above, for so long as contributions are due to the Fund, the Society, or the Scheme by members and employers

6. EXEMPTIONS

(1) The Management Committee or the Medical Committee may grant exemption from any or all of the provisions of this Agreement in respect of an employer and/or one or more of his employees

(2) The Management Committee or the Medical Committee shall fix in respect of any employer or person granted exemption under the provisions of subclause (1) above the conditions, if any, subject to which such exemption is granted and the period during which such exemption shall operate. Provided that the Management Committee or the Medical Committee may, if it deems fit, after giving three months notice, in writing, to the employer or employee concerned, withdraw or vary any certificate of exemption

(3) Die sekretaris moet aan elke werkgewer/werknemer aan wie vrystelling ingevolge hierdie klousule verleen word, 'n sertifikaat onder sy handtekening uitreik waarin hy die volgende besonderhede vermeld

(a) Die naam van die betrokke werkgewer/werknemer voluit,

(b) die bepalings van die Ooreenkoms waarvan vrystelling verleen word,

(c) die voorwaardes, as daar is, vasgestel ingevolge subklousule (2) waaronder sodanige vrystelling verleen word, en

(d) die tydperk wat die vrystelling van krag is

(4) Die Sekretaris moet—

(a) alle uitgereikte sertifikate in volgorde nommer,

(b) 'n kopie van elke sodanige uitgereikte sertifikaat bewaar, en

(c) wanneer 'n vrystelling aan 'n werknemer verleen word, 'n kopie van die vrystellingsertifikaat aan die betrokke werkgewer stuur

(5) Elke werkgewer/werknemer moet die bepalings van enige vrystellingsertifikaat wat ingevolge hierdie klousule uitgereik is, nakom

7. VRYWARING

(1) Die lede van die Raad, die lede van die Komitee of Mediese Komitee en die beamptes van die Fonds, die Genootskap of die Skema word nie verantwoordelik gehou nie vir enige handeling wat kan lei tot 'n verlies vir die Fonds, die Genootskap of die Skema waar sodanige handeling te goeder trou verrig is, en hulle is ook nie aanspreeklik vir die skulde en 'aste van die Fonds, die Genootskap of die Skema nie en hulle word hierby deur die Fonds, die Genootskap of die Skema gevrywaar teen alle verliese en koste deur hulle aangegaan in of in verband met die bona fide-uitvoering van hul pligte

(2) Die Raad en/of Komitee of Bestuurskomitee word nie verantwoordelik gehou nie vir enige bydraes afgetrek en enige bydraes verskuldig en betaalbaar deur die werkgewer wat by sekwestrasie of likwidasië van die werkgewer se boedel of hoegenaamd nie in die Fonds, die Genootskap of die Skema inbetaal is nie

8. ALGEMENE BEPALINGS

(1) Enige bystand, reg of belang waarop 'n lid van die Fonds, die Genootskap of die Skema na hy beweer ingevolge hierdie Ooreenkoms geregtig is, mag nie gebruik word as grond vir skadevergoeding in enige geding wat deur sodanige lid teen die werkgewer ten opsigte van sy ontslag ingestel word nie

Niks in hierdie Ooreenkoms beperk enigerwyse die reg van 'n werkgewer om die diens van sodanige lid te beëindig nie

(2) Niemand, hetsy hy 'n lid is of nie, het enige eis, reg of belang teen, op of ten opsigte van die Fonds, die Genootskap of die Skema of enige bydraes daartoe of enige belang daarby of enige eis teen die Raad, die Bestuurskomitee of die Mediese Komitee ingestel ingevolge hierdie Ooreenkoms en die werkgewers nie, behalwe kragtens en ooreenkomstig hierdie Ooreenkoms

(3) Behoudens die Insolvensiewet, 1936, of enige wet, maak die bystand waarop 'n lid of afhanklike geregtig is, by sekwestrasie of afstanddoening van die boedel nie deel van die bates van sy insolvente of afgestane boedel uit nie, maar val dit toe aan die Fonds, die Genootskap of die Skema na gelang van die geval, en die betrokke Komitee kan daarvoor beskik op 'n wyse wat, na die mening van die Komitee, daarop bereken is om sodanige lid of afhanklike te bevoordeel

(3) The secretary shall issue to every employer/employee granted exemption in accordance with the provisions of this clause a certificate signed by him setting out ¹⁸⁸

(a) the full name of the employer/employee concerned,

(b) the provisions of the agreement from which exemption is granted,

(c) the conditions, if any, fixed in accordance with the provisions of subclause (2) subject to which such exemption is granted,

(d) the period during which the exemption shall operate

(4) The secretary shall—

(a) number consecutively all certificates issued,

(b) retain a copy of each such certificate issued, and

(c) where an exemption is granted to an employee, forward a copy of the certificate of exemption to the employer concerned

(5) Every employer/employee shall observe the provisions of any certificate of exemption issued in terms of this clause

7. INDEMNITY

(1) The members of the Council, the members of the Committee or Medical Committee and the officers of the Fund, the Society, or the Scheme shall not be held responsible for any act which may result in loss to the Fund, the Society, or the Scheme, where such act was done in good faith, and shall not be liable for the debts and liabilities of the Fund, the Society, or the Scheme, and they are hereby indemnified by the Fund, the Society, or the Scheme against all losses and expenses incurred by them in or about the bona fide discharge of their duties

(2) The Council and/or Committee or Management Committee shall not be held responsible for any contributions deducted and any contributions due and payable by the employer not paid into the Fund, the Society or the Scheme upon sequestration or liquidation of the employer's estate or at all

8. GENERAL PROVISIONS

(1) Any benefits, right or interest to which a member of the Fund, the Society, or the Scheme may claim to be entitled in terms of this Agreement shall not be used as a ground for damages in any action brought by such member against the employer in respect of dismissal

Nothing in this Agreement shall in any way restrict the right of an employer to terminate the employment of such a member

(2) No person, whether a member or otherwise, shall have any claim, right or interest upon, to or in respect of the Fund, the Society, or the Scheme, or any contributions thereto or any interest therein or any claim against the Council, the Management Committee, or the Medical Committee established in terms of this Agreement and the employers, except under and in accordance with the provisions of this Agreement

(3) Subject to the provisions of the Insolvency Act, 1936, or any law, if the estate of any member and/or his dependant is sequestrated or assigned, the benefit to which such member or dependant is entitled shall not form part of the assets of his insolvent or assigned estate but shall revert to the Fund, the Society, or the Scheme, as the case may be, and may be dealt with by the Committee concerned in a manner calculated, in the opinion of the Committee, to benefit such member or dependant

9. REGULASIES

(1) Die Mediese Komitee het die bevoegdheid om regulasies wat nie met Hoofstuk III van hierdie Ooreenkoms of enige ander wet onbestaanbaar is nie, te maak, te wysig en te herroep, om behoorlik uitvoering te gee aan die Siektebystandsgenootskap vir Transvaalse Meubelwerkers se oogmerke en om die omvang te bepaal van die bystand wat deur die Genootskap toegestaan moet word, asook die bedinge en voorwaardes wat daarop van toepassing is

(2) 'n Eksemplaar van die regulasies, tesame met eksemplare van alle wysigings daarvan, moet op aanvraag aan elke lid van die Genootskap uitgereik word en moet ook aan die Direkteur-generaal van die Departement van Mannekrag gestuur word

HOOFSTUK II**1. VOORSORGFONDS VIR DIE MEUBEL- EN BEDDEGOEDNYWERHEID, TRANSVAAL**

(1) Die Voorsorgfonds vir die Meubelnywerheid, Transvaal, ingestel ingevolge die Ooreenkoms, gepubliseer by Goewermentskennisgewing 44 van 13 Januarie 1961, en die Voorsorgfonds vir die Beddegoednywerheid, Transvaal, ingestel ingevolge die Ooreenkoms gepubliseer by Goewermentskennisgewing 495 van 24 Maart 1961, saamgesmelt kragtens die Herbekragtigingsooreenkoms gepubliseer by Goewermentskennisgewing R 3043 van 4 Januarie 1991 en nou genoem die Voorsorgfonds vir die Meubel- en Beddegoednywerheid, Transvaal, word hierby voortgesit

(2) Die Fonds bestaan uit—

(a) geld in die krediet van die Fonds op die datum van inwerkingtreding van hierdie Ooreenkoms,

(b) die totale weeklikse bydraes van sowel werkgewer as werknemer wat in die Fonds inbetaal word, min enige bedrae wat ingevolge klousule 4 (5) van hierdie Hoofstuk oorgedra moet word,

(c) rente wat verkry word uit die belegging van enige geld van die Fonds,

(d) alle geld waarmee individuele lede ingevolge klousule 6 van hierdie Hoofstuk gekrediteer word,

(e) enige ander geld waarop die Fonds uit hoofde van hierdie Ooreenkoms of om enige ander rede geregtig word, of wat aan die Fonds geskenk word.

2. ADMINISTRASIE VAN DIE FONDS

(1) (a) Die administrasie van die Fonds berus by 'n Bestuurskomitee bestaande uit die Voorsitter en Ondervoorsitter van die Raad tesame met drie werkgewervertewoordigers en drie werknemerverteewoordigers wat lede van die Raad moet wees en deur die Raad aangestel moet word. Vir elke vertewoordiger moet die Raad uit sy geledere 'n plaasvervanger aanstel. Die Voorsitter en Ondervoorsitter van die Raad is Voorsitter en Ondervoorsitter van die Komitee

(b) Die Raad het die bevoegdheid om sy eie prosedure-reëls vir die Komitee voor te skryf, te verander en te wysig en om reëls wat die administrasie van die fonds beheer, te maak te wysig en te verander. Met dien verstande dat sodanige reëls of enige wysiging daarvan nie onbestaanbaar met hierdie Ooreenkoms of met enige ander wet mag wees nie 'n Eksemplaar van die reëls of enige wysiging daarvan moet aan die Direkteur-generaal van die Departement van Mannekrag gestuur word

(c) Ingevolge die Komitee om watter rede ook al nie in staat is om sy pligte na te kom nie, moet die Raad hierdie pligte waarneem en sy bevoegdhede uitoefen

(2) Alle koste wat vir die administrasie van die Fonds aangegaan word, kom ten laste van die Fonds

9. REGULATIONS

(1) The Medical Committee shall have power to make, vary and repeal regulations not inconsistent with the provisions of Chapter III of this Agreement, or any other law for the efficient carrying out of the Society's objects, and for determining the extent of the benefits to be granted by the Society and the terms and conditions applicable thereto

(2) A copy of the regulations, as well as copies of any amendments thereto, shall be issued to every member of the Society upon request and shall also be transmitted to the Director-General of the Department of Manpower

CHAPTER II**188****1. THE PROVIDENT FUND FOR THE FURNITURE AND BEDDING MANUFACTURING INDUSTRY, TRANSVAAL**

(1) The Provident Fund for the Furniture Manufacturing Industry, Transvaal, established in terms of the Agreement published under Government Notice 44 of 13 January 1961, and the Provident Fund for the Bedding Manufacturing Industry, Transvaal, established in terms of the Agreement published in Government Notice 495 of 24 March 1961, amalgamated in terms of the Re-enacting Agreement published in Government Notice R 3043 of 4 January 1991, and now styled the Provident Fund for the Furniture and Bedding Manufacturing Industry, Transvaal, is hereby continued

(2) The Fund shall consist of—

(a) moneys standing to the credit of the Fund at the date of coming into operation of this Agreement,

(b) the total weekly contributions of both employers and members paid into the Fund less any amounts to be diverted in terms of clause 4 (5) of this Chapter,

(c) interest derived from the investment of any moneys of the Fund,

(d) any moneys credited to individual members in terms of clause 6 of this Chapter,

(e) any other moneys to which the Fund may become entitled by virtue of this Agreement or for any other reason, or which may be donated to the Fund

2. ADMINISTRATION OF THE FUND

(1) (a) The administration of the Fund shall be vested in a Management Committee consisting of the Chairman and Vice-Chairman of the Council together with three employer representatives and three employee representatives who shall be members of the Council and shall be appointed by the Council. For each representative an alternate shall be appointed by the Council from its members. The Chairman and Vice-Chairman of the Council shall be the Chairman and Vice-Chairman of the Committee

(b) The Council shall have the power to prescribe, alter and amend its own rules of procedure for the Committee and to make, amend and alter rules governing the administration of the Fund. Provided that such rules or any amendment thereof shall be not inconsistent with the provisions of this Agreement or with the provisions of any other law. A copy of the rules or any amendment thereof shall be transmitted to the Director-General or the Department of Manpower

(c) In the event of the Committee being unable to perform its duties for any reason, the Council shall perform those duties and exercise its powers

(2) All expenses incurred for the purpose of administration of the Fund shall be a charge against the Fund

(3) So spoedig doenlik na 30 September elke jaar moet die Komitee 'n rekening opstel van die inkomste en uitgawes van die fonds vir die 12 maande geëindig 30 September, asook 'n staat wat die Fonds se bates en laste toon, wat deur die ouditeur gesertifiseer en deur die Voorsitter van die Komitee mede-onderteken moet word. Die gesertifiseerde rekenings en staat en enige verslag daarvoor wat deur die ouditeur opgestel word, moet daarna op die kantoor van die Raad ter insae lê, en afskrifte daarvan moet binne drie maande na die sluiting van die tydperk wat daardeur gedek word, aan die Direkteur-generaal van die Departement van Mannekrag, die werkgewersorganisasie en die vakverenigings gestuur word.

(4) Die Komitee moet alle inkomste van die Fonds invorder en in ontvangs neem en alle gelde aldus ontvang in 'n bankrekening stort wat op naam van die Fonds geopen moet word. 'n Amptelike kwitansie moet uitgereik word vir alle geld wat deur die Fonds ontvang word, en onttrekkings uit die Fonds moet geskied by wyse van tjeks onderteken deur sodanige persone as wat van tyd tot tyd deur die Raad daartoe gemagtig word, en mede-onderteken deur die sekretaris van die Fonds.

(5) Indien 'n geskil te eniger tyd ontstaan aangaande die administrasie van die Fonds waarvoor lede van die Bestuurskomitee gelykop verdeel is, moet die saak vir beslissing na die Raad verwys word.

(6) Enige geld wat nie nodig is om lopende betalings te doen en koste te vereffen nie, moet belê word in—

(a) spaarrekenings, permanente aandele of vaste deposito's by geregistreerde bougenootskappe of banke, en/of

(b) Poskantoor spaarrekenings of -sertifikate, en/of

(c) Staatseffekte van die Republiek van Suid-Afrika of effekte van plaaslike owerhede en/of die Elektrisiteitsvoorsieningskommissie, en/of

(d) Nasionale Spaarsertifikate, of

(e) op enige ander manier wat deur die Registrateur goedgekeur word.

3. LIDMAATSKAP

(1) Die lede van die Fonds bestaan—

(a) uit alle werknemers, uitgesonderd los werknemers, in die Nywerheid vir wie minimum lone in die Hoofooreenkoms voorgeskryf word, insluitende vakleerlinge,

(b) behoudens die goedkeuring van die Komitee, uit sodanige ander persone in diens in die Nywerheid wat verkies om lede te word en ten opsigte van wie hul werkgewers toegestem het om die bydraes te doen wat in klousule 4 van hierdie Hoofstuk voorgeskryf word.

(2) Lidmaatskap eindig wanneer 'n lid die Nywerheid permanent verlaat en al sy bystand ingevolge klousule 5 van hierdie Hoofstuk ontvang het.

4. BYDRAES

(1) (a) Behoudens paragraaf (b) hiervan, moet elke werkgewer op die eerste betaaldag na die datum waarop hierdie Ooreenkoms in werking tree en daarna op elke betaaldag van elke Fondswaek van die loon van elke lid in sy diens die bedrag aftrek wat in die toepaslike kolom A van Aanhangsel A van hierdie Ooreenkoms gemeld word. By die bedrag aldus afgetrek, moet die werkgewer 'n bydrae voeg soos in die toepaslike kolom B van Aanhangsel A van hierdie Ooreenkoms gemeld word.

(b) Ondanks andersluidende bepalinge in hierdie Ooreenkoms, moet geen bydraes betaal word as 'n lid minder as 16 uur gedurende enige Fondswaek werk nie.

(c) Aftekkings moet gedoen word van die loon wat 'n lid ontvang vir tydperke van afwesighedsverlof met besoldiging, asook vir vakansies met besoldiging, asof die betrokke lid by sy werk aanwesig was op die gewone manier gedurende enige tydperk van diens, behalwe gedurende die tydperk van die jaarlikse sluiting.

(3) As soon as possible after 30 September in each year the Committee shall prepare an account of the revenue and expenditure of the Fund for the 12 months ended 30 September and a statement showing the Fund's assets and liabilities which shall be certified by the auditor and countersigned by the Chairman of the Committee. The certified accounts and statement and any report made by the auditor thereon shall thereafter lie for inspection at the office of the Council and copies thereof shall within three months of the close of the period covered thereby, be transmitted to the Director-General of the Department of Manpower, the employers' or organisation and the trade unions. (188)

(4) The Committee shall collect and receive all revenue of the fund and shall deposit all moneys so received in a banking account opened in the name of the Fund. An official receipt shall be issued for all moneys received into the Fund and withdrawals from the Fund shall be by cheque, signed by such persons as may, from time to time, be authorised by the Council and be countersigned by the Secretary of the Fund.

(5) Should a dispute arise at any time as to the administration of the Fund in regard to which members of the Management Committee are equally divided, the matter shall be referred to the Council for a decision.

(6) Any moneys not required to meet current payments and expenses shall be invested in—

(a) savings accounts, permanent shares or fixed deposits with registered building societies, or banks, and/or

(b) Post Office savings accounts or certificates, and/or

(c) Stock of the Government of the Republic of South Africa or Local Government Stock, and/or the Electricity Supply Commission, and/or

(d) National Savings Certificates, or

(e) any other manner approved by the Registrar.

3. MEMBERSHIP

(1) Membership of the Fund shall consist of—

(a) all employees, other than casual employees, in the Industry for whom minimum wages are prescribed, in the Main Agreement, including apprentices,

(b) subject to the approval of the Committee, such other persons employed in the Industry who elect to become members and in respect of whom their employers have consented to make the contributions prescribed in clause 4 of this Chapter.

(2) Membership shall cease when a member leaves the Industry permanently and has received all his benefits in terms of clause 5 of this Chapter.

4. CONTRIBUTIONS

(1) (a) Subject to the provisions of paragraph (b) hereof, every employer shall on the first pay-day after the date upon which this Agreement comes into operation and thereafter on every pay-day of each Fund week, deduct from the wage of each and every member in his employ the amount specified in the applicable column A of Annexure A to this Agreement. To the amount so deducted the employer shall add a contribution as specified in the applicable column B of Annexure A to this Agreement.

(b) Notwithstanding anything to the contrary contained in this Agreement, should a member work for less than 16 hours during any one Fund week, no contributions shall be made.

(c) Deductions shall be made from wages received by a member for periods of paid leave of absence from work and paid holidays as though the member concerned was present at work in the normal way during any period of employment other than during the period of annual closure.

(d) Elke werkgewer moet 'n bydrae gelyk aan die som van kolom B van Aanhangsel A van hierdie Ooreenkoms ten opsigte van elke werkende werkgewer betaal

(2) (a) Behoudens paragraaf (b), moet die werkgewer alle bedrae wat ingevolge subklousule (1) hiervan betaalbaar is, tesame met die voorgeskrewe opgawe, maandeliks aanstuur sodat dit die Sekretaris van die Raad bereik voor of op die 10de dag van die maand wat volg op die maand ten opsigte waarvan die bedrag verskuldig is

(b) 'n Werkgewer wat met betalings ingevolge paragraaf (a) hiervan agterstallig is en wat versuim, nadat hy deur die Raad skriftelik gewaarsku is, om die uitstaande bedrae binne sewe dae vanaf die datum van sodanige waarskuwing aan te stuur, moet, sodra hy skriftelik deur die Raad aangesê word om dit te doen, die bydraes waarvan in subklousule (1) hiervan melding gemaak word, week na week betaal sodat dit die Sekretaris bereik voor of op die Vrydag wat volg op die betaaldag van die week ten opsigte waarvan die bedrae verskuldig is. Die betaling ten opsigte van die laaste betaaldag van elke kalendermaand moet vergeesel gaan van die opgawe waarvan in paragraaf (a) hiervan melding gemaak word 'n Werkgewer op wie hierdie paragraaf toegepas is, kan, slegs nadat hy deur die Raad skriftelik in kennis gestel is, na die betaling van die bydraes terugkeer op die maandelikse basis waarvoor in paragraaf (a) hiervan voorsiening gemaak word

(c) Indien die bedrag verskuldig ingevolge hierdie klousule nie teen die 10de dag van die maand wat volg op die maand ten opsigte waarvan dit betaalbaar is, deur die Raad ontvang word nie, moet die werkgewer rente betaal op sodanige bedrag of op sodanige kleiner bedrag wat nog nie betaal is nie, bereken teen 'n koers van twee persent of teen die heersende prima-oortrekkingskoers van Barclays Bank, welke koers ook al die hoogste is, per maand of gedeelte van 'n maand vanaf sodanige 10de dag tot die dag waarop betaling werklik deur die Raad ontvang word. Met dien verstande dat die Raad daartoe geregtig is om na absolute goeddunke betaling van sodanige rente of gedeelte daarvan kwyt te skeld

(d) As dit nog nie reeds ten opsigte van huidige werknemers gedoen is nie, maar in elke geval wanneer 'n nuwe werknemer tot die Nywerheid toetree, moet die eerste opgawe in paragraaf (a) of (b) gemeld, wat volg op die datum waarop sodanige werknemer vir lidmaatskap van die Fonds gekwalifiseer het, vergeesel gaan van 'n bylae wat die name van die werknemer voluit aangee, asook sodanige werknemer se adres, identiteitsnommer en die adres en identiteitsnommer, as dit beskikbaar is, van die lid se afhanklike(s) en/of enige ander inligting wat die Komitee van tyd tot tyd nodig het

(e) As hy dit nog nie reeds gedoen het nie maar in elk geval wanneer hy by die Fonds aansluit, moet elke lid sy werkgewer in kennis stel van sy adres en identiteitsnommer en die adres en identiteitsnommer, as dit beskikbaar is, van sy afhanklike(s). Elke lid moet sy werkgewer verwittig van enige adresverandering van sy afhanklike(s) en elke werkgewer moet die sekretaris skriftelik daarvan kennis gee

(3) As daar per abuis 'n bydrae tot die Fonds gedoen word, is die Fonds nie daarvoor aanspreeklik om dié bydrae na verloop van ses maande vanaf die datum van sodanige betaling terug te betaal nie

(4) Wanneer enige bystand per abuis aan 'n lid betaal is omdat sodanige lid betalings aan die Fonds gedoen het wat nie verskuldig was nie, kan die Bestuurskomitee die bedrag van die bystand wat aldus betaal is, verreken—

(a) teen enige bedrag wat van die Fonds geëis word as 'n terugbetaling van sodanige bydraes wat nie verskuldig was nie, en

(b) teen enige toekomstige bystand wat deur die Fonds aan genoemde lid verskuldig word

(d) Every employer shall pay a contribution in respect of each working employer equal to the sum of column B of Annexure A to this Agreement

(2) (a) Subject to the provisions of paragraph (b), the employer shall forward monthly the total contributions referred to in subclause (1) together with a return in the form prescribed by the Council from time to time to reach the Secretary not later than the 10th day of the month following the month during which the member's deductions were required to be made

(b) An employer who is in arrear with payments in terms of paragraph (a) and who fails after having been warned in writing by the Council to forward the outstanding amounts within seven days of the date of such warning, shall upon being notified by the Council in writing to do so submit the contributions referred to in subclause (1) week by week, so as to reach the Secretary not later than the Friday following the pay-day of the week in respect of which the contributions are due. The payment submitted in respect of the last pay-day of each calendar month shall be accompanied by the return referred to in paragraph (a) hereof. An employer to whom the provisions of this paragraph have been applied may, only upon being notified by the Council in writing, revert to the payment of contributions on the monthly basis provided for in terms of paragraph (a)

(c) Should any amount due in terms of this clause not be received by the Council by the 10th day of the month following the month in respect of which it is payable, the employer shall pay interest on such amount or on such lesser amount as remains unpaid, calculated at the rate of two per cent or at the prevailing prime overdraft rate of Barclays Bank, whichever rate is the greater, per month or part thereof from such 10th day until the day upon which payment is actually received by the Council. Provided that the Council shall be entitled in its absolute discretion to waive payment of such interest or part thereof

(d) If not already furnished in respect of present employees, but in any event whenever a new employee enters the Industry, the first return referred to in paragraph (a) or (b) following the date upon which such employee became eligible for membership of the Fund shall be accompanied by a Schedule reflecting the full names of the employee, as well as such employee's address, identity number and the address and identity number, where available, of the member's dependant(s) and/or any other information as may be required by the Committee from time to time

(e) Every member if he has not already done so, but in any event upon joining the Fund, shall advise his employer of his address and identity number and the address and identity number, where available, of his dependant(s). Every member shall furnish his employer with any change of address of dependant(s) and every employer shall advise the secretary thereof, in writing

(3) If any contribution is made in error to the Fund, the Fund shall not be liable to repay that contribution after the lapse of six months from the date of such payment

(4) Whenever any benefit has been mistakenly paid to a member as a result of such member having made to the Fund payments which were not due, the Management Committee may set off the amount of benefit so paid—

(a) against any sum claimed from the Fund as a repayment of such contributions which were not due, and

(b) against any future benefits that may become due by the Fund to the said member

(5) Van die weeklikse bydraes ontvang van die werknemer wat lid is van die vakvereniging wat 'n party by hierdie Ooreenkoms is, en van sy werkgever wat lid is van die werkgewersorganisasie wat 'n party by hierdie Ooreenkoms is, moet die Fonds—

(a) aan die Siektebystandsgenootskap vir Transvaalse Meubel- en Beddegoedwerkers, soos beliggaam in Hoofstuk III, sodanige ledegeld oorgedra as wat in klousule 7 van Hoofstuk III voorgeskryf word,

(b) aan die Sterfte- en Ongeskiktheidskema vir Transvaalse Meubel- en Beddegoedwerkers soos beliggaam in Hoofstuk IV, sodanige ledegeld oorgedra as wat in klousule 5 van Hoofstuk IV voorgeskryf word

5. BYSTAND

(1) 'n Lid is soos volg geregtig op die betaling van die bystand wat vir hom ingevolge hierdie Hoofstuk opgehoop het

(a) Na 12 agtereenvolgende maande sedert hy die Nywerheid verlaat het en by voorlegging van 'n skriftelike bewys wat die Komitee daarvan oortuig dat die lid minstens 12 agtereenvolgende maande buite die Nywerheid gewerk het. Met dien verstande dat die Komitee, onder buitengewone omstandighede en uitsluitlik na eie goeë dunnke, die betaling van sodanige bystand voor daardie tydperk kan magtig maar nie vroeër nie as drie agtereenvolgende maande nadat die lid die Nywerheid permanent verlaat het,

(b) by aftrede uit die Nywerheid weens—

(i) hoe ouderdom, of

(ii) ongeskiktheid, swak gesondheid of swakheid en 'n lid as gevolg daarvan permanent ongeskik geword het. Met dien verstande dat die lid van sodanige ongeskiktheid bewys gelewer het wat die Komitee tevrede stel,

(c) ondanks paragraaf (a), waar 'n vroeë betaling van bystand goedgekeur is en onder buitengewone omstandighede aan 'n lid gemaak is, kan die Komitee uitsluitlik na eie goeë dunnke te eniger tyd voor die verstryking van nege maande vanaf die datum waarop die bystand aan die lid betaal is, van so 'n lid vereis om die hele bedrag wat as bystand aan hom betaal is of 'n gedeelte daarvan terug te betaal

(2) (a) Behoudens klousule 4 van hierdie Hoofstuk is 'n lid in subklousule (1) (a) en (d) bedoel, geregtig, op ondervermelde bystand,

(i) As hy hoogstens vyf jaar lank lid was, die totale bedrag wat hy bygedra het, plus enige rente, asook bonusse waarmee hy op grond van sy eie bydraes ingevolge klousule 6 van hierdie Hoofstuk gekrediteer is, plus 50 persent van die totale som van die werkgever se bydraes en rente waarmee die lid gekrediteer is,

(ii) as hy langer as vyf jaar maar hoogstens 10 jaar lank lid was, die totale bedrag wat hy bygedra het, plus enige rente, asook bonusse waarmee hy op grond van sy eie bydraes ingevolge klousule 6 van hierdie Hoofstuk gekrediteer is, plus 60 persent van die totale som van die werkgever se bydraes en rente waarmee die lid gekrediteer is,

(iii) as hy langer as 10 jaar maar hoogstens 20 jaar lank lid was, die totale bedrag wat hy bygedra het, plus enige rente, asook bonusse waarmee hy op grond van sy eie bydraes ingevolge klousule 6 van hierdie Hoofstuk gekrediteer is, plus 75 persent van die totale som van die werkgever se bydraes en rente waarmee die lid gekrediteer is,

(iv) as hy langer as 20 jaar lank lid was, die totale bedrag wat hy bygedra het, plus enige rente, asook bonusse waarmee hy op grond van sy eie bydraes gekrediteer is, plus die totale som van die werkgever se bydraes en rente waarmee die lid gekrediteer is

(b) 'n Lid in subklousule (1) (b) hiervan bedoel, moet, behoudens klousule 4 (5) van hierdie Hoofstuk, die bystand betaal word wat in subklousule (2) (a) (iv) voorgeskryf word. Met dien verstande dat die Komitee die reg het om te vereis dat 'n mediese verslag oor sodanige lid op koste van die Fonds voorgelê word

(5) From the weekly contributions received from the employee who is a member of the trade union which is a party to this Agreement and his employer, who is a member of the employers' organisation which is a party to this Agreement respectively, the Fund shall divert to—

(a) The Transvaal Furniture and Bedding Workers' Sick Benefit Society, as embodied in Chapter III, such subscriptions as are prescribed in clause 7 of Chapter III,

(b) The Transvaal Furniture and Bedding Workers' Death and Disability Scheme, as embodied in Chapter IV, such subscriptions as are prescribed in clause 5 of Chapter IV

5. BENEFITS

(1) A member shall be entitled to payment of the benefits accrued to him in terms of this Chapter—

(a) 12 consecutive months after left the Industry and upon production of written proof satisfactory to the Committee that the member was engaged outside the Industry for a period of not less than 12 consecutive months. Provided that the Committee may, in exceptional circumstances and at its sole discretion, authorise the payment of such benefits prior thereto but not sooner than three consecutive months after the member has left the Industry permanently,

(b) upon retirement from the Industry owing to—

(i) old age, or

(ii) incapacity, ill-health or infirmity and if a member is permanently disabled as a result thereof. Provided that the member has produced proof of such disablement to the satisfaction of the Committee,

(c) notwithstanding anything contained in paragraph (a) where an early payment of benefits has been approved and made to a member pursuant to exceptional circumstances, the Committee may at its sole and absolute discretion, at any time prior to the expiry of nine months from the date of the member having been paid his benefits, call upon such member to refund the whole or part of the benefits paid to such member

(2) (a) Subject to the provisions of clause 4 of this Chapter, a member referred to in subclause (1) (a) and (d) shall be entitled to the following benefits

(i) If he has been a member for a period not exceeding five years, the total amount contributed by him, plus any interest, and bonuses credited to his own contributions in terms of clause 6 of this Chapter plus 50 per cent of the total sum of the employer's contributions and interest credited in respect of that member,

(ii) if he has been a member for a period in excess of five years but not exceeding 10 years, the total amount contributed by him plus any interest and bonuses credited to his own contributions in terms of clause 6 of this Chapter plus 60 per cent of the total sum of the employer's contributions and interest credited in respect of that member,

(iii) if he has been a member for a period in excess of 10 years but not exceeding 20 years, the total amount contributed by him, plus any interest and bonuses credited to his own contributions in terms of clause 6 of this Chapter plus 75 per cent of the total sum of the employer's contributions and interest credited in respect of that member,

(iv) if he has been a member for a period in excess of 20 years, the total amount contributed by him, plus any interest and bonuses credited to his own contributions plus the total sum of the employer's contributions and interest credited in respect of that member

(b) A member referred to in subclause (1) (b) hereof shall, subject to the provisions of clause 4 (5) of this Chapter, be paid the benefits prescribed in subclause (2) (a) (iv). Provided that the Committee shall have the right to demand a medical report in respect of such member at the expense of the Fund

Enige bedrag, bo en behalwe die wat deur 'n werknemer bygedra is en die rente daarop, wat ingevolge hierdie klousule aan so 'n werknemer verskuldig is, kan na die Raad se goeddunke teruggehou of verminder word indien so 'n werknemer om 'n wettige rede deur sy werkgever ontslaan is

(3) (a) Aansoek om bystand moet skriftelik gedoen word in die vorm wat deur die Komitee voorgeskrif word

(b) Wanneer 'n lid na die Nywerheid terugkeer voordat betaling gedoen is op grond van 'n aansoek om onttrekking van bystand, verval die aansoek outomaties en moet bydraes onmiddellik hervat word

(c) By betaling aan 'n lid van alle bystand wat vir hom ingevolge hierdie Hoofstuk opgeloo het, word die saldo van die werkgewer se bydraes en rente, as daar is, aan die Fonds verbeur as 'n item waarop die Fonds ingevolge klousule 1 (2) (c) van hierdie Hoofstuk geregtig geword het

(4) (a) By bewyslewering, wat vir die Bestuurskomitee aanvaarbaar is, van die dood van 'n lid, moet die Fonds, behoudens die omskrywing van "afhanklike" in klousule 3 van Hoofstuk 1, aan die afhanklike(s) en/of begunstigde(s) deur die lid benoem, 'n bedrag betaal gelyk aan die totale bedrag van sy eie en die werkgewer sy bydraes wat ten opsigte van sodanige lid bygedra is, plus rente en bonusse waarmee hy ingevolge klousule 6 van hierdie Hoofstuk gekrediteer is, en het die boedel van die afgestorwe lid geen eis teen die Fonds nie. Die Bestuurskomitee mag na sy uitsluitlike en absolute goeddunke die bepalings van artikel 37C van die Wet op Pensioenfondse, 1956 (Wet 24 van 1956), soos gewysig van tyd tot tyd, toepas

(b) As die afhanklike 'n minderjarige is, mag die Komitee na sy uitsluitlike en absolute goeddunke aan sodanige minderjarige se wettige voog, of aan enige persoon soos bepaal deur die Komitee, die voordeel betaal, of mag die Komitee met die voordeel handel op enige manier hoegenaamd om te verseker dat die voordeel ten gunste van die minderjarige versekerd is

(c) Elke werkgewer moet die sekretaris verwittig van die dood van enige lid in sy diens. Die sekretaris moet so gou moontlik, nadat hy inligting uit enige bron ontvang het van die dood van 'n lid, die afhanklike daarvan in kennis stel per brief of omsendbrief waarin die jongs bekende werkplek van die oorlede bydraer gemeld word, asook die feit dat bystand opgeeis kan word by 'n adres wat die Bestuurskomitee uitdruklik meld.

(d) Ingeval die sekretaris nie in kennis gestel is van die jongste adres van 'n afhanklike nie en die Bestuurskomitee nie daartoe in staat is om die afhanklike by sy/haar jongs bekende adres op te spoor en geen eis om bystand wat ingevolge hierdie klousule verskuldig is, ingestel word binne 'n maand nadat bewys van die dood van 'n lid ontvang is nie, moet die Komitee 'n advertensie, in albei amptelike tale, plaas in drie agtereenvolgende uitgawes van hoogstens drie dagblaaie wat in die Republiek van Suid-Afrika in omloop is, waarvan een 'n nuusblad moet wees wat in omloop is in die distrik waarin die oorlede lid normaalweg woonagtig was, en in sodanige advertensie moet die jongs bekende werkplek van die oorlede lid en die bekende naam/name van afhanklikes en hul jongs bekende adresse genoem word, asook die feit dat bystand beskikbaar is vir opvordering deur die afhanklike(s) by 'n adres wat die Komitee uitdruklik meld

(e) As die afhanklike(s) binne 'n jaar en 'n dag vanaf die datum van die laaste plasing van sodanige advertensie soos in paragraaf (d) gespesifiseer, versuim om die bystand op te eis wat aan hulle verskuldig is, moet veronderstel word dat daar geen afhanklike(s) is nie en moet sodanige bystand aan die Fonds verbeur word as geld waarop die Fonds geregtig geword het ingevolge klousule 1 (2) (e) van hierdie Hoofstuk, ten bate van die oorblywende lede en daarna is daar geen verdere eis teen die Fonds nie. Met dien verstande dat die Komitee, ingeval 'n eis ontvang word binne 'n tydperk van drie jaar na die dood van 'n lid, die bevoegdheid het om na sy eie uitsluitlike en absolute goeddunke bedrae aan die betrokke afhanklikes te betaal uit die geld wat aan die Fonds teruggeval het

(c) Any amount over and above that which has been contributed by an employee and any interest accrued thereon which is due to such member in terms of this clause may, at the discretion of the Council, be withheld or reduced where such employee has been dismissed by his employer for any cause recognised by law as sufficient

(3) (a) Applications or benefits shall be made, in writing, in the form prescribed by the Committee

(b) When a member returns to the industry before payment has been made on an application for withdrawal of benefits, the application will automatically lapse and contributions shall forthwith be resumed

(c) Upon payment to a member of all benefits accrued to him in terms of this Chapter, the balance of the employer's contributions and interest, if any, shall be forfeited to the Fund as an item to which the Fund has become entitled in terms of clause 1 (2) (e) of this Chapter

(4) (a) On proof, satisfactory to the Management Committee, of the death of a member, the Fund shall, subject to the definition of "dependant" in clause 3 of Chapter I, pay an amount equal to the aggregate amount of his own and the employer's contributions contributed in respect of such member plus interest and bonuses credited thereto in terms of clause 6 of this Chapter to the dependant(s), and/or to such person/s nominated by the member, and the estate of a deceased member shall have no claim against the Fund. The Management Committee may, at its sole and absolute discretion, apply the provisions of section 37C of the Pensions Fund Act, 1956 (Act 24 of 1956), as amended from time to time

(b) If the dependant is a minor, the Committee may, at its sole and absolute discretion, pay the benefit to such minor's legal guardian, or to any person determined by the Committee, or it may deal with the benefit in any manner whatsoever, to ensure that the benefit is secured for the benefit of the minor

(c) Every employer shall notify the secretary of the death of any member in his employ. The secretary shall, as soon as possible, upon receiving information from any source of the death of a member, notify the dependant by letter or circular stating the last known place of work of the deceased contributor and the fact that benefits may be claimed at an address specified by the Management Committee

(d) In the event of the secretary not having been notified of the latest address of a dependant and the Management Committee not being able to trace the dependant at his/her last known address and no claim for benefits due in terms of this clause being made within a month of the proof of the death of a member the Committee shall insert an advertisement, in both official languages, in three successive issues of not more than three daily newspapers circulating in the Republic of South Africa, one of which shall be a newspaper circulating in the district in which the deceased member was normally resident, stating the last known place of work of the deceased member, the known name(s) of dependants and their last known addresses and the fact that benefits are available for collection by the dependant(s) at an address specified by the Committee

(e) If within a year and a day from the date of the last insertion of such advertisement as specified in paragraph (d), the dependant(s) fail to claim the benefit due to them, it shall be assumed that there are no dependant(s) and such benefits shall be forfeited to the Fund as moneys to which the Fund has become entitled in terms of clause 1 (2) (e) of this Chapter, for the benefit of the remaining members and there shall thereafter be no further claim against the Fund. Provided that the Committee shall, in the event of a claim being received within a period of three years after the death of a member, be entitled in its entire and absolute discretion, to make payments to the dependants concerned out of the moneys which have reverted to the Fund

(5) As 'n lid bystand ontvang het waarop hy nie ingevolge hierdie Hoofstuk geregtig is nie en die saak nie behandel word op die wyse soos in klousule 4 (4) van hierdie Hoofstuk uiteengesit nie, is hy daarvoor aanspreeklik om die bedrag van die bystand aldus ontvang aan die Fonds terug te betaal. Met dien verstande dat as die Komitee dit in enige besondere geval onbillik ag om terugbetaling van die hele bedrag van die bystand te eis, hy na goeddunke die terugbetaling van enige kleiner bedrag kan eis of die lid die hele bedrag kwyt-skeld.

(6)(a) Behoudens soos bepaal in paragrawe (b) en (c) hiervan, mag geen bystand of reg op bystand gesedeer, oorge-dra, afgestaan of andersins oorgemaak, of verpand of verhi-potekeer word nie, en geen bydrae deur 'n lid of namens 'n lid gedoen, is vatbaar vir beslaglegging of onderhewig aan enige vorm van eksekusie ingevolge 'n uitspraak of bevel van 'n geregtshof nie.

(b) Indien daar vasgestel word dat 'n lid se lidmaatskap van die Genootskap waarvoor in Hoofstuk III voorsiening gemaak word, verval het, en die Genootskap het foutiewelik of kontraktueel enige mediese uitgawes wat deur sodanige lid en/of sy afhanklikes aangegaan is, betaal, is die Bestuurs-komitee geregtig om die bedrag/bedrae van die lid se eie bydrae/s na af te trek en na die Genootskap oor te plaas.

(c) By ontvangs van skriftelike bewys van die vakvereniging wat 'n party by hierdie Ooreenkoms is, dat 'n lid van die vereeniging, kragtens die bepalings van die vereeniging se konstitusie enige uitstaande ledegeld en/of boetes verskuldig is aan die vereeniging, is die Bestuurskomitee geregtig om sodanige bedrag/bedrae van die lid se eie bydraes af te trek wanneer betaling ingevolge klousule 5 van hierdie Hoofstuk gemaak word, en sodanige bedrag/bedrae aan die vereeniging oor te betaal.

(7) Niks in hierdie Hoofstuk raak op enige wyse die reg van 'n lid of sy afhanklike(s) om skadeloosstelling of skadevergoeding te eis ten opsigte van werkmans wat beseer is, of wat sterf as gevolg van 'n ongeluk wat ontstaan het uit en in die loop van sy diens nie, en die bedrag betaalbaar ingevolge hierdie subklousule mag nie as gevolg van sodanige eis verminder word nie.

(8) (a) As enige bystand wat verskuldig en betaalbaar geword het, uitgesonderd bystand verskuldig en betaalbaar aan afhanklikes ingevolge subklousule (4) nie opgeëis word binne twee jaar vanaf die datum waarop dit verskuldig geword het nie, moet die Komitee, na verstryking van die tweejaartydperk, 'n advertensie, in albei amptelike tale, plaas in hoogstens drie agtereenvolgende uitgawes van drie dag-blaaie wat in die Republiek van Suid-Afrika in omloop is waar-in bekendgemaak word dat 'n opgawe op die kantoor van die Raad beskikbaar is ter insae van lede of die afhanklike(s) van sodanige lede wat die Nywerheid verlaat het voor en tot op die vervaldatum van die onopgeëiste Voorsorgfondsbydraes wat in die opgawe verskyn en waarin sodanige lid of sy afhanklike(s) versoek word om eise om sodanige bystand in te dien binne 'n tydperk van drie maande vanaf die datum van die laaste plasing van die advertensie en om volledige besonderhede te verstrek van die grond waarop sodanige eise ingedien word. Die Komitee moet, na die laaste datum waarop eise ingedien kan word, sodanige eise oorweeg en aan 'n lid of, as geen eis van 'n lid ontvang word nie, aan sy afhanklike(s) wat eise ingedien het op die wyse hierin voor-geskryf, sodanige bedrae soos hy goeddink betaal wat nie volle bystand oorskryf wat aan die lid verskuldig is nie. Met dien verstande dat sodanige betaling gedoen moet word aan afhanklikes volgens die rangorde gemeld in die omskrywing van "afhanklike" in klousule 3 van Hoofstuk 1.

(b) As geen eis binne die tydperk van drie maande van 'n lid of sy afhanklikes ontvang word nie, moet die Fonds afskrifte van die opgawe van sodanige onopgeëiste geld verstrek aan die vakverenigings wat moet poog om binne 'n verdere drie maande die lede op te spoor of hul afhanklikes

(5) If a member has received a benefit to which he is not entitled under the provisions of this Chapter and the matter is not dealt with in the manner set out in clause 4 (4) of this Chapter, he shall be liable to repay to the Fund the amount of the benefits so received. Provided that if the Committee deems it inequitable in any particular case to demand repayment of the whole amount of the benefit, it may, in its discretion, demand repayment of any lesser amount or relieve such member of the repayment of the whole amount. (188)

(6)(a) Save as provided for in Paragraphs (b) and (c) hereof no benefit or right to any benefit shall be capable of being ceded, transferred, assigned or otherwise made over, or pledged or hypothecated, nor shall any contribution made by a member or on his behalf be liable to be attached or be subject to any form of execution under a judgment or order of a court of law. (188)

(b) If it is established that a member has ceased to be a member of the Society provided for in Chapter III, and the Society has in error or contractually paid for any medical expenses incurred by such member and/or his dependants, the Management Committee shall have the right to deduct the amount/s from the member's own contributions and transfer the amount/s to the Society.

(c) On receipt of written proof from the trade union, which is a party to this Agreement that a member of the trade union is, in terms of the provisions of the trade union's constitution, indebted to the trade union for any outstanding subscriptions and/or fines, the Management Committee shall have the right to deduct such amount/s from the member's own contributions when payment of benefits is made in terms of clause 5 of this Chapter and to pay such amount/s to the trade union.

(7) Nothing contained in this Chapter shall in any way affect the right of any member or his dependant(s) to claim compensation or damages to workmen injured or dying from any accident arising out of and in the course of his employment, and the amount payable under this subclause shall not be reduced by reason of any payment that may be made as a result of such claim.

(8) (a) If any benefit due and payable to dependants in terms of subclause (4), is not claimed within two years from the due date thereof, the Committee shall, after the expiry of the two year period, insert an advertisement, in both official languages, in not more than three successive issues of three daily newspapers circulating in the Republic of South Africa, advising that a schedule is available for scrutiny at the Offices of the Council by members or the dependants of such members who had left the Industry prior to and up to the due date of the unclaimed Provident Fund contributions reflected in the Schedule and calling upon such member or his dependant(s) to submit claims for such benefits within a period of three months from the date of the last insertion of the advertisement and to furnish full details of the grounds upon which such claims are made. The Committee shall, after the last date upon which claims may be submitted, consider such claims and may pay to a member or, if no claim is received from a member, to his dependant(s) who have submitted claims in the manner prescribed herein, such moneys not exceeding the full benefit due to the member, as it may deem fit. Provided that such payment shall be made to dependants in the order or preference contained in the definition of "dependant" as defined in clause 3 of Chapter I.

(b) Should no claim have been received from a member or his dependants within the period of three months, the Fund shall supply the trade unions with copies of the schedule of such unclaimed moneys and the trade unions shall within a further period of three months try to trace the members or

te vind wanneer daar kennis gedra word van afhanklikes. As geen eis binne 'n tydperk van ses maande vanaf die datum van die laaste plasing van die advertensie ingevolge paragraaf (a) van 'n lid of sy afhanklikes ontvang is nie, moet die bystand aan die Fonds verbeur word as geld waarop die Fonds geregtig geword het ingevolge klousule 1 (2) (e) van hierdie Hoofstuk ten bate van die oorblywende lede en daarna is daar geen verdere eis teen die Fonds nie. Met dien verstande dat die Bestuurskomitee egter, ingeval 'n eis ontvang word binne 'n tydperk van vyf jaar vanaf die datum van beëindiging van die dienste van 'n lid in die Nywerheid, die bevoegdheid het om na sy uitsluitlike en absolute goeddunke bedrae te betaal aan die betrokke lid of bevoorreedes uit die geld wat aan die Fonds teruggeval het. Verder met dien verstande dat die Bestuurskomitee van tyd tot tyd betalings aan die Raad mag magtig, uit fondse wat aan die Fonds toeval, vir die doel om die doelstellings en belange van die Nywerheid te bevorder.

6. RENTE EN BONUSSE

(1) Op 30 September elke jaar moet die surplus (as daar is) verkry word deur die totale bedrag van—

(a) die uitgawes van die administrasie van die Fonds tot en met 30 September van daardie jaar,

(b) enige rente gekrediteer aan lede wat bystand gedurende daardie jaar ontvang het, en

(c) sodanige bedrae as wat in subklousule (4) gemeld word,

af te trek van die som van die bedrae wat gedurende die vorige jaar soos volg opgeloopt het, naamlik

(i) Rente uit beleggings,

(ii) bystand verbeur deur lede van die Fonds toe hulle die Nywerheid verlaat het voordat hulle vir volle bystand gekwalifiseer het,

(iii) alle geld in klousule 1 (2) (e) van hierdie Hoofstuk gemeld, en

(iv) enige saldo oorgebring na die toewysing van rente en bonusse

(2) Ingeval 'n surplus verkry word op die wyse voorgeskryf in subklousule (1), is elke lid geregtig op rente op die bedrag wat in sy krediet staan, en die bedrag in die Fonds wat in die krediet van sy werkgewer staan, moet met 'n gelyke bedrag aan rente verhoog word. Die rentekoers moet deur die Komitee vasgestel word.

(3) (a) As daar, na die mening van die Komitee, 'n groot genoeg saldo oorbly nadat die totale bedrag aan rente, gekrediteer ingevolge subklousule (2) afgetrek is van die surplus in genoemde subklousule gemeld, moet die bedrag wat in die krediet van die lid staan, verhoog word by wyse van 'n bonus wat op die volgende wyse bereken word.

Gemelde saldo moet vasgestel word as 'n persentasie van die totale bedrae wat op 30 September in die krediet van 'n lid se eie bydraerekening in die Fonds staan. Die persentasie aldus vasgestel, moet daarna vermenigvuldig word met die totale bedrag wat in die krediet van die lid se eie bydraerekening staan, en die resultaat aldus verkry, is dan sy bonus.

(b) Die Komitee het die bevoegdheid om die persentasie in paragraaf (a) gemeld vir berekeningsdoeleindes te verminder tot die naaste gerieflike persentasie en/of breuk daarvan en om enige saldo wat oorbly na die toewysing van bonusse na die volgende jaar oor te dra.

(c) Vir die toepassing van hierdie klousule ontvang elke lid van die Fonds rente en bonusse ooreenkomstig subklousules (2) en (3) ongeag of die bedrag wat in sy rekening staan, verskuldig geword het en betaalbaar is of onderworpe is aan 'n aansoek om onttrekking, of onderworpe is aan enigeen van die prosedures voorgeskryf vir aansoeke om eise, of verbeuring.

dependants where known. Should no claim have been received from a member or his dependants within a period of six months from the date of the last insertion of the advertisement in terms of paragraph (a), the benefit shall be forfeited to the Fund as moneys to which the Fund has become entitled in terms of clause 1 (2) (e) of this Chapter for the benefit of the remaining members and there shall thereafter be no further claim against the Fund. Provided that the Management Committee shall, however, in the event of a claim being received within a period of five years from the date of termination of services of a member in the Industry, be entitled in its entire and absolute discretion, to make payment to the member or beneficiaries concerned out of the moneys that have reverted to the Fund. Provided further that the Management Committee may, from time to time, be entitled to make payment, out of the moneys that have reverted to the Fund, to the Council for the purposes of furthering the objectives and interests of the Industry.

6. INTEREST AND BONUSES

(1) As at 30 September of each year, the surplus (if any) shall be obtained by deducting the total of—

(a) the expenses of the administration of the Fund up to and including 30 September of that year,

(b) any interest credited to members who received benefits during that year, and

(c) such moneys as are referred to in subclause (4),

from the sum of the following accruals during the previous year,

(i) Interest from investments,

(ii) benefits forfeited by members of the Fund upon leaving the Industry before qualifying for full benefits,

(iii) any moneys referred to in clause 1 (2) (e) of this Chapter, and

(iv) any balance carried forward after the allocation of interest and bonuses.

(2) In the event of a surplus being obtained in the manner prescribed in subclause (1), each member shall be entitled to interest on the amount standing to his credit and the amount in the Fund standing to the credit of his employer shall be increased by a like amount of interest. The rate of such interest shall be determined by the Committee.

(3) (a) If, in the opinion of the Committee, a balance of sufficient proportions remains after deducting the total sum of interest credited in terms of subclause (2) from the surplus referred to in the said subclause, the amount standing to the credit of the member shall be increased by way of a bonus arrived at in the following manner.

The said balance shall be determined as a percentage of the total amount standing to the credit in the Fund of a member's own contribution account as at 30 September. The percentage thus ascertained shall thereupon be multiplied by the total amount standing, to the credit of the member's own contribution account and the figure so obtained shall be his bonus.

(b) The Committee shall have the right to reduce the percentage referred to in paragraph (a) to the nearest convenient percentage and/or fraction thereof for purposes of calculation and to carry forward to the following year any balance left over after allocation of bonuses.

(c) For the purposes of this clause every member of the Fund shall receive interest and bonuses, in terms of subclauses (2) and (3), irrespective of whether the amount standing to his account has become due and payable, or is subject to an application for withdrawal, or is subject to any of the procedures prescribed for the invitation of claims or forfeiture.

(d) Na die toewysing van rente en bonusse ingevolge onderskeidelik subklousules (2) en (3) en ingeval hierdie bystand verskuldig en betaalbaar word, en by betaling van sodanige bystand vir die eersvolgende 30 September, is 'n lid geregtig op rente vanaf 30 September, onmiddellik voor die datum van betaling, tot sodanige datum van betaling. Die rentekoers is die wat die Komitee vasstel ooreenkomstig subklousule (2).

(4) Die Komitee moet lede se bystand wat verbeurd verklaar is weens geen fout van hul kant nie, as gevolg van foute in opgawes van werkgewers of persoonsverwarring deur die administrasie van die Fonds, herstel.

7. VERSTRYKING VAN OOREENKOMS, ONTBINDING VAN DIE RAAD EN LIKWIDASIE

(1) Indien hierdie Ooreenkoms verstryk weens verloop van tyd of beëindiging om enige ander rede en geen daaropvolgende Ooreenkoms binne 12 maande na die datum van verstryking van hierdie Ooreenkoms aangegaan word om die werksaamhede van die Fonds voort te sit nie of indien die Fonds nie binne 12 maande na genoemde datum van verstryking deur die Raad oorgedra word na 'n ander fonds wat vir dieselfde doel ingestel is nie, moet die Fonds gelikwedeer word deur die Komitee wat intussen vir die administrasie van die Fonds verantwoordelik is. Ingeval die Fonds ooreenkomstig hierdie subklousule oorgedra word—

(a) word die bystand wat op die datum van sodanige oordrag aan lede van die Fonds verskuldig is, op generlei wyse as gevolg van die oordrag verminder nie, en

(b) word enige lid van die Fonds wat nie lid van die nuwe Fonds kan word nie, sy volle bystand betaal asof hy die Nywerheid verlaat het.

(2) Ingeval die Raad ontbind word of ingeval hy ophou om te funksioneer gedurende enige tydperk waarin hierdie Ooreenkoms ingevolge artikel 34 (2) van die Wet bindend is, moet die Fonds steeds geadmistreer word deur die Komitee of sodanige ander persone as wat die Registrateur ingevolge daardie subartikel aanwys. Enige vakature wat in die Komitee ontstaan, kan deur die Registrateur uit werkgewers en werknemers in die Nywerheid, na gelang van die geval, gevul word ten einde gelyke getalle werkgewer- en werknemerverteenwoordigers in die Komitee te verseker. Ingeval die Komitee nie in staat is nie of onwillig is om sy pligte na te kom of 'n dooie punt daarin ontstaan wat die administrasie van die Fonds, na die mening van die Registrateur, onuitvoerbaar of onwenslik maak, kan hy 'n persoon aanstel wat onverwyld nog twee persone moet koopteer van wie een 'n lid van die Fonds of 'n besoldigde beampte van een van die vakverenigings is, en die ander een 'n lid van die werkgewersorganisasie of 'n besoldigde beampte daarvan is, en tesame is hierdie persone die trustees by wie al die bevoegdhede, regte en pligte van die Komitee berus. Ingeval daar geen Raad bestaan nie, moet die Fonds by verstryking van die Ooreenkoms deur die Komitee of die trustees, na gelang van die geval, gelikwedeer word.

(3) Enige vakature wat ontstaan in die raad van trustees saamgestel kragtens subklousule (2), moet gevul word op dieselfde wyse as die wat in daardie subklousule bepaal word.

(4) Die trustees moet uit die Fonds die redelike gelde betaal word waaroor hulle en die Registrateur ooreenkom.

(5) By likwidering van die Fonds ingevolge subklousule (1) of (2) moet die Komitee, likwidateur of die trustees, na gelang van die geval—

(a) onverwyld daartoe oorgaan om alle beleggings en bates van die Fonds in kontantfondse om te sit wat dan binne 30 dae as onmiddellik opeisbare kontant belê moet word,

(b) alle krediteure, administrasie- en likwidasiekoste uit die Fonds betaal,

(d) After the allocation of interest and bonuses in terms of subclauses (2) and (3), respectively, and in the event of these benefits becoming due and payable, and upon payment of such benefits before the next succeeding 30 September, a member shall be entitled to interest from 30 September, immediately prior to the date of payment, to such date of payment. The rate of interest shall be the rate determined by the Committee in terms of subclause (2).

(4) The Committee shall reinstate benefits of members which have been declared forfeited through no fault of their own by virtue of errors in returns of employers, or mistaken identity by the administration of the Fund.

7. EXPIRY OF AGREEMENT, DISSOLUTION OF COUNCIL AND LIQUIDATION

(1) In the event of the expiry of this Agreement by effluxion of time or cessation for any other cause, and no subsequent Agreement being negotiated for the purpose of continuing the operation of the Fund or the Fund not being transferred by the Council to any other fund constituted for the same purpose within 12 months from the date of expiry of this Agreement, the Fund shall be liquidated by the Committee which in the meantime shall be responsible for the administration of the Fund. In the event of the Fund being transferred in terms of this subclause—

(a) the benefits due to members of the Fund as at the date of such transfer shall in no way be diminished by virtue of such transfer, and

(b) any member of the Fund who may be precluded from becoming a member of the new Fund, shall be paid out his full benefit as if he had retired from the Industry.

(2) In the event of the dissolution of the Council or in the event of its ceasing to function during any period in which this Agreement is binding in terms of section 34 (2) of the Act, the Fund shall continue to be administered by the Committee or such other persons as the Registrar may designate in terms of that subsection. Any vacancy occurring on the Committee may be filled by the Registrar from employers and employees in the Industry, as the case may be, so as to ensure an equality of employer and employee representatives on the Committee. In the event of the Committee being unable or unwilling to discharge its duties or a deadlock arising thereon which renders the administration of the Fund impracticable or undesirable in the opinion of the Registrar, he may appoint a person who shall forthwith co-opt two more persons, one being a member of the Fund or a paid official of the trade union and the other being a member of the employers' organisation or a paid official thereof, and these persons together shall be the trustees in whom all the powers, rights and duties of the Committee shall vest. In the event of there being no Council in existence, the Fund shall be liquidated upon the expiry of the Agreement by the Committee or the trustees, as the case may be.

(3) Any vacancy occurring on the board of trustees as constituted in subclause (2) shall be filled in the same manner provided for in that subclause.

(4) The trustees shall be paid from the Fund such reasonable fees as shall be agreed upon between themselves and the Registrar.

(5) Upon liquidation of the Fund in terms of subclause (1) or (2) the Committee, liquidator or the trustees, as the case may be, shall—

(a) forthwith proceed to convert all investments and assets of the Fund into cash funds and invest such cash on call within 30 days,

(b) pay all creditors, administration and liquidation expenses from the Fund,

(c) na aftrekking van alle verskuldigde bedrae en uitgawes, die netto aanwas of tekort van die Fonds bepaal en dit toewys aan die lede se rekenings op die wyse voorgeskryf in klousule 6 van hierdie Hoofstuk,

(d) na hierdie finale toewysing ooreenkomstig paragraaf (c), die bedrae wat in die kredit van lede se rekenings staan, aan sodanige lede betaal asof hulle die Nywerheid by aftrede verlaat het

(6) Ondanks andersluidende bepalings in hierdie Hoofstuk, moet enige bystand verbeur word waarop lede ingevolge subklousule (5) (d) geregtig geword het maar wat hulle nie binne ses maande opgeeis het na die datum waarop sodanige bystand verskuldig en betaalbaar geword het nie, en moet dit in die Siektebystandsgenootskap vir Transvaalse Meubel- en Beddegoedwerkers inbetaal word, en as die Genootskap nie meer bestaan nie, dan in die Sterfte- en Ongeskiktheidskema vir Transvaalse Meubel- en Beddegoedwerkers

Met dien verstande dat die Bestuurskomitee of die Mediese Komitee, na gelang van die geval, egter die bevoegdheid het om, ingeval 'n eis binne 'n tydperk van drie jaar vanaf sodanige datum ontvang word na sy uitsluitlike en absoluutgoedduke aan die betrokke bevoordeeldes betaling te doen uit die gelde wat aan die Genootskap of die Skema verbeur is

(7) Ingeval sowel die Skema en die Genootskap reeds gelijkwieder is, moet die geld wat kragtens subklousule (6) verbeur is, in die algemene fonds van die Raad inbetaal word. Met dien verstande dat die Raad egter die bevoegdheid het om, ingeval 'n eis ontvang word binne 'n tydperk van drie jaar vanaf die datum waarop sodanige bystand verskuldig geword het, soos in subklousule (6) bepaal na sy uitsluitlike en absoluutgoedduke aan die betrokke bevoordeeldes betalings te doen uit die geld wat aan die Raad se fondse verbeur is

(8) As die sake van die Raad reeds beredder en die saldo van die Raad se fondse verdeel is, moet die geld wat kragtens subklousule (6) hiervan verbeur is, ingeval die Skema en die Genootskap reeds gelijkwieder is, verdeel word soos in artikel 34 (4) van die Wet bepaal asof dit deel van die algemene fondse van die Raad uitmaak

HOOFSTUK III

1. SIEKTEBYSTANDSGENOOTSKAP VIR TRANSVAALSE MEUBEL- EN BEDDEGOEDWERKERS

(1) Die Siektebystandsvereniging vir Transvaalse Meubelwerkers, ingestel kragtens die Ooreenkoms gepubliseer by Goewermentskennisgewing 44 van 13 Januarie 1961, en die Siektebystandsvereniging vir Transvaalse Beddegoedwerkers, ingestel kragtens die Ooreenkoms gepubliseer by Goewermentskennisgewing 495 van 24 Maart 1961, saamgesmelt kragtens die Herbekragtigingsooreenkoms gepubliseer by Goewermentskennisgewing R 3043 van 4 Januarie 1991 en nou genoem die Siektebystandsgenootskap vir Transvaalse Meubel- en Beddegoedwerkers, word hierby voortgesit

(2) Die geld van die Genootskap bestaan uit—

(a) geld wat in die kredit van die Genootskap staan op die datum waarop hierdie Ooreenkoms van krag word,

(b) die ledegeld wat kragtens klousule 4 (5) van Hoofstuk II aan die Genootskap oorgedra word,

(c) rente verkry uit die belegging van geld van die Genootskap, en

(d) enige ander geld waarop die Genootskap geregtig word of wat aan die Genootskap geskenk word

2. DOELSTELLINGS

(1) Die doel van die Genootskap is om fondse in te samel en in stand te hou deur middel van ledegeld, bydraes en skenkings om ingevolge hierdie Hoofstuk van hierdie Ooreenkoms en die regulasies lede en, behoudens klousule 5

(c) after deduction of all amounts owing to expenses, determine and allocate the net improvement or shortfall of the Fund to the members' accounts in the manner prescribed in clause 6 of this Chapter, (188) ~~2~~

(d) after this final allocation in terms of paragraph (c) pay the amounts standing to the credit of members accounts to such members as though they had left the Industry upon retirement

(6) Notwithstanding anything to the contrary contained in this Chapter, should any benefits to which members have become entitled in terms of subclause (5) (d) not be claimed within six months from the date upon which such benefits became due and payable, then the benefits shall be forfeited and be paid into the Transvaal Furniture and Bedding Workers' Sick Benefit Society, and if the Society is no longer in existence then into the Transvaal Furniture and Bedding Workers' Death and Disability Scheme

Provided that the Management Committee or the Medical Committee, as the case may be, shall however in the event of a claim being received within a period of three years from such date, be entitled in its entire and absolute discretion, to make payments to the beneficiaries concerned out of the moneys which have been forfeited to the Society or the Scheme

(7) In the event of the Scheme and the Society both already having been liquidated then moneys forfeited in terms of subclause (6) shall be paid into the general funds of the Council. Provided that the Council shall, however, in the event of a claim being received within a period of three years from the date upon which such benefits became due, as specified in subclause (6), be entitled in its entire and absolute discretion, to make payments to the beneficiaries concerned out of the moneys which have been forfeited to the funds of the Council

(8) If the affairs of the Council have already been wound up and the balance of the Council's funds distributed, then the moneys forfeited in terms of subclause (6) shall, in the event of the Scheme and the Society already having been liquidated, be distributed as provided for in terms of section 34 (4) of the Act as if it formed part of the general funds of the Council

CHAPTER III

1 TRANSVAAL FURNITURE AND BEDDING WORKERS' SICK BENEFIT SOCIETY

(1) The Transvaal Furniture Workers' Sick Benefit Society, established in terms of the Agreement published under Government Notice 44 of 13 January 1961, and the Transvaal Bedding Workers' Sick Benefit Society, established in terms of the Agreement published under Government Notice 495 of 24 March 1961, amalgamated in terms of the Re-enacting Agreement published in Government Notice R 3043 of 4 January 1991 and now styled the Transvaal Furniture and Bedding Workers' Sick Benefit Society, is hereby continued

(2) The moneys of the Society shall consist of—

(a) moneys standing to the credit of the Society as at the date of coming into operation of this Agreement,

(b) the subscriptions diverted to the Society in terms of clause 4 (5) of Chapter II,

(c) interest derived from the investment of any moneys of the Society, and

(d) any other moneys to which the Society may become entitled or which may be donated to the Society

2. OBJECTS

(1) The objects of the Society shall be to raise and maintain funds by subscriptions, contributions and donations for the purpose of providing, in accordance with the provisions of this Chapter of this Agreement and the regulations members

van hierdie Hoofstuk, hul afhanklikes, te voorsien van mediese, chirurgiese, tandheelkundige en oftalmiese ondersoeke en behandelings, medisyne, verbande, genewe, behandeling in hospitale of verpleeginrigtings wanneer vry beddens in 'n hospitaal, ooreenkomstig die betrokke provinsiale ordonansie, onverkrygbaar is en laasgenoemde geval dringend is, om lede te voorsien van siektebesoldiging en sodanige ander bystand en hulp as wat van tyd tot tyd deur die Mediese Komitee bepaal word en om stappe te doen vir die voorkoming van siekte en die verbetering en bevordering van die gesondheid van lede en hul afhanklikes

(2) In verband met die verwesenliking van bogenoemde doelstellings kan die Genootskap—

(a) kontrakte aangaan met sodanige dokters, verpleegters, aptekers en ander persone as wat hy wenslik ag, asook hulle retineer of in diens neem,

(b) enige hospitaal, verpleeginrigting, herstellingsoord of 'n dergelike inrigting of enige spreekkamer of apteek instel en/of dryf,

(c) kontrakte aangaan met enige hospitaal, verpleeginrigting, herstellingsoord of 'n dergelike inrigting vir die versorging van lede en hul afhanklikes,

(d) kontrakte aangaan met enige oogkundige, tandarts, farmaseut of enige ander persoon vir die versakking van dienste, oogkundige benodigdhede, medisyne, kunsgebite, verband en drogerye,

(e) roerende en, behoudens die goedkeuring van die Registrateur, vaste eiendom verkry en/of geboue oprig en/of in stand hou,

(f) amalgameer of verenig met of wederkerig saamwerk met enige ander organisasie of liggaam wie se doelstellings geheel en al of gedeeltelik soortgelyk is aan die van die Genootskap

(3) Verder kan die Genootskap al sodanige ander dinge doen as wat voortvloei uit of bevorderlik is vir die verwesenliking van enige doelstelling, of wat voortvloei uit enige van die bevoegdhede of funksies in hierdie Hoofstuk gemeld

3. LIDMAATSKAP

(1) (a) Lidmaatskap van die Genootskap word voortgesit en is verpligtend—

(i) slegs vir lede van die Fonds voortgesit kragtens Hoofstuk II van hierdie Ooreenkoms wat lede van die vakverenigings is en in diens is by lede van die werkgewersorganisasie, en

(ii) vir leerlinge en vakleerlinge

(b) Ondanks paragraaf (a) staan lidmaatskap verder, na goeddunke van die Mediese Komitee, oop vir enige ander persone wat in die Nywerheid werksaam is, uitgesonderd los werknemers, wat aansoek doen om lede te word op sodanige voorwaardes rakende bydraes van die Genootskap en andersins, as wat die Mediese Komitee van tyd tot tyd voorskryf

(2) Lidmaatskap van die Genootskap eindig sodra 'n lid die Nywerheid verlaat, ongeag enige ledegeld wat reeds betaal is

(3) Lede wat na 20 jaar diens uit die Nywerheid tree weens hoe ouderdom of liggaamlike ongeskiktheid, soos gestaaf deur 'n mediese sertifikaat, of weduwees van oorlede lede, kan toegelaat word om steeds deel te hê aan die bystand wat die Genootskap bied, op sodanige voorwaardes rakende bydraes aan die Genootskap en andersins as wat die Mediese Komitee van tyd tot tyd voorskryf

(4) Hierdie klousule is nie van toepassing op persone wat in die Nywerheid werksaam is en wat afhanklikes van lede van hierdie of enige ander mediese skema is nie

and, subject to clause 5 of this Chapter, their dependant(s) with medical, surgical, dental, and ophthalmic attendance and treatment, medicines, dressing, comforts, hospital or nursing home treatment when free beds in a hospital, in terms of the relevant Provincial Ordinance, are unobtainable and the latter case is one of urgency, to provide sick pay for members and such other benefits and assistance as may from time to time be determined by the Medical Committee and to take measures for the prevention of sickness and for the improvement and promotion of health amongst members and their dependants

(2) In connection with the attainment of the afore-mentioned objects the Society may—

(a) contract with, retain or employ such doctors, nurses, dispensers and other persons as it may consider desirable,

(b) establish and/or conduct any hospital, nursing home, convalescent home or the like, or any surgery or dispensary,

(c) contract with any hospital, nursing home, convalescent home or the like for the care of members and their dependants,

(d) contract with any optician, dentist, pharmacist or any other person for the supply of services, optical requirements, medicines, dentures, dressings and drugs,

(e) acquire movable and subject to the approval of the Registrar acquire immovable property and/or erect and/or maintain buildings,

(f) amalgamate or incorporate with or work in reciprocity with any other organisation or body having objects similar in whole or in part to those of the Society

(3) The Society may further do all such other things as are incidental or conducive to the attainment of any object, or incidental to any of the powers or functions in this Chapter

3. MEMBERSHIP

(1) (a) Membership of the Society shall be continued and compulsory for—

(i) only members of the Fund continued in terms of Chapter II of this Agreement who are members of the trade union and who are employed by members of the employers' organisation, and

(ii) learners and apprentices.

(b) Notwithstanding the provisions of paragraph (a), membership shall further, at the discretion of the Medical Committee, be open to any other person engaged in the Industry, other than casual employees, who apply to become members, on such terms and conditions as to contributions to the Society and otherwise as the Medical Committee may from time to time prescribe

(2) Membership of the Society shall terminate immediately a member leaves the Industry, notwithstanding any subscriptions which may have been paid

(3) Members, who after 20 years of service, retire from the Industry owing to old age or physical inability as substantiated by a medical certificate, or widows of deceased members may be permitted to continue to participate in the benefits of the Society, on such terms and conditions as to contributions to the Society and otherwise as the Medical Committee may from time to time prescribe

(4) The provisions of this clause shall not apply to persons who are engaged in the Industry and who are dependants or members of this or any other medical scheme

4. LEDE SE KLAGTES

(1) Enige klag teen die Mediese Komitee of enige beampte of dienaar daarvan moet skriftelik gerig word aan die Raad wat die bevoegdheid het om 'n oordeel te vel en wie se beslissing finaal is

(2) Klagtes teen mediese personeel moet by die Mediese Komitee ingedien word, wat op sy beurt genoemde klagtes moet verwys na 'n komitee aangestel om sodanige klagtes te ondersoek en wat bestaan uit persone uit eersgenoemde Komitee se geledere aangestel, tesame met die Hoof Mediese Beampte. Die komitee van ondersoek moet daarna sy bevindings aan die Mediese Komitee voorlê

5. TOELATING VAN AFHANKLIKES

Ondergemeide persone moet op die voorwaardes hieronder uiteengesit as afhanklikes van 'n lid toegelaat word

(a) 'n Lid se vrou, en 'n lid se kinders onder die ouderom van 18 jaar (met inbegrip van wettig aangenome en stiefkinders), behoudens sodanige bewys as wat die Mediese Komitee vereis aangaande die vraag of hulle geheel en al van sodanige lid afhanklik is,

(b) enige ander persoon wat na goeë dunde van die Mediese Komitee geheel en al van 'n lid afhanklik is

Met dien verstande dat 'n persoon in (a) en (b) hierbo bedoel—

(i) nie toegelaat word as 'n afhanklike van 'n lid nie, tensy sodanige persoon medies gekeur is tot tevredenheid van die Mediese Komitee,

(ii) wat ouderdoms- of enige ander pensioen van hoogstens die bedrag pensioen betaalbaar van tyd tot tyd deur die Staat ontvang, en kinders onder die ouderdom van 18 jaar wat 'n inkomste van hoogstens die bedrag pensioen betaalbaar van tyd tot tyd deur die Staat ontvang het, na goeë dunde van die Mediese Komitee, as geheel en al afhanklik geag kan word,

(iii) gewoonlik by die betrokke lid inwoon. Met dien verstande dat die Mediese Komitee in spesiale gevalle, op sodanige voorwaardes as wat hy van tyd tot tyd bepaal, persone wat nie aldus inwoon nie as afhanklikes kan toelaat

6. LIDMAATSKAPKAARTE

(1) Aan elke lid moet 'n kaart uitgereik word as bewys van lidmaatskap. Op versoek moet hierdie kaart getoon word aan enige persoon wat aan 'n lid of afhanklike ooreenkomstig hierdie Hoofstuk dienste lewer waarvoor die Genootskap geheel en al of gedeeltelik aanspreeklik is

(2) Lede moet die Sekretaris van die Genootskap binne 30 dae in kennis stel van—

(a) enige verandering in die huwelikstaat van 'n lid,

(b) die geboorte van 'n kind aan 'n lid se vrou of die wettige aanneming van 'n kind deur die lid,

(c) die dood, die bereiking van die ouderdom van 18 jaar, of die huwelik van 'n afhanklike,

(d) die feit dat 'n afhanklike 'n pensioen van meer as die wat van tyd tot tyd deur die Staat betaal word begin ontvang en kinders onder die ouderdom van 18 jaar wat 'n inkomste van meer as R60 per maand begin ontvang,

(e) verandering van adres, en

(f) verandering van paneeldokter

(3) In die geval van (a) of (b) van subklousule (2), moet die huwelik- of geboortesertifikaat en/of bewys van wettige aanneming ingedien word

(4) Lidmaatskapkaarte moet in die eerste instansie gratis uitgereik word maar as 'n kaart verlore raak, moet R5 deur die betrokke lid aan die Genootskap vir die vervanging van die kaart betaal word

4. MEMBERS' COMPLAINTS

(1) Any complaint against the Medical Committee or any official or servant thereof shall be made, in writing, to the Council who shall have power to adjudicate, and whose ruling shall be final

(2) Complaints against medical personnel shall be lodged with the Medical committee, which in turn shall refer the said complaints to a Committee appointed to investigate such complaints, consisting of persons appointed from the members of the first named Committee together with the Chief Medical Officer. The investigating committee shall thereupon report its findings to the Medical Committee

5. ADMISSION OF DEPENDENTS

The following persons shall, on the conditions set out hereunder, be admitted as dependants of a member

(a) A member's wife, and a member's children under the age of 18 years (including legally adopted and foster children) subject to such proof as the Medical Committee may require of their being wholly dependent on such member,

(b) any other person who at the discretion of the Medical Committee is wholly dependent on a member

Provided that a person referred to in (a) and (b) above—

(i) shall not be admitted as a dependent of any member unless such person has passed a medical examination to the satisfaction of the Medical Committee,

(ii) who is in receipt of old age or any pension not exceeding the amount of pension payable by the State from time to time, and children under the age of 18 years who are in receipt of an income not exceeding the amount of pension payable by the State from time to time may, at the discretion of the Medical Committee, be considered as wholly dependent,

(iii) shall normally reside with the member concerned. Provided that in special cases the Medical Committee may, on such conditions as it may lay down from time to time, admit as dependents persons not so resident

6. MEMBERSHIP CARDS

(1) A card shall be issued to every member as evidence of membership. This card must be produced, upon request to any person rendering services to a member or dependant in terms of the provisions of this Chapter and for which the Society may be liable in whole or in part

(2) Members shall advise the Secretary of the Society within 30 days of—

(a) any change in the marital status of a member,

(b) the birth of a child to a member's wife or the legal adoption of a child by a member,

(c) the death, the attainment of 18 years of age, or the marriage of a dependant,

(d) a dependant becoming the recipient of a pension exceeding the amount of pension payable by the State from time to time and children under the age of 18 years who become recipients of an income exceeding R60 per month,

(e) a change of address,

(f) a change of panel doctor

(3) In the case of (a) or (b) of subclause (2), the marriage or birth certificate and/or evidence of legal adoption must be produced

(4) Membership cards shall be issued free in the first instance but if a card is lost, a fee of R5 shall be paid to the Society by the member concerned for its replacement

(5) 'n Nuwe uitreiking van lidmaatskapkaarte kan van tyd tot tyd na goeddunke van die Komitee gedoen word

(6) Lidmaatskapkaarte bly te alle tye die eiendom van die Genootskap en moet by beëindiging van lidmaatskap aan die Genootskap terugbesorg word

(7) Die Genootskap moet die lid se paneeldokter in kennis stel van enige verandering in die lid se besonderhede wat kragtens subklousule 2 aan die Genootskap verstrek is

7. LEDEGELD

(1) Ledegeld deur verpligte lede betaal, moet kragtens klousule 4 (5) van die Hoofstuk II aan die Genootskap oorge- dra word uit die bydraes in klousule 4 (1) (a) van Hoofstuk II van hierdie Ooreenkoms bepaal, en wel as soos volg

Lede, leerlinge en vakleerlinge wat op die datum van inwerkingtreding van hierdie Ooreenkoms lede van die Fonds is R10,28 per week, synde R5,14 van die led se bydraes en R5,14 van die werkgewer se bydraes, plus 'n bedrag volgens die volgende formule

WEEKLIKSE BYDRAE

	Slegs lid	Lid plus een afhanklike	Lid plus twee afhanklikes	Lid plus drie afhanklikes	Lid plus vier of meer afhanklikes
Werknemer se bydrae	R0,80	R3,30	R 5,80	R 8,30	R10,80
Werkgewer se bydrae	R0,80	R3,30	R 5,80	R 8,30	R10,80
Totale bydrae	R1,60	R6,60	R11,60	R16,60	R21,60

Die bydraes bedoel in die bogenoemde formule moet aan die Raad oorbetal word en wanneer die werkgewer sodanige bedrag betaal, moet hy 'n staat verstrek in die vorm wat die Bestuurskomitee van tyd tot tyd voorskryf

(2) Ledegeld van ander lede as verpligte lede moet van tyd tot tyd deur die Mediese Komitee bepaal word en is maandeliks vooruitbetaalbaar aan die Sekretaris van die Genootskap

8. BYSTAND

(1) Ondanks andersluitende bepalings hiern, word lede en hul afhanklikes nie geregtig op enige bystand waarvoor in hierdie klousule voorsiening gemaak word nie, tensy sodanige lede minstens 13 weke lank bydraes aan die Genootskap betaal het

(2) Van alle lede en afhanklikes wat woonagtig is binne enige gebied waann 'n dokter deur die Mediese Komitee aangestel is, word vereis om gebruik te maak van die dienste van sodanige dokter, en van alle lede en afhanklikes word ook vereis om gebruik te maak van die dienste van aptekers met wie die Mediese Komitee 'n kontrak aangegaan het vir die opmaak van voorskrifte

(3) Die Mediese Komitee het die bevoegdheid om te verklaar dat die behandeling van enige chroniese siekte waaraan 'n lid of afhanklike ly na behandeling van 26 weke nie langer die aanspreeklikheid van die Genootskap is nie en om bystand op te skort ten opsigte van werklose lede wat vir 'n tydperk van vier weke nie bydraes aan die Genootskap betaal het nie

(4) Behoudens paragraaf (n) hieronder is 'n lid en sy afhanklikes op die volgende bystand geregtig

(a) Mediese behandeling (uitgesonderd bevallings of komplikasies wat daaruit voortspruit),

(5) A new issue of membership cards may be made from time to time at the discretion of the Committee

(6) Membership cards remain the property of the Society at all times and must be surrendered to the Society on termination of membership

(7) The Society shall advise the member's panel doctor of any change in the member's particulars supplied to the Society in terms of subclause (2)

7. SUBSCRIPTIONS

(1) Subscriptions by compulsory members shall be diverted in terms of clause 4 (5) of Chapter II to the Society from the contributions provided for in clause 4 (1) (a) of Chapter II as follows

Members, learners and apprentices who are members of the Fund as at the date upon which this Agreement comes into operation R10,28 per week, made up of R5,14 from the contributions of the member and R5,14 from the contributions of the employer, plus an amount as per the following formula.

WEEKLY CONTRIBUTIONS

	Member only	Member plus one dependant	Member plus two dependants	Member plus three dependants	Member plus four dependants or more
Employee contribution	R1,80	R3,30	R 5,80	R 8,30	R10,80
Employer contribution	R0,80	R3,30	R 5,80	R 8,30	R10,80
Total contribution	R1,60	R6,60	R11,60	R16,60	R21,60

The contributions referred to in the above-mentioned formula shall be paid to the Council, and when such payment is made, the employer shall furnish a statement in the form specified by the Management Committee from time to time

(2) Subscriptions by other than compulsory members shall be determined from time to time by the Medical Committee and shall be payable monthly in advance to the Secretary of the Society

8. BENEFITS

(1) Notwithstanding anything herein contained, members and their dependants shall not become entitled to any of the benefits provided for in this clause unless such members have contributed not less than 13 weeks contribution to the Society

(2) All members and dependants who are resident within any area in which a doctor has been appointed by the Medical Committee shall be required to utilise the services of such doctor, and all members and dependants shall also be required to utilise the services of chemists with whom the Medical Committee has contracted for the dispensing of prescriptions

(3) The Medical Committee shall have the power to declare the treatment of any chronic ailment from which a member of dependant is suffering to be no longer a liability of the Society after a period of 26 weeks of treatment and to suspend benefits in respect of unemployed members who have not contributed to the Society for a period of four weeks

(4) A members and his dependants shall, subject to the provisions of paragraph (n) hereunder, be entitled to the following benefits,

(a) Medical attendance (excluding confinements or complications arising therefrom),

(b) spesialisdienste (uitgesonderd verloskundige dienste), met die toestemming van die Hoof-mediese Beampte van die Genootskap of sy plaasvervanger,

(c) operasies (as dit uitgevoer word deur die Genootskap se chirurgie of met hul toestemming), maar uitgesonderd operasies gemeld in klousule 10 van hierdie Deel van die Ooreenkoms,

(d) mediese verbande en sodanige medisyne en/of drogerye waarvoor die Mediese Komitee besluit. Met dien verstande dat die lid 15 persent van die totale koste van sodanige medisyne en drogerye of R5, naamlik die grootste bedrag, betaal,

(e) oogkundige dienste, uitgesonderd die in paragraaf (i) bepaal, soos die Mediese Komitee besluit,

(f) na die uitsluitlike goeddunke van die Mediese Komitee, 'n *ex gratia*-bydrae tot mediese koste—

(i) terwyl hulle in enige provinsie van die Republiek van Suid-Afrika reis, of

(ii) terwyl hulle tydelik woon in 'n ander gebied as die gebied waarn hulle gewoonlik woonagtig is,

(g) akkommodasie in 'n hospitaal of verpleeginrigting (wanneer dit 'n dringende geval is en vry beddens in 'n hospitaal onverkrygbaar is),

(h) sodanige ander dienste as wat om tyd tot tyd deur die Mediese Komitee ingestel word,

(i) siektebesoldiging in die geval van 'n lid slegs kragtens klousule 9 van hierdie Hoofstuk,

(j) koste van brille, behoudens 'n maksimum van R200 een maal elke twee jaar ten opsigte van die lense en R50 ten opsigte van die eerste raam, maar slegs indien die lid minstens een jaar tot die Siektebystandsgenootskap bygedra het,

(k) koste van kunsgebite, behoudens 'n maksimum van R400 een maal elke vyf jaar, maar slegs indien die lid minstens een jaar tot die Siektebystandsgenootskap bygedra het,

(l) koste van tandheelkundige ondersoek, behandeling en chirurgie, behoudens 'n maksimum van R200 per jaar, maar slegs indien die lid minstens een jaar tot die Siektebystandsgenootskap bygedra het,

(m) **Spesiale Bystand:** Ondanks hierdie klousule, kan die Bestuurskomitee in verdienstelike gevalle na goeddunke *ex gratia*-betalings tot 'n maksimum van R200 per lid per jaar aan lede maak op die voorwaardes wat hy bepaal,

(n) Die maksimum jaarlikse bystand ten opsigte van afhanklikes wat nie gewoonlik by die betrokke lid inwoon nie en wat behoudens klousules 5 (b) (iii) as afhanklikes toegelaat word, moet van tyd tot tyd deur die Mediese Komitee bepaal word,

(o) fisioterapie (na-operatief), ortopediese benodighede, suurstof, spraakterapie en chirurgiese toestelle onderworpe aan 'n maksimum van R200 per jaar,

(p) 'n kraamvoordeel tot 'n maksimum van R200 per jaar, onderworpe aan die voorlegging van gesertifiseerde rekenings en 'n geregistreerde geboortesertifikaat, op voorwaarde dat die lid bygedra het tot die Siektebystandsgenootskap vir minstens 52 agtereenvolgende weke,

(q) koste van 'n gehoor toestel, onderworpe aan 'n maksimum van R750 een maal in vyf jaar, op voorwaarde dat die lid bygedra het tot die Siektebystandsgenootskap vir minstens 260 agtereenvolgende weke

(5) Die aanspreeklikheid van die Siektebystandsgenootskap vir enige koste vir enige mediese dienste en/of behandeling en/of prosedures en/of ondersoeke en/of hospitalisasie is beperk tot die skaal van voordele soos voorgeskryf kragtens die Wet op Mediese Skemas, Wet 27 van 1967, soos gewysig van tyd tot tyd, of die skaal van voordele en/of eenheidtariewe soos aanbeveel deur die Verteenwoordigende Vereniging van Mediese Skemas

(b) specialists' services (excluding obstetrics), with the consent of the Chief Medical Officer of the Society, or his deputy, (188) ~~203~~

(c) operations (if performed by the Society's surgeons or with their approval), but excluding operations referred to in clause 10 of this Part of the Agreement,

(d) medical dressings and such medicines and/or drugs as may be decided up by the Medical Committee. Provided that the member shall pay 15 per centum of the total cost of such medicines and drugs or R5, whichever amount is the greater,

(e) optical services other than those provided for in paragraph (j), as may be decided by the Medical Committee,

(f) at the entire discretion of the Medical Committee, to an *ex gratia* contribution towards medical expenses—

(i) whilst journeying in any province of the Republic of South Africa, or

(ii) whilst temporarily resident in an area other than the area where he is usually resident,

(g) hospital and nursing home accomodation (when the case is one of urgency and free beds in a hospital are unobtainable),

(h) such other services as may from time to time be introduced by the Medical Committee,

(i) sick pay in the case of a member only in terms of clause 9 of this Chapter,

(j) cost of spectacles, subject to a maximum of R200 once every two years for the lenses and R50 for the first frame only, provided the member has contributed to the Sick Benefit Society for at least one year,

(k) cost of dentures, subject to a maximum of R400 once every five years, provided the member has contributed to the Sick Benefit Society for at least one year,

(l) cost of dental examination, treatment and surgery, subject to a maximum of R200 per annum, provided a member has contributed to the Sick Benefit Society for at least one year,

(m) **Special Benefits:** Notwithstanding anything contained in this clause, the Management Committee may at its discretion make *ex gratia* payments to members on such terms and conditions as it may determine, in deserving cases, up to a maximum of R200 per member per year,

(n) the maximum annual benefits in respect of dependants who do not normally reside with the member and who have been admitted as dependants in terms of clause 5 (b) (iii), shall be determined by the Medical Committee from time to time,

(o) physiotherapy (post-operative), orthopaedic supplies, oxygen, speech therapy and surgical appliances, subject to a maximum of R200 per annum,

(p) a maternity benefit up to a maximum of R200 per annum, subject to the production of certified accounts and a registered birth certificate, provided a member has contributed to the Sick Benefit Society for at least 52 consecutive weeks,

(q) cost of a hearing aid, subject to a maximum of R750 once in five years, provided the member has contributed to the Sick Benefit Society for at least 260 consecutive weeks

(5) The liability of the Sick Benefit Society for any costs for any medical services and/or treatments and/or procedures and/or investigation and/or hospitalisation shall be limited to the scale of benefits as prescribed in terms of the Medical Schemes Act, Act 27 of 1967, as amended from time to time, or the scale of benefits and/or unit tariffs recommended by the Representative Association of Medical Schemes

9. SIEKTEBESOLDIGING

(1) 'n Lid ten opsigte van wie bydraes deur die Genootskap ontvang word en wat weens siekte verplig is om van die werk weg te bly, is, behoudens klousules 3 en 5 van die regulasies, geregtig op siektebesoldiging gedurende enige 12 kalendermaande soos in onderstaande tabel uiteengesit, gedurende die eerste vyf gewone werkdade van sodanige afwesigheid. Met dien verstande dat 'n mediese sertifikaat vir die eerste vyf dae van afwesigheid deur dieselfde mediese praktisyn uitgereik word.

SIEKTEBESOLDIGING WAT BETAAL MOET WORD

Tydperk van siekte	Siektebesoldiging
Een dag	Nul
Twee dae	Nul
Drie dae	R10,00
Vier dae	R20,00
Vyf dae	R50,00
Daarna	R10,00 per dag tot 'n maksimum van 40 dae per jaar

As 'n lid se tydperk van afwesigheid weens siekte langer as vyf werkdade duur, moet hy siektebesoldiging betaal word vir elke werkdag van afwesigheid weens siekte, van hoogstens 'n verdere 35 werkdade teen die dagtarief van R10,00.

Lede kwalifiseer nie vir siektebesoldiging nie wanneer hulle ongeskik vir werk is as gevolg van 'n besering op diens, 'n motorongeluk of enige ander uitgesluite voordeel soos in klousule 10 hierna gelys.

Vir die berekening van siektebesoldiging word Saterdag en Sondag en openbare vakansiedae met besoldiging nie as werkdade geag nie.

Siektebesoldiging is aan 'n lid betaalbaar slegs by voorlegging aan die Genootskap van 'n ingevulde amptelike dokter-sertifikaat insake siektebesoldiging en eisvorm.

(2) Ondanks subklousule (1) kan die Bestuurskomitee in verdienstelike gevalle na goeddunke *ex gratia*-betalings vir siektebesoldiging vir 'n verdere tydperk van 40 dae aan lede maak op die voorwaardes wat hy bepaal.

10. BEPERKING VAN BYSTAND

(1) Sonder benadeling van klousules 8 en 9 van hierdie Hoofstuk is dienste wat deur lede en hul afhanklikes vereis word in verband met enigeen van die volgende nie 'n aanspreeklikheid van die Genootskap nie.

(a) Enige siekte wat voortspruit uit wanordelike gedrag, wangedrag, oormatige gebruik van alkohol of sterk drank, of misbruik van drogerye of iets dergeliks,

(b) voortdurende van siekte in gevalle waar 'n lid of afhanklike weier om enige redelike opdrag of aanbeveling van sy mediese dokter na te kom,

(c) enige toevallige of opsetlike besering wat na die mening van die Mediese Komitee nie die Genootskap ten laste behoort te kom nie, of enige toevallige of opsetlike besering waarvoor 'n derde party aanspreeklik is vir die betaling van vergoeding en dit wel betaal, of wat deur versekering gedek is, tot die bedrag van sodanige vergoeding of dekking, na gelang van die geval,

(d) beserings as gevolg van aanranding of motorongelukke waar 'n gesertifiseerde polisieverlag nie aan die Genootskap voorgelê word nie,

(e) beserings of beroepsiektes wat 'n lid opdoen terwyl hy op diens is, vir sover 'n werkgewer voorsiening vir behandeling maak,

(f) siekte tydens militêre diens of waarvoor die militêre owerhede verantwoordelikheid aanvaar het,

(g) operasies uit eie keuse,

9. SICK PAY

(1) A member in respect of whom contributions are received by the Society and who through illness is compelled to absent himself from work shall, subject to clauses 3 and 5 of the regulations, be entitled to sick pay during any 12 calendar months as laid down in the following table during the first five ordinary working days of such absence. Provided that a medical certificate for the first five days of absence shall be issued by the same medical practitioner.

AMOUNT OF SICK PAY TO BE PAID

Period of illness	Sick pay
One day	Nil
Two days	Nil
Three days	R10,00
Four days	R20,00
Five days	R50,00
Thereafter	R10,00 per day to a maximum of 40 days per annum

Should a member's period of absence through sickness exceed five working days, he shall be paid sick pay for each working day of absence through sickness not exceeding a further 35 working days at the daily rate of R10,00.

Members shall not qualify for sick pay when unfit for work due to an injury on duty, motor vehicle accident or any other excluded benefit contained in clause 10.

Saturday and Sunday and paid public holidays shall for purposes of sick pay calculations not be considered to be working days.

Sick pay shall only be payable to a member upon presentation to the Society of a completed official sick pay medical certificate and claim form.

(2) Notwithstanding the provisions of subclause (1), the Management Committee may at its discretion make *ex-gratia* sick pay payments to members on such terms and conditions as it may determine, in deserving cases, for a further period of forty days.

10. LIMITATION OF BENEFITS

(1) Without prejudice to the provisions of clauses 8 and 9 of this Chapter, services required by members and their dependants in connection with any of the following shall not be a liability of the Society.

(a) Any sickness arising out of disorderly behaviour, misconduct, indulgence in alcohol or intoxicating liquor, or the misuse of drugs or the like,

(b) continuation of sickness in cases where a member or dependant refuses to observe any reasonable instruction or recommendation of his medical attendant,

(c) any accidental or wilful injury which, in the opinion of the Medical Committee, should not be a charge upon the Society or any accidental or wilful injury for which a third party is liable to pay, and does pay, compensation or which is covered by insurance, to the extent of such compensation or cover, as the case may be,

(d) injuries arising from assaults or motor accidents where a certified police report is not submitted to the Society,

(e) injuries received or occupational diseases contracted by a member whilst on duty, to the extent to which an employer provides for treatment,

(f) sickness whilst on military service or for which the military authorities have accepted responsibility,

(g) operations of choice;

(h) die verskaffing van patentmedisyne en/of enige ander medisyne en/of antibiotika en/of nasorgdienste en/of voorkomende behandeling soos deur die Mediese Komitee bepaal word,

(i) spesiale behandelings wat deur ander persone as 'n geregistreerde mediese praktisyn aanbeveel word,

(j) kraam- en/of verloskundige gevalle en/of sekswela,

(k) geestesiektes en/of psigiatriese behandeling,

(l) geslagsiektes en/of enige seksueel oordraagbare siektes,

(m) operasies en/of prosedures en/of orgaanplantings en/of ondersoeke wat na die mening van die Mediese Komitee onredelike onkoste vir die Genootskap sal beteken,

(n) rekenings wat meer as vier maande na die datum waarop die aanspreeklikheid aangegaan is, vir betaling voorgelê word

(o) enige siekte of ongesteldheid waaraan, na die mening van die Mediese Komitee na oorlegpleging met die Hoof Medies Beampste, 'n lid en/of sy afhanklikes ly op die datum Mediese Beampste, 'n lid en/of sy afhanklikes ly op die datum van toelating as 'n lid of afhanklike, na gelang van die geval

(2) As die bedrag in die kredit van die Genootskap benede een derde van die vorige jaar se jaarlikse uitgawes aan bystand aan lede, of R10 000, daal naamlik die grootste bedrag, word betalings kragtens klousule 8 van hierdie Hoofstuk gestaak en word dit nie hervat nie voordat die bedrag in die kredit van die Genootskap groter is as die waarde van die eise ter hand, plus R10 000, of een derde van die vorige jaar se jaarlikse uitgawes aan bystand, naamlik die grootste bedrag

11. MEDIESE BEHANDELING

Die Mediese Komitee kan te eniger tyd vereis dat 'n lid of enigeen van sy afhanklikes 'n mediese ondersoek ondergaan op koste van die Genootskap deur enige dokter wat die Komitee benoem

12. BESTUUR

(1) Die administrasie en beheer van die Genootskap berus by 'n Mediese Komitee waarvan die lede deur die Raad aangestel word. Die sekretaris van die Genootskap word deur die Raad of in 'n ere- of in 'n besoldigde hoedanigheid kragtens klousule 4 van Hoofstuk I aangestel

(2) Die Mediese Komitee bestaan uit ses lede of plaasvervangers van die Raad (van wie drie werknemer- en drie werkgewervertewoordigers moet wees) en die Voorsitter en Ondervoorsitter van die Raad, wat *ipso facto* Voorsitter en Ondervoorsitter en die Mediese Komitee is

(3) Die Raad kies uit sy lede of plaasvervangers, plaasvervangers vir die vernaamste vertewoordigers van die Mediese Komitee wat hy aangestel het

(4) Lede en plaasvervangers in die Mediese Komitee, beklee hul amp vir 'n tydperk van 12 maande, waarna hulle heraan gestel kan word

(5) As 'n geskil te eniger tyd ontstaan oor die administrasie van die Genootskap waarvoor lede van die Mediese Komitee gelykop verdeel is, moet die saak vir beslissing na die Raad verwys word

13 BEVOEGDHEDE EN PLIGTE VAN DIE MEDIESE KOMITEE

Die Mediese Komitee bepaal die beleid van die Genootskap en administreer die algemene sake en werksaamhede van die Genootskap ooreenkomstig die bepalinge van hierdie Hoofstuk en by die uitoefening van hierdie funksies doen die Mediese Komitee al sodanige stappe as wat hy nodig ag, of wat hy beskou as bevorderlik vir of wat hom sal help by die bereiking van sodanige doelstelling. In die besonder kan die Mediese Komitee—

(a) van tyd tot tyd soveel geld van die Genootskap belê as wat nie onmiddellik nodig is om die verpligtings van die Genootskap na te kom nie, op die wyse voorgeskryf in klousule 2 (6) van Hoofstuk II, en

(h) the supply of patent medicines and/or any other medicines and/or antibiotics and/or after-care services and/or preventative treatments as may be determined by the Medical Committee, (188) (255)

(i) special treatments recommended by persons other than a registered medical practitioner,

(j) maternity and/or obstetrical cases and/or sequela,

(k) mental ailments and/or psychiatric treatment,

(l) venereal disease and/or any sexually transmitted disease,

(m) operations and/or procedures and/or organ transplants and/or investigations which in the opinion of the Medical Committee will involve the Society in unreasonable expense,

(n) accounts submitted for payment more than four months after the date on which such liabilities were incurred, or

(o) any ailment or condition which, in the opinion of the Medical Committee, after consultation with the Chief Medical Officer, a member and/or his dependants are suffering from as at the date of admission as a member or dependant, as the case may be

(2) If at any time the amount to the credit of the Society drops below a third of the previous year's annual expenditure on benefits to members, or R10 000, whichever amount is the greater, payments in terms of clause 8 of this Chapter shall cease and shall not be resumed until the amount to the credit of the Society exceeds the value of the claims on hand, plus R10 000 or a third of the previous year's annual expenditure on benefits, whichever is the greater amount

11. MEDICAL TREATMENT

The Medical Committee may at any time require a member or any of his dependants to undergo a medical examination at the Society's expense by any doctor which it may nominate

12 MANAGEMENT

(1) The administration and control of the Society shall be vested in a Medical Committee, the members of which shall be appointed by the Council. The Secretary of the Society shall be appointed by the Council in terms of clause 4 of Chapter 1, either in an honorary or a paid capacity

(2) The Medical Committee shall consist of six members or alternates of the Council (three of whom shall be employee representatives and three employer representatives), and the Chairman and Vice-Chairman of the Council who shall *ipso facto* be the Chairman and Vice-Chairman of the Medical Committee

(3) The Council shall choose, from amongst its members or alternates to the principal members of the Medical Committee which it has appointed

(4) Members and alternates of the Medical Committee shall hold office for a period of 12 months, whereafter they shall be eligible for reappointment

(5) Should a dispute arise at any time as to the administration of the Society in regard to which members of the Medical Committee are equally divided, the matter shall be referred to the Council for a decision

13 POWERS AND DUTIES OF THE MEDICAL COMMITTEE

The Medical Committee shall direct the policy of the Society and administer the general business and activities of the Society, in accordance with the provisions of this Chapter and, in so doing, the Committee shall take all such steps as it may deem necessary, or which it considers will be conducive towards or will assist in the attainment of such object. In particular the Medical Committee may—

(a) from time to time invest so much of the moneys of the Society as are not immediately required to meet the obligations of the Society, in the manner prescribed in clause 2 (6) of Chapter II, and

(b) enige bates van die Genootskap te gelde maak, verkoop of andersins daarvoor beskik of daarmee handel,

(c) enige lid van lidmaatskap van die Genootskap onthef of skors—

(i) as hy skriftelik aansoek om sodanige ontheffing doen, of

(ii) as dit in belang van die Genootskap is

14. FINANSIELE BEHEER

(1) 'n Bankrekening moet by die Raad se bankiers op naam van die Genootskap geopen word. Die Mediese Komitee het die bevoegdheid om sodanige ander bankrekenings as wat hy van tyd tot tyd nodig ag, op naam van die Genootskap te open en daarop te werk en moet die persone aangewys wat gemagtig is om op enigeen van die Genootskap se bankrekenings te werk

(2) Alle geld wat aan die Genootskap betaal word, moet sonder versuim in een van die Genootskap se bankrekenings inbetaal word

(3) Alle koste wat aangegaan word in verband met die administrasie van die Genootskap kom ten laste van die Genootskap

(4) Alle geld wat nie nodig is om lopende betalings en uitgawes te dek nie, moet belê word soos voorgeskryf in klousule 2 (6) van Hoofstuk II

(5) Die boekjaar van die Genootskap sluit op 30 September elke jaar


(6) So spoedig doenlik na 30 September elke jaar moet die Mediese Komitee 'n staat laat opstel van alle inkomste en uitgawes van die Genootskap en 'n balansstaat wat die bates en laste toon vir die tydperk van 12 maande geëindig 30 September, wat deur die ouditeur gesertifiseer en deur die Voorsitter van die Genootskap medeonderteken en tesame met enige verslag deur die ouditeur daarvoor aan die Raad voorgelê moet word

(7) Die geouditeerde staat en balansstaat moet daarna ter insae lê op die kantoor van die Raad en afskrifte daarvan moet binne drie maande na die sluiting van die tydperk wat daardeur gedek word aan die Direkteur-generaal van die Departement van Mannekrag, Pretoria, voorgelê word

15 LIKWIDERING VAN DIE GENOOTSAP

(1) Indien hierdie Ooreenkoms verstryk weens verloop van tyd of beëindiging om enige ander rede en geen daaropvolgende ooreenkoms binne 12 maande na die datum van verstryking van hierdie Ooreenkoms aangegaan word om die werksaamhede van die Genootskap voort te sit of indien die Genootskap nie binne 12 maande na die genoemde datum van verstryking deur die Raad na enige ander fonds oorgedra word wat vir dieselfde doel ingestel is nie, moet met die Genootskap gehandel word op die wyse in subklousule (3) bepaal. Die Genootskap moet gedurende gemelde tydperk van 12 maande deur die Mediese Komitee geadministreer word

(2) Ingeval die Raad ontbind word of ingeval hy ophou om te funksioneer gedurende enige tydperk waarin hierdie Ooreenkoms ingevolge artikel 34 (2) van die Wet bindend is, moet die Genootskap steeds deur die Mediese Komitee geadministreer word. Enige vakature wat in die Komitee ontstaan, kan deur die Registrateur gevul word uit werkgewers en werknemers in die Nywerheid. Ingeval die Mediese Komitee nie in staat is nie of onwillig is om sy pligte na te kom of 'n dooie punt daarin ontstaan wat die administrasie van die Genootskap, na die mening van die Registrateur, onuitvoerbaar of onwenslik maak, kan hy 'n persoon aanstel wat onverwyld nog twee persone moet koopteer van wie een 'n lid van die Genootskap of 'n besoldigde beampte van die vakvereniging is en die ander een 'n lid van die werkgewersorganisasie of 'n besoldigde beampte daarvan, en tesame

(b) realise, sell or otherwise dispose of or deal with any of the assets of the Society, 188 

(c) remove or suspend any member from membership of the Society—

(i) if he applies in writing for such removal or

(ii) if it is in the interest of the Society

14. FINANCIAL CONTROL

(1) A banking account shall be opened with the Council's bankers in the name of the Society. The Medical Committee shall have the power to open and operate such other banking accounts in the name of the Society as it may deem necessary from time to time and shall designate the persons authorised to operate upon any of the Society's banking accounts

(2) All moneys paid to the Society shall be paid into one of the Society's banking accounts without delay

(3) All expenses incurred in connection with the administration of the Society shall be a charge against the Society

(4) Any moneys not required to meet current payments and expenses shall be invested in the manner prescribed in clause 2 (6) of Chapter II

(5) The financial year of the Society shall end on 30 September of each year

(6) As soon as possible after 30 September of each year, the Medical Committee shall cause to be prepared a statement of all revenue and expenditure of the Society and a balance sheet showing the assets and liabilities in respect of the period of 12 months ended 30 September, which shall be certified by the auditor and countersigned by the Chairman of the Society and submitted together with any report by the auditor thereon to the Council

(7) The audited statement and balance sheet shall thereafter lie for inspection at the office of the Council and copies thereof shall within three months of the close of the period covered thereby be submitted to the Director-General of the Department of Manpower, Pretoria

15. LIQUIDATION OF THE SOCIETY

(1) In the event of the expiry of this Agreement by the effluxion of time or cessation for any other cause and no subsequent agreement being negotiated for the purpose of continuing the operation of the Society or the Society not being transferred by the Council to any other fund constituted for the same purpose within 12 months from the date of expiry of this Agreement, the Society shall be dealt with in the matter provided for in subclause (3). The Society shall during the said period of 12 months be administered by the Medical Committee

(2) In the event of the dissolution of the council or in the event of its ceasing to function during any period during which this Agreement is binding in terms of section 34 (2) of the Act, the Society shall continue to be administered by the Medical Committee. Any vacancy occurring on the Committee may be filled by the Registrar from employers and employees in the Industry. In the event of the Medical Committee being unable or unwilling to discharge its duties or a deadlock arising thereon which renders the administration of the society impracticable or undesirable in the opinion of the Registrar he may appoint a person who shall forthwith co-opt two more persons, one being a member of the Society of a paid official of the trade union and the other being a member of the employers' organisation or unpaid official thereof and these per-

is hierdie persone die trustees by wie die bevoegdhede, regte en pligte van die Mediese Komitee berus. Ingeval daar geen Raad bestaan wanneer die Ooreenkoms verstryk nie, moet daar met die Genootskap gehandel word soos in subklousule (3) bepaal.

(3) (a) Die Mediese Komitee of trustees, na gelang van die geval, moet, na verstryking van die tydperk van 12 maande in subklousule (1) bedoel, of na verstryking van die Ooreenkoms ingevolge subklousule (2), steeds die Genootskap administreer en bystand verskaf aan lede, uitgesonderd siektebesoldiging bepaal in klousule 9, asof die Ooreenkoms nog van krag was, tot tyd en wyl die geld in die krediet van die Genootskap tot die bedrag daal wat in klousule 10 (2) van hierdie Hoofstuk gespesifiseer word, en as dit gebeur, moet die Genootskap ingevolge paragraaf (b) deur die Mediese Komitee of die trustee, na gelang van die geval gelikwider word.

(b) Ingeval die Genootskap kragtens hierdie subklousule gelikwider word, moet enige bedrag wat oorbly na die betaling van alle krediteure, laste en skulde van die Genootskap, aan die vakvereniging, betaal word, in verhouding met die bedrag van bydraes oorgedra ten opsigte van lede van die vakvereniging om hulle te help om weer 'n siektebystandskema in te stel. As die vakvereniging nie meer bestaan nie, moet daar oor die geld wat aan hulle kragtens hierdie subklousule betaal moet word, beskik word ooreenkomstig die bepalinge van artikel 13 van die Wet asof dit deel van die bates van die vakverenigings uitmaak.

(4) As die Mediese Komitee, trustees of die vakvereniging enige redelike grond daarvoor het dat die Genootskap te eniger tyd gedurende die administrasie van die Genootskap kragtens subklousule (3) (a) ontbind moet word, moet die Genootskap, ondanks subklousule (3) (a), gelikwider word op die wyse in subklousule (3) (b) uiteengesit.

HOOFSTUK IV

1. DIE STERFTE- EN ONGESKIKTHEIDSKEMA VIR TRANSVAALSE MEUBEL- EN BEDDEGOEDWERKERS

(1) Die Vereniging voorheen bekend as die Sterftebystandsvereniging vir Transvaalse Meubelwerkers, ingestel by Goewermentskennisgewing R 1682 van 19 Oktober 1962, die Sterftebystandsvereniging vir Transvaalse Beddegoedwerkers, ingestel by Goewermentskennisgewing R 1946 van 30 November 1962, die Begrafnisgenootskap voorheen bekend as die Begrafnisgenootskap vir Transvaalse Meubelwerkers, ingestel by Goewermentskennisgewing R 1354 van 22 Junie 1979, en die Begrafnisgenootskap vir Transvaalse Beddegoedwerkers, ingestel by Goewermentskennisgewing R 1353 van 22 Junie 1979, herbekragtig by Goewermentskennisgewing R 3043 van 4 Januarie 1991, en nou genoem die Sterfte- en Ongeskiktheidskema vir Transvaalse Meubel- en Beddegoedwerkers, word hierby saamgesmeit, ingelyf en voortgesit.

(2) Die geld van die Skema bestaan uit—

(a) geld oorgedra na die Skema kragtens klousule 4 (5) (b) van Hoofstuk II van hierdie Ooreenkoms,

(b) rente verkry uit die beleggings van geld van die Skema,

(c) geld wat tot die krediet is van enige belegging/s en rente daarop verdien, voorheen gehou in die naam van die Sterftebystandsvereniging vir Transvaalse Meubelwerkers en/of die Sterftebystandsvereniging vir Transvaalse Beddegoedwerkers en/of die Begrafnisgenootskap vir Transvaalse Meubelwerkers en/of die Begrafnisgenootskap vir Transvaalse Beddegoedwerkers, wat aan die Skema gesedeer is, en

(d) enige ander geld waarop die Skema geregtig word of wat aan die Skema geskenk word.

sons together shall be the trustees in whom the powers, rights and duties of the Medical Committee shall vest. If there is no council in existence upon the expiry of this Agreement, the society shall be dealt with in the manner provided for in subclause (3).

(3) (a) The Medical committee or trustees, as the case may be, shall after the expiry of the 12-month period referred to in subclause (1) or after the expiry of the Agreement in terms of subclause (2), continue to administer the Society and provide benefits to members, excluding sick pay provided for in clause 9, as if the Agreement remained in operation, until such time as the moneys standing to the credit of the Society fall to the amount specified in clause 10 (2) of this chapter, in which event the Society shall be liquidated by the Medical Committee or the trustees, as the case may be, in terms of paragraph (b).

(b) In the event of the liquidation of the Society in terms of this subclause, any amount left over after payments of all creditors, liabilities and debts of the Society shall be paid to the trade union in proportion to the amount of contributions diverted in respect of members of the trade union, to assist them in the re-establishment of a sick benefit scheme. Should the trade union no longer be in existence, the moneys to be paid over in terms of this subclause shall be dealt with in accordance with the provisions of section 13 of the Act as though it formed part of the assets of the trade union.

(4) Should the Medical Committee, trustees or the trade unions have any reasonable cause for the Society to be dissolved at any time during the administration of the Society in terms of subclause (3) (a), the Society shall, notwithstanding the provisions of subclause (3) (a), be liquidated in the manner set out in subclause (3) (b).

CHAPTER IV

1 THE TRANSVAAL FURNITURE AND BEDDING WORKERS' DEATH AND DISABILITY SCHEME

(1) The Association, previously known as the Transvaal Furniture Workers' Mortality Association, established in terms of Government Notice R 1682 of 19 October 1962, and the Transvaal Bedding Workers' Mortality Association, established in terms of Government Notice R 1946 of 30 November 1962, and the Burial Society, previously known as the Transvaal Furniture Workers' Burial Society, established in terms of Government Notice R 1354 of 22 June 1979, and the Transvaal Bedding Workers' Burial Society, established in terms of Government Notice R 1353 of 22 June 1979, re-enacted in terms of Government Notice R 3043 of 4 January 1991 and now styled the Transvaal Furniture and Bedding Workers' Death and Disability Scheme, is hereby amalgamated, incorporated and continued.

(2) The moneys of the Scheme shall consist of—

(a) moneys diverted to the Scheme in terms of clause 4 (5) (b) of Chapter II of this Agreement,

(b) interest derived from the investment of any moneys of the Scheme,

(c) moneys standing to the credit of any investment/s and interest derived therefrom, previously held in the name of the Transvaal Furniture Workers' Mortality Association and/or the Transvaal Bedding Workers' Mortality Association and/or the Transvaal Furniture Workers' Burial Society and/or the Transvaal Bedding Workers' Burial Society, which have been ceded to the Scheme, and

(d) any other moneys to which the Scheme may become entitled or which may be donated to the Scheme.

2 DOELSTELLINGS

(1) Die doelstelling van die Skema is om voorsiening te maak vir voordele vir 'n lid en/of afhanklikes van die lid in die geval van die afsterwe van die lid en/of sy/haar afhanklikes en/of die lid se mediese ongeskiktheid, soos omskryf in enige ooreenkoms gesluit met 'n versekeringsmaatskappy of -maatskappye

Vir die doeleindes van hierdie Hoofstuk beteken 'afhanklike', met betrekking tot 'n lid, na uitsluitlike goeddunke van die Komitee, een of meer van die volgende

(a) Gade, en/of

(b) ongetroude minderjarige kind en/of ongetroude minderjarige stiefkind en/of ongetroude minderjarige aangenome kind, buite-egtelike kind, en/of 'n afhanklike onder die ouderdom van 25 jaar wat 'n voltydse student aan 'n erkende opvoedkundige inrigting is, en/of

(c) enige ander persoon wat geheel en al van sodanige lid afhanklik is en wat die Komitee oortuig dat hy aldus afhanklik is,

(d) 'n begunstigde deur 'n lid benoem waar daar op die datum van benoeming geen afhanklike bestaan nie. Met dien verstande dat as daar wel 'n afhanklike is soos in (1) (a) of (b) of (c) genoem, die benoeming van 'n begunstigde as ongelidig beskou moet word

(2) Behoudens die goedkeuring van die Raad, is die Komitee se beslissing oor wie die afhanklikes van die afgestorwe lid ingevolge hierdie klousule is, finaal

3. SPESIALE BEPALINGS

(1) Die bepalinge van klousules 2, 3 (3), 5 (1), (2) en (3) en 6 (1) en (2) van die vorige Sterftebystandsvereniging vir Transvaalse Meubelwerkers en die Sterftebystandsvereniging vir Transvaalse Beddegoedwerkers, en klousules 2, 3 (3), 5 en 6 van die vorige Begrafnisgenootskap vir Transvaalse Meubelwerkers en die Begrafnisgenootskap vir Transvaalse Beddegoedwerkers bedoel in klousule 1 (1) van hierdie Hoofstuk, is van toepassing op lede en/of afhanklikes wat afgetree het uit die Nywerheid as gevolg van hoe ouderdom of swak gesondheid of wat die ouderdom van 65 jaar bereik het voor of op 1 Oktober 1988

4 LIDMAATSKAP

(1) (a) Lidmaatskap van die Skema word voortgesit en is verpligtend—

(i) slegs vir lede van die Fonds voortgesit kragtens Hoofstuk II, wat nog nie die ouderdom van 65 jaar op 1 Oktober 1988 bereik het nie, en wat lede van die vakvereniging is en in diens is by lede van die werkgewersorganisasie, en

(ii) vakleerlinge en leerlinge

(b) Ondanks paragraaf (a) staan lidmaatskap verder, na goeddunke van die Bestuurskomitee, oop vir enige ander persoon wat in die Nywerheid werksaam is, uitgesonderd los werknemers, wat aansoek doen om lede te word, op sodanige voorwaardes rakende bydraes tot die Skema en andersins as wat die Bestuurskomitee van tyd tot tyd voorskryf

(2) Behoudens subklousule (3) eindig lidmaatskap van die Skema—

(a) sodra die bydraes ten opsigte van sodanige lid nie betaal word nie, of

(b) wanneer 'n lid sy bande met die Nywerheid verbreek. Indien lidmaatskap aldus eindig, is die voormalige lid en die afhanklike/s van sodanige voormalige lid dan nie geregtig nie op die voordele voorgeskryf in enige ooreenkoms of ooreenkomste aangegaan kragtens klousule 9 (2) (b) van hierdie Hoofstuk

2 OBJECTIVES

(1) The objective of the Scheme shall be to provide for benefits for a member and/or the dependants of the member in the event of the death of the member and/or his dependants and/or the disablement of the member as defined in any agreement entered into with an insurance company or companies

For the purposes of this Chapter "dependant" in relation to a member shall, at the sole discretion of the Committee mean any one or more of the following

(a) Spouse, and/or

(b) unmarried minor child and/or unmarried minor step-child and/or unmarried adopted minor child, illegitimate child, and/or a dependant under the age of 25 years who is a full-time student at a recognised educational institution, and/or

(c) any other person who is wholly dependent upon such member, and who satisfies the Committee that he is so dependent, and/or

(d) a beneficiary nominated by a member where at the date of nomination there is no dependant. Provided that should a dependant under (1) (a) or (b) or (c) be established, the nomination of a beneficiary shall be deemed invalid

(2) The Committee's decision as to who the dependants of the deceased member are in terms of this clause, shall, subject to the approval of the Council, be final

3. SPECIAL PROVISIONS

(1) The provisions of clauses 2, 3 (3), 5 (1), (2) and (3) and 6 (1) and (2) of the former Transvaal Furniture Workers' Mortality Association and the Transvaal Bedding Workers' Mortality Benefit Association, and clauses 2, 3 (3), 5 and 6 of the former Transvaal Furniture Workers' Burial Society and the Transvaal Bedding Workers' Burial Society referred to in clause 1 (1) of this Chapter shall apply to members and/or dependants who retired from the Industry owing to old age or ill-health or who had reached the age of 65 years on or before 1 October 1988

4. MEMBERSHIP

(1) (a) Membership of the Scheme shall be continued and be compulsory for—

(i) members only of the Fund continued in terms of Chapter II who had not reached the age of 65 years on 1 October 1988 and who are members of the trade union and who are employed by members of the employers' organisation, and

(ii) apprentices and learners

(b) Notwithstanding paragraph (a), membership shall further, at the discretion of the Management Committee, be open to any person engaged in the Industry, other than casual employees, who apply to become members, on such terms and conditions regarding contributions to the Scheme and otherwise as the Management Committee may from time to time prescribe

(2) Subject to subclause (3), membership of the Scheme shall cease—

(a) immediately upon cessation of contributions in respect of such member, or

(b) when a member severs his connection with the Industry. Should membership so cease the former member and the dependant/s of such former member shall not be entitled to the benefits prescribed by any agreement or agreements entered into in terms of clause 9 (2) (b) of this Chapter

(4) Elke lid moet die sekretaris in kennis stel van die afsterwe van enige afhanklike binne die tydperk/e voorgeskryf in klousule 7 van hierdie Hoofstuk

9. BEVOEGDHEDE EN PLIGTE VAN DIE KOMITEE

(1) Behoudens goedkeuring deur die Raad, moet die Komitee die beleid van die Skema bepaal en die algemene sake en werksaamhede van die Skema administreer ooreenkomstig die bepalings van hierdie Hoofstuk, en by die uitoefening van hierdie funksies moet die Komitee al sodanige stappe doen as wat hy nodig ag of wat hy ag bevorderlik te wees vir of wat sal help met die verwesenliking van sodanige oogmerk

(2) Die Komitee moet alle inkomste van die Skema invorder, dit in ontvangs neem en alle geld aldus ontvang sonder versuim deponeer in 'n bankrekening wat op naam van die Skema geopen moet word 'n Amptelike kwitansie moet uitgereik word vir alle kontantgeld deur die Skema ontvang, en onttrekkings uit die Skema moet geskied per tjek wat deur sodanige persone as wat van tyd tot tyd deur die Raad gemagtig word, onderteken en deur die sekretaris van die Skema medeonderteken moet word

In die besonder kan die Komitee—

(a) enige bates van die Skema te gelde maak, verkoop of andersins daarvoor beskik of daarmee handel,

(b) 'n ooreenkoms of ooreenkomste aangaan met 'n versekeringsmaatskappy of -maatskappye vir die doel om voordele te betaal of te verseker vir lede en/of afhanklikes kragtens die bepalings van so 'n ooreenkoms of ooreenkomste, soos gewysig van tyd tot tyd,

(c) op skriftelike versoek van enige lid sodanige lid voorsien van 'n afskrif van die ooreenkoms of ooreenkomste bedoel in paragraaf (b)

(3) Die Raad het die bevoegdheid om sy eie prosedure-reëls vir die Komitee voor te skryf, te wysig en te verander en om reëls vir die administrasie van die Skema te maak, te wysig en te verander Met dien verstande dat sodanige reëls of enige wysiging daarvan nie onbestaanbaar met hierdie ooreenkoms of enige ander wet mag wees nie 'n Afskrif van die reëls en enige wysiging daarvan moet aan die Direkteur-generaal van die Departement van Mannekrag gestuur word

(4) Ingeval die Bestuurskomitee, om watter rede ook al, nie in staat is om sy pligte na te kom nie moet die Raad sodanige pligte waarneem en sy bevoegdhede uitoefen

(5) Ingeval 'n geskil te eniger tyd ontstaan oor die administrasie van die Skema waarvoor lede van die Bestuurskomitee gelykop verdeel is, moet die saak vir 'n beslissing na die Raad verwys word

10. FINANSIELE BEHEER

(1) Alle uitgawes wat in verband met die administrasie van die Skema aangegaan word, kom ten laste van die Skema

(2) Alle geld wat nie vir die bestryding van lopende betalings en uitgawes nodig is nie, moet belê word soos voorgeskryf in klousule 2 (6) van Hoofstuk II

(3) Die boekjaar van die Skema sluit elke jaar op 30 September

(4) So gou doenlik na 30 September elke jaar moet die Skema 'n staat opstel van alle uitgawes en inkomste van die Skema asook 'n balansstaat wat die bates en laste toon ten opsigte van die voorafgaande tydperk van 12 maande geëindig 30 September, wat deur die ouditeur gesertifiseer en deur die Voorsitter van die Skema medeonderteken moet word en saam met enige verslag daarvoor deur die ouditeur aan die Raad voorgelê moet word

(5) Die geouditeerde staat en balansstaat moet daarna op die kantoor van die Raad ter insae lê en afskrifte daarvan moet binne drie maande vanaf die sluiting van die tydperk waarop hulle betrekking het, aan die Direkteur-generaal van die Departement van Mannekrag voorgelê word

9. POWERS AND DUTIES OF THE COMMITTEE

(1) Subject to the approval of the Council, the Committee shall direct the policy of the Scheme and administer the general business and activities of the Scheme in accordance with the provisions of this Chapter, and in so doing the Committee shall take all such steps as it may deem necessary, or which it considers will be conducive towards or will assist in the attainment of such object

(2) The Committee shall collect and receive all revenue of the Scheme and shall deposit all moneys so received without delay in a banking account opened in the name of the Scheme An official receipt shall be issued for all cash moneys received into the Scheme and withdrawals from the Scheme shall be by cheque signed by such persons as may, from time to time, be authorised by the Council, and countersigned by the secretary of the Scheme

In particular the Committee may—

(a) realise, sell or otherwise dispose of or deal with any of the assets of the Scheme,

(b) enter into an agreement or agreements with an insurance company or companies with the object of making payment of or securing benefits for members and/or dependants in terms of the provisions of such agreement or agreements, as amended from time to time,

(c) at the written request of any member furnish such member with a copy of the agreement or agreements referred to in paragraph (b)

(3) The Council shall have the power to prescribe, alter and amend its own rules of procedure for the Committee and to make, amend and alter rules governing the administration of the Scheme Provided that such rules or any amendment thereof shall not be inconsistent with the provisions of this agreement or with the provisions of any other law A copy of the rules and any amendment thereof shall be transmitted to the Director-General of the Department of Manpower

(4) In the event of the Management Committee being unable to perform its duties for any reason, the Council shall perform such duties and exercise its powers

(5) Should a dispute arise at any time as to the administration of the Scheme in regard to which members of the Management Committee are equally divided, the matter shall be referred to the Council for a decision

10 FINANCIAL CONTROL

(1) All expenses incurred in connection with the administration of the Scheme shall be a charge against the Scheme

(2) Any moneys not required to meet current payments and expenses shall be invested as prescribed in clause 2 (6) of Chapter II of this Agreement

(3) The financial year of the Scheme shall end on 30 September of each year

(4) As soon as possible after 30 September of each year the Scheme shall prepare a statement of all revenue and expenditure of the Scheme and a balance sheet showing the assets and liabilities in respect of the preceding period of 12 months ended 30 September, which shall be certified by the auditor and countersigned by the Chairman of the Scheme and submitted to the Council with any report by the auditor thereon

(5) The audited statement and balance sheet shall thereafter lie for inspection at the office of the Council and copies thereof shall within three months of the close of the period to which they relate be submitted to the Director-General of the Department of Manpower

(4) Elke lid moet die sekretaris in kennis stel van die afsterwe van enige afhanklike binne die tydperk/e voorgeskryf in klousule 7 van hierdie Hoofstuk

9. BEVOEGDHEDE EN PLIGTE VAN DIE KOMITEE

(1) Behoudens goedkeuring deur die Raad, moet die Komitee die beleid van die Skema bepaal en die algemene sake en werksaamhede van die Skema administreer ooreenkomstig die bepalings van hierdie Hoofstuk, en by die uitoefening van hierdie funksies moet die Komitee al sodanige stappe doen as wat hy nodig ag of wat hy ag bevorderlik te wees vir of wat sal help met die verwesenliking van sodanige oogmerk

(2) Die Komitee moet alle inkomste van die Skema invorder, dit in ontvangs neem en alle geld aldus ontvang sonder versuim deponeer in 'n bankrekening wat op naam van die Skema geopen moet word 'n Amptelike kwitansie moet uitgereik word vir alle kontantgeld deur die Skema ontvang, en onttrekkings uit die Skema moet geskied per tjek wat deur sodanige persone as wat van tyd tot tyd deur die Raad gemagtig word, onderteken en deur die sekretaris van die Skema medeonderteken moet word

In die besonder kan die Komitee—

(a) enige bates van die Skema te gelde maak, verkoop of andersins daarvoor beskik of daarmee handel,

(b) 'n ooreenkoms of ooreenkomste aangaan met 'n versekeringsmaatskappy of -maatskappye vir die doel om voordele te betaal of te verseker vir lede en/of afhanklikes kragtens die bepalings van so 'n ooreenkoms of ooreenkomste, soos gewysig van tyd tot tyd,

(c) op skriftelike versoek van enige lid sodanige lid voorsien van 'n afskrif van die ooreenkoms of ooreenkomste bedoel in paragraaf (b)

(3) Die Raad het die bevoegdheid om sy eie prosedure-reels vir die Komitee voor te skryf, te wysig en te verander en om reels vir die administrasie van die Skema te maak, te wysig en te verander Met dien verstande dat sodanige reels of enige wysiging daarvan nie onbestaanbaar met hierdie ooreenkoms of enige ander wet mag wees nie 'n Afskrif van die reels en enige wysiging daarvan moet aan die Direkteur-generaal van die Departement van Mannekrag gestuur word

(4) Ingeval die Bestuurskomitee, om watter rede ook al, nie in staat is om sy pligte na te kom nie moet die Raad sodanige pligte waarneem en sy bevoegdhede uitoefen

(5) Ingeval 'n geskil te eniger tyd ontstaan oor die administrasie van die Skema waarvoor lede van die Bestuurskomitee gelykop verdeel is, moet die saak vir 'n beslissing na die Raad verwys word

10. FINANSIELE BEHEER

(1) Alle uitgawes wat in verband met die administrasie van die Skema aangegaan word, kom ten laste van die Skema

(2) Alle geld wat nie vir die bestryding van lopende betalings en uitgawes nodig is nie, moet belê word soos voorgeskryf in klousule 2 (6) van Hoofstuk II

(3) Die boekjaar van die Skema sluit elke jaar op 30 September

(4) So gou doenlik na 30 September elke jaar moet die Skema 'n staat opstel van alle uitgawes en inkomste van die Skema asook 'n balansstaat wat die bates en laste toon ten opsigte van die voorafgaande tydperk van 12 maande geëindig 30 September, wat deur die ouditeur gesertifiseer en deur die Voorsitter van die Skema medeonderteken moet word en saam met enige verslag daarvoor deur die ouditeur aan die Raad voorgelê moet word

(5) Die geouditeerde staat en balansstaat moet daarna op die kantoor van die Raad ter insae lê en afskrifte daarvan moet binne drie maande vanaf die sluiting van die tydperk waarop hulle betrekking het, aan die Direkteur-generaal van die Departement van Mannekrag voorgelê word

9. POWERS AND DUTIES OF THE COMMITTEE

(1) Subject to the approval of the Council, the Committee shall direct the policy of the Scheme and administer the general business and activities of the Scheme in accordance with the provisions of this Chapter, and in so doing the Committee shall take all such steps as it may deem necessary, or which it considers will be conducive towards or will assist in the attainment of such object

(2) The Committee shall collect and receive all revenue of the Scheme and shall deposit all moneys so received without delay in a banking account opened in the name of the Scheme An official receipt shall be issued for all cash moneys received into the Scheme and withdrawals from the Scheme shall be by cheque signed by such persons as may, from time to time, be authorised by the Council, and countersigned by the secretary of the Scheme

In particular the Committee may—

(a) realise, sell or otherwise dispose of or deal with any of the assets of the Scheme,

(b) enter into an agreement or agreements with an insurance company or companies with the object of making payment of or securing benefits for members and/or dependants in terms of the provisions of such agreement or agreements, as amended from time to time,

(c) at the written request of any member furnish such member with a copy of the agreement or agreements referred to in paragraph (b)

(3) The Council shall have the power to prescribe, alter and amend its own rules of procedure for the Committee and to make, amend and alter rules governing the administration of the Scheme Provided that such rules or any amendment thereof shall not be inconsistent with the provisions of this agreement or with the provisions of any other law A copy of the rules and any amendment thereof shall be transmitted to the Director-General of the Department of Manpower

(4) In the event of the Management Committee being unable to perform its duties for any reason, the Council shall perform such duties and exercise its powers

(5) Should a dispute arise at any time as to the administration of the Scheme in regard to which members of the Management Committee are equally divided, the matter shall be referred to the Council for a decision

10. FINANCIAL CONTROL

(1) All expenses incurred in connection with the administration of the Scheme shall be a charge against the Scheme

(2) Any moneys not required to meet current payments and expenses shall be invested as prescribed in clause 2 (6) of Chapter II of this Agreement

(3) The financial year of the Scheme shall end on 30 September of each year

(4) As soon as possible after 30 September of each year the Scheme shall prepare a statement of all revenue and expenditure of the Scheme and a balance sheet showing the assets and liabilities in respect of the preceding period of 12 months ended 30 September, which shall be certified by the auditor and countersigned by the Chairman of the Scheme and submitted to the Council with any report by the auditor thereon

(5) The audited statement and balance sheet shall thereafter lie for inspection at the office of the Council and copies thereof shall within three months of the close of the period to which they relate be submitted to the Director-General of the Department of Manpower

11. ONTBINDING VAN DIE SKEMA

(1) Klousule 7 (1) tot klousule 7 (4) van Hoofstuk II van hierdie Ooreenkoms is *mutatis mutandis* van toepassing op die Skema

(2) By die likwidering van die Skema ingevolge klousule 7 (1) of 7 (2) van Hoofstuk II moet die Komitee, likwidateur of trustees, na gelang van die geval—

(a) onverwyld daartoe oorgaan om alle beleggings en bates van die Skema in kontantfondse om te skep en om sodanige kontant binne 30 dae as onmiddellik opeisbare kontant te belê,

(b) alle krediteure, administrasie- en likwidasiestekoste uit die fondse van die Skema

(3) Ondanks andersluidende bepalings in hierdie Hoofstuk, moet alle geld, as daar geld daarna oorbly in die krediet van die Skema nadat dit ooreenkomstig subklousule (2) gelikwedeer is, inbetaal word in die Siektebystandsgenootskap vir Transvaalse Meubel- en Beddegoedwerkers

(4) Ingeval die Siektebystandsgenootskap vir Transvaalse Meubel- en Beddegoedwerkers reeds gelikwedeer is, moet die geld in subklousule (3) bedoel aan die vakvereniging betaal word, in verhouding tot die bedrag van bydraes oorge- dra ten opsigte van lede van die vakvereniging, om die vakvereniging te help om weer 'n soortgelyke skema in te stel. As die vakvereniging nie meer bestaan nie, moet daar oor die geld wat kragtens hierdie subklousule betaal word, beskik word ooreenkomstig die bepalings van artikel 13 van die Wet asof dit deel van die bates van die vakvereniging uitmaak

AANHANGSEL A

Lys van totale aftrekkings vir die Voorsorgfonds vir die Meubel- en Beddegoedvervaardigingsnywerheid, Transvaal, die Siektebystandsgenootskap vir Transvaalse Meubel- en Beddegoedwerkers en die Sterfte- en Ongeskiktheidskema vir Transvaalse Meubel- en Beddegoedwerkers

	A Weeklikse aftrekking van werknemer	B Weeklikse bydra van werkgever
Werknemer vir wie lone voorgeskryf is in die Hofooreenkoms Vakleerlinge en leerlinge	5 persent van normale loon, plus R5,25	5 persent van normale loon, plus R5,25
Werkende werkgevers soos omskryf in die Hofooreenkoms gepubliseer in Goewermentskennisgewing R 1879 van 12 September 1986	Nul	10 persent van die hoogste minimum loon voorgeskryf in die Hofooreenkoms, plus R10,50

Namens die partye op hede die 16de dag van Maart 1992 te Johannesburg onderteken

R. CORNICK,
Voorsitter van die Raad

S. M. LE ROUX,
Ondervoorsitter van die Raad

P. C. SMIT,
Hoofsekretaris van die Raad

11. DISSOLUTION OF THE SCHEME

(1) The provisions of clause 7 (1) to clause 7 (4) of Chapter II shall *mutatis mutandis* apply in respect of the Scheme

(2) Upon the liquidation of the Scheme in accordance with the provisions of clause 7 (1) or 7 (2) of Chapter II, the Committee, liquidator or the trustee(s), as the case may be, shall—

(a) forthwith proceed to convert all investments and assets of the Scheme into cash funds and invest such cash on call within 30 days

(b) pay all creditors, administration and liquidation expenses from the funds of the Scheme

(3) Notwithstanding anything to the contrary contained in this Chapter, should any moneys thereafter remain to the credit of the Scheme upon liquidation in accordance with subclause (2), such moneys shall be paid into the Transvaal Furniture and Bedding Workers' Sick Benefit Society

(4) In the event of the Transvaal Furniture and Bedding Workers' Sick Benefit Society having already been liquidated, the moneys referred to in subclause (3) shall be paid to the trade union in proportion to the amount of contributions diverted in respect of members of the trade union to assist the trade union in the re-establishment of a similar scheme. Should the trade union no longer be in existence, the moneys to be paid to them in terms of this subclause shall be dealt with in accordance with the provisions of section 13 of the Act as though they formed part of the assets of the trade union

ANNEXURE A

Schedule of total deductions to the Provident Fund for the Furniture and Bedding Manufacturing Industry, Transvaal, the Transvaal Furniture and Bedding Workers' Sick Benefit Society and the Transvaal Furniture and Bedding Workers' Death and Disability Scheme

	A Employee's weekly deductions	B Employer's weekly contribution
Employee for whom wages are prescribed in the Main Agreement Apprentices and learners	5 per cent of normal wage, plus R5,25	5 per cent of normal wage, plus R5,25
Working employers as defined in the Main Agreement published in Government Notice R 1879 of 12 September 1986	Nil	10 per cent of the highest minimum wage prescribed in the Main Agreement, plus R10,50

Signed at Johannesburg, on behalf of the parties, this 16th day of March 1992

R. CORNICK,
Chairman of the Council.

S. M. LE ROUX,
Vice-Chairman of the Council

P. C. SMIT,
General Secretary of the Council

die bepalings van Goewermentskennisgewing R 1082 van 2 Junie 1989, van krag is vanaf die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 30 September 1992 eindig

D. VAN DER WALT,

Direkteur Arbeidsverhoudinge.

No. R. 2108

24 Julie 1992

WET OP ARBEIDSVERHOUDINGE, 1956

ELEKTROTEGNIËSE NYWERHEID, OOS-LONDEN.
HERNUWING VAN HOOFOOREENKOMS

Ek, Dennis van der Walt, Direkteur Arbeidsverhoudinge, behoorlik daartoe gemagtig deur die Minister van Mannekrag, verklaar hierby, kragtens artikel 48 (4) (a) (ii) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalings van Goewermentskennisgewings R 1749 van 17 Augustus 1984, R 1363 van 21 Junie 1985, R 361 van 20 Februarie 1987, R 452 van 11 Maart 1988, R 2414 van 4 Oktober 1991 en R 1342 van 15 Mei 1992, van krag is vanaf die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 30 Junie 1993 eindig

D. VAN DER WALT,

Direkteur Arbeidsverhoudinge.

No. R. 2117

24 Julie 1992

WET OP ARBEIDSVERHOUDINGE, 1956

MEUBELNYWERHEID, GRENS WYSIGING VAN
HOOFOOREENKOMS

Ek, Glen Morris Edwin Carelse, Adjunkminister van Mannekrag, verklaar hierby—

- (a) kragtens artikel 48 (1) (a) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalings van die Ooreenkoms (hierna die Wysigingsooreenkoms genoem) wat in die Bylae hiervan verskyn en betrekking het op die Onderneming, Nywerheid, Bedryf of Beroep in die opskrif by hierdie kennisgewing vermeld, met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 20 Maart 1993 eindig, bindend is vir die werkgewersorganisasie en werknemers wat lede van genoemde organisasie of vereniging is, en
- (b) kragtens artikel 48 (1) (b) van genoemde Wet, dat die bepalings van die Wysigingsooreenkoms, uitgesonderd dié vervat in klousules 1 (1) (a) en 5 met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 20 Maart 1993 eindig, bindend is vir alle ander werkgewers en werknemers as dié genoem in paragraaf (a) van hierdie kennisgewing wat betrokke is by of in diens is in genoemde Onderneming, Nywerheid, Bedryf of Beroep in die gebiede in klousule 1 van die Wysigingsooreenkoms gespesifiseer

G. M. E. CARELSE,

Adjunkminister van Mannekrag

Relations Act, 1956, declare the provisions of Government Notice R. 1082 of 2 June 1992, to be effective from the date of publication of this notice and for the period ending 30 September 1992

D. VAN DER WALT,

Director. Labour Relations.

No. R. 2108

24 July 1992

LABOUR RELATIONS ACT, 1956

ELECTRICAL INDUSTRY, EAST LONDON
RENEWAL OF MAIN AGREEMENT

I, Dennis van der Walt, Director Labour Relations, duly authorised thereto by the Minister of Manpower, hereby, in terms of section 48 (4) (a) (ii) of the Labour Relations Act, 1956, declare the provisions of Government Notices R 1749 of 17 August 1984, R 1363 of 21 June 1985, R 361 of 20 February 1987, R. 452 of 11 March 1988, R 2414 of 4 October 1991 and R 1342 of 15 May 1992, to be effective from the date of publication of this notice and for the period ending 30 June 1993.

D. VAN DER WALT,

Director. Labour Relations.

No. R. 2117

24 July 1992

LABOUR RELATIONS ACT, 1956

FURNITURE MANUFACTURING INDUSTRY, BORDER
AMENDMENT OF MAIN AGREEMENT (185)

I, Glen Morris Edwin Carelse, Deputy Minister of Manpower, hereby—

- (a) in terms of section 48 (1) (a) of the Labour Relations Act, 1956, declare that the provisions of the Agreement (hereinafter referred to as the Amending Agreement) which appears in the Schedule hereto and which relates to the Undertaking, Industry, Trade or Occupation referred to in the heading to this notice, shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 20 March 1993, upon the employers' organisation and the trade union which entered into the amending Agreement and upon the employers and employees who are members of the said organisation or union, and
- (b) in terms of section 48 (1) (b) of the said Act, declare that the provisions of the Amending Agreement, excluding those contained in clauses 1 (1) (a) and 5, shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 20 March 1993, upon all employers and employees, other than those referred to in paragraph (a) of this notice, who are engaged or employed in the said Undertaking, Industry, Trade or Occupation in the areas specified in clause 1 of the Amending Agreement

G. M. E. CARELSE,

Deputy Minister of Manpower

BYLAE**NYWERHEIDSRAAD VIR DIE MEUBELNYWERHEID,
GRENS****HOOFOOREENKOMS**

ooreenkomstig die Wet op Arbeidsverhoudinge, 1956, gesluit deur en aangegaan tussen die

Border Furniture Manufacturers' Association

(hierna die "werkgewers" of die "werkgewersorganisasie" genoem), aan die een kant, en die

National Union of Furniture and Allied Workers of South Africa

(hierna die "werknemers" of die "vakvereniging" genoem), aan die ander kant,

wat die partye is by die Nywerheidsraad vir die Meubelnywerheid, Grens,

om die Ooreenkoms gepubliseer by Goewermentskennisgewing No R 1227 van 22 Junie 1984 (hierna die Herbekragtigingsooreenkoms genoem), soos verleng, gewysig en hernieu by Goewermentskennisgewings Nos R 523 van 15 Maart 1985, R 859 van 19 April 1985, R 991 van 23 Mei 1986, R 1454 van 11 Julie 1986, R 433 van 27 Februarie 1987, R 847 van 16 April 1987, R 340 van 4 Maart 1988, R 787 van 22 April 1988, R 614 van 31 Maart 1989, R 1242 van 16 Junie 1989, R 778 van 5 April 1990, R 2083 van 31 Augustus 1990, R 2078 van 31 Augustus 1991 en R 924 van 27 Maart 1992, te wysig

DEEL I**BEPALINGS VAN TOEPASSING OP DIE NYWERHEID ORAL IN DIE GEBIEDE WAT DEUR DIE OOREENKOMS GEDEK WORD, TENSY DIE TEENOORGESTELDE GEMELD WORD****1. TOEPASSINGSBESTEK VAN OOREENKOMS**

(1) Hierdie Ooreenkoms moet nagekom word in die Meubelnywerheid, Grens—

(a) deur alle werkgewers wat lede is van die werkgewersorganisasie en deur alle werknemers wat lede is van die vakvereniging en wat onderskeidelik betrokke is by of werksaam is in genoemde Nywerheid,

(b) in die landdrostdistrikte Albert, Aliwal-Noord, Fort Beaufort (uitgesonderd die gedeelte wat voor die publikasie van Goewermentskennisgewing No 1904 van 30 Augustus 1985 in die landdrostdistrik Stockenstrom geval het), Oos-Londen (uitgesonderd die gedeeltes wat voor die publikasie van Goewermentskennisgewings Nos R 1877 van 4 September 1981, R 1079 van 10 Junie 1988 en 2354 van 5 Oktober 1990 in die Ciskei geval het), Queenstown (uitgesonderd die gedeelte wat voor die publikasie van Goewermentskennisgewing No 1904 van 30 Augustus 1985 in die landdrostdistrik Stockenstrom geval het) en Stutterheim (insluitende die gedeelte wat voor die publikasie van Goewermentskennisgewing No 2354 van 5 Oktober 1990 in die landdrostdistrik Stutterheim geval het)

(2) Ondanks subklousule (1) is hierdie Ooreenkoms van toepassing—

(a) slegs op werknemers vir wie minimum lone in hierdie Ooreenkoms voorgeskryf word,

(b) op vakleerlinge slegs in die mate waarin dit nie onbestaanbaar is met die Wet op Mannekragoopleiding, 1981, of met 'n kontrak daarkragtens aangegaan of voorwaardes daarvolgens vasgestel nie

2 ALGEMENE BEPALINGS

Vervang klousule 4 van die Herbekragtigingsooreenkoms deur die volgende

"4 ALGEMENE BEPALINGS

Klousules 3 tot en met 9 (4) (b), 9 (4) (d) tot en met 19, 21, 24 tot en met 27 en 29 tot en met 39 van Deel I, Deel II en klousules 1 tot en met 3 (6) (a) en 3 (6) (c) tot en met 12 van

SCHEDULE**BORDER INDUSTRIAL COUNCIL FOR THE FURNITURE
MANUFACTURING INDUSTRY****MAIN AGREEMENT**

in accordance with the provisions of the Labour Relations Act, 1956, made and entered into by and between the

Border Furniture Manufacturers' Association

(hereinafter referred to as the "employers" or the "employers' organisation"), of the one part, and the

National Union of Furniture and Allied Workers of South Africa

(hereinafter referred to as the "employees" or the "trade union"), of the other part,

being the parties to the Border Industrial Council for the Furniture Manufacturing Industry,

to amend the Agreement published under Government Notice No R 1227 of 22 June 1984 (hereinafter referred to as the Re-enacting Agreement), as extended, amended and renewed by Government Notices Nos R 523 of 15 March 1985, R 859 of 19 April 1985, R 991 of 23 May 1986, R 1454 of 11 July 1986, R 433 of 27 February 1987, R 847 of 16 April 1987, R 340 of 4 March 1988, R 787 of 22 April 1988, R 614 of 31 March 1989, R 1242 of 16 June 1989, R 778 of 5 April 1990, R 2083 of 31 August 1990, R 2078 of 23 August 1991 and R 924 of 27 March 1992

PART I**PROVISIONS APPLICABLE TO THE INDUSTRY THROUGHOUT THE AREAS COVERED BY THE AGREEMENT, UNLESS THE CONTRARY IS STATED****1. SCOPE OF APPLICATION OF AGREEMENT**

(1) The terms of this Agreement shall be observed in the Border Furniture Manufacturing Industry—

(a) by all employers who are members of the employers' organisation and by all employees who are members of the trade union and who are engaged or employed respectively in the said Industry,

(b) within the Magisterial District of Albert, Aliwal North, East London (excluding those portions which prior to the publication of Government Notices Nos R 1877 of 4 September 1981, R 1079 of 10 June 1988 and 2354 of 5 October 1990 fell within the Ciskei), Fort Beaufort (excluding that portion which prior to the publication of Government Notice No 1904 of 30 August 1985 fell within the Magisterial District of Stockenstrom), Queenstown (excluding that portion which prior to the publication of Government Notice No 1904 of 30 August 1985 fell within the Magisterial District of Stockenstrom) and Stutterheim (including that portion which prior to the publication of Government Notice No 2354 of 5 October 1990 fell within the Magisterial District of Stutterheim)

(2) Notwithstanding the provisions of subclause (1), the terms of this Agreement shall apply—

(a) only to employees for whom minimum wages are prescribed in this Agreement,

(b) to apprentices only in so far as the said terms are not inconsistent with the provisions of the Manpower Training Act, 1981, or any contract entered into or any condition fixed thereunder

2. GENERAL PROVISIONS

Substitute the following for clause 4 of the Re-enacting Agreement

"4 GENERAL PROVISIONS

The provisions contained in clauses 3 to 9 (4) (b) inclusive, 9 (4) (d) to 19 inclusive, 21, 24 to 27 inclusive and 29 to 39 inclusive of Part I, Part II, and clauses 1 to 3 (6) (a) inclusive

Deel III van die Vorige Ooreenkoms soos van tyd tot tyd herbekragtig en gewysig, verleng en hernieu, is van toepassing op werkgewers en werknemers "

3. WOORDOMSKRYWING

In subklousule (1), skrap die omskrywing van "tydelike werknemer"

4. KLOUSULE 16: UITGAWES VAN DIE RAAD

Vervang die uitdrukking "24c" deur die uitdrukking "28c"

5. KLOUSULE 20: VAKVERENIGINGVERTEENWOORDIGERS IN DIE RAAD

Vervang klousule 20 deur die volgende:

"20 VAKVERENIGINGVERTEENWOORDIGERS IN DIE RAAD

Elke werkgewer moet aan al sy werknemers wat verteenwoordigers in die Raad is, alle redelike fasiliteite verleen om hul pligte na te kom in verband met vergaderings van die Raad, en om ten minste drie volle Raadsvergaderings per jaar by te woon met volle besoldiging "

6. KLOUSULE 24: LONE

(1) In subklousule (2) (a), vervang die uitdrukking "20 Maart 1991" waar dit die eerste twee keer voorkom deur die uitdrukking "20 Maart 1992", en vervang die uitdrukking "20 Maart 1990" deur die uitdrukking "20 Maart 1991"

(2) In subklousule (2) (b), vervang die uitdrukking "20 Maart 1991" deur die uitdrukking "20 Maart 1992" en die uitdrukking "20 Maart 1991" deur die uitdrukking "20 Maart 1992"

7. Voeg die volgende klousule in na klousule 39

"40 MENSLIKHEIDSVERLOF

In die geval van die dood van 'n geregistreerde afhanklike is die werknemer geregtig op twee dae menslikheidsverlof met volle besoldiging "

8. Voeg die volgende klousule in na klousule 40

"41 DISSIPLINÊRE KODE EN PROSEDURE EN GRIEWEPROSEDURE

(a) Dissiplinêre Kode en Prosedure:

1 Inleiding:

1.1 Dit is die Bestuur se reg om tugstappe te doen, en die dissiplinêre kode en prosedure is 'n handleiding vir sowel die Bestuur as vir die werknemers, om te verseker dat die tugstappe billik is

1.2 Tugstappe moet, waar moontlik, voorligting en bystand aan die werknemer verleen, sodat die nodige gedragstandaard of werkverrigting verkry of verbeter kan word. Sodanige stappe moet so spoedig moontlik na die gebeure gedoen word

1.3 'n Volledige dissiplinêre verhoor moet gehou word waar die moontlikheid van ernstige tugstappe bestaan

1.4 Werknemers wat onderworpe is aan tugstappe, kan deur 'n medewerker, 'n werkwinkelvertegenwoordiger of 'n vakvereniging beaampte bygestaan of verteenwoordig word

2 Dissiplinêre kode:

Voorbeelde van geringe werkprobleme wat tot tugstappe kan lei

Onbevredigende werk, swak bywoning, gebruik van beledigende taal, ensovoorts.

and 3 (6) (c) to 12 inclusive of Part III of the Former Agreement, as re-enacted and amended, extended and renewed time to time shall apply to employers and employees "

3. DEFINITION

In subclause (1) delete the definition of "temporary employee"

4. CLAUSE 16: EXPENSES OF THE COUNCIL

Substitute the expression "28c" for the expression "24c"

5. CLAUSE 20: TRADE UNION REPRESENTATIVES ON THE COUNCIL

Substitute the following for clause 20

"20 TRADE UNION REPRESENTATIVES ON THE COUNCIL

Every employer shall grant to any of his employees who are representatives on the Council every reasonable facility to attend to their duties in connection with meetings of the Council and to attend a minimum of three full Council meetings per calendar year on full pay "

6. CLAUSE 24: WAGES

(1) In subclause (2) (a), substitute the expression "20 March 1992" for the expression "20 March 1991" in the first two instances in which it occurs and substitute the expression "20 March 1991" for the expression "20 March 1990"

(2) In subclause (2) (b), substitute the expression "20 March 1992" for the expression "20 March 1991" and substitute the expression "20 March 1992" for the expression "20 March 1991"

7. Insert the following clause after clause 39:

"40 COMPASSIONATE LEAVE

In the event of the death of a registered dependant an employee shall be entitled to two days' compassionate leave on full pay "

8. Insert the following clause after clause 40.

"41 DISCIPLINARY CODE AND PROCEDURE AND GRIEVANCE PROCEDURE

(a) Disciplinary Code and Procedure:

1. Introduction:

1.1 It is Management's right to take disciplinary action and the disciplinary code and procedure are a guide to both Management and employees to ensure that disciplinary action is fair

1.2 Disciplinary action will, wherever possible, consist of instruction and assistance to the employee in order that the required standard of behaviour or performance may be attained and surpassed. Such action will be taken as soon after the event as possible

1.3 Wherever the possibility of severe disciplinary action exists, a full disciplinary enquiry will be held

1.4 Employees subject to disciplinary action may be assisted, or represented, by a fellow employee, a shop steward or a trade union official

3 Disciplinary code:

Examples of minor work problems which may result in disciplinary action:

Unsatisfactory work; poor timekeeping, use of abusive language etc

Voorbeelde van ernstiger werkprobleme wat tot tugstappe kan lei

Die gebruik of besit van, of onder die invloed wees, van alkohol of ander nie-voorgeskrewe dwelmmiddels, diefstal of die onwettige besit van die maatskappy se eiendom, ongemagtigde afwesigheid, versuim om veiligheidsreëls na te kom, aanranding, ensovoorts

3 Dissiplinêre prosedure:

3.1 Waar ook al moontlik, moet toenemende dissipline toegepas word. Mondelinge voorligting moet gegee word en as geen verbetering vorendag kom nie, moet strengere tugstappe dan gedoen word.

3.2 Indien ernstiger werkprobleme egter ontstaan, kan ernstiger tugstappe waarskynlik gedoen word wat by die eerste geleentheid dat dit aanleiding kan gee tot 'n finale skriftelike waarskuwing of selfs ontslag kan lei.

Bewyse deur werknemer

.....
.....

Getuie

.....
.....

Getuie

.....
.....

Getuie

.....
.....

Beslissing van Voorsitter van die ondersoek

.....

Getuie ter versagting

.....
.....

Stappe gedoen

.....
.....

Werknemer in kennis gestel van sy reg om appèl binne 48 uur aan te teken

..... .. Datum/tyd

Handtekening van Voorsitter

(b) Griewe-prosedure:

1 Inleiding

1.1 Dit is in belang van beide die Bestuur en die werknemers dat griewe soos spoedig moontlik, deur die griewe-prosedure opgelos word.

1.2 'n Grief is enige ontevreedenheid of gevoel van onreg deur 'n werknemer, en wat uit 'n werksituasie spruit.

1.3 By die indiening van 'n grief, kan 'n werknemer deur 'n medewerker bygestaan word.

1.4 'n Werknemer sal nie deur die indiening van 'n grief geïklimiseer word nie, en sy gewone basiese loon, ensovoorts, moet aan hom betaal word terwyl hy gedurende gewone werksure aan die oplossing van 'n grief deelneem.

1.5 Die griewe-prosedure moet nie deur 'n werknemer gebruik word vir die doel om—

1.5.1 'n ooreenkoms wat tussen die Maatskappy en die vakvereniging aangegaan is, of die prosedure van die Dissiplinêre Kode, te wysig nie,

1.5.2 kollektiewe bedinging van besoldiging of diensvoorwaardes te verkry nie,

1.5.3 'n dissiplinêre of ontslagaangeleentheid te verwerk nie,

Examples of more serious work problems which may result in disciplinary action

Using, possessing or being under the influence of alcohol or other non-prescribed drugs, theft or unauthorised possession of Company property, unauthorised absence, failure to obey safety rules, assault etc

3 Disciplinary procedure:

3.1 Wherever possible, progressive discipline will be applied verbal counselling will be given and if no improvement is forthcoming, more severe disciplinary action will then be taken.

3.2 However, when more serious work problems have arisen, disciplinary action is likely to be more severe and could on the first occasion be a final written warning or even dismissal.

Evidence brought by employee

.....
.....

Witness

.....
.....

Witness

.....
.....

Witness

.....
.....

Decision of enquiry Chairman.. . . .

.....
.....

Evidence of mitigation

.....
.....

Action taken

.....
.....

Employee advised of right of appeal within 48 hours

..... .. Date/time

Signature of Chairman

(b) Grievance procedure:

1 Introduction:

1.1 It is in the interests of both Management and employees that grievances are resolved as speedily as possible through the grievance procedure.

1.2 A grievance is any dissatisfaction or feeling of injustice which an employee may feel and which arises from the work situation.

1.3 In submitting a grievance an employee may be assisted by a fellow employee.

1.4 An employee will not be victimised for submitting grievances and his normal basic wage, etc, shall be paid to him while he is participating in the resolution of a grievance during normal working hours.

1.5 The grievance procedure shall not be invoked by an employee for the purpose of—

1.5.1 amending any agreement entered into between the Company and the trade union, or the Disciplinary Code of Procedure,

1.5.2 collective bargaining on remuneration or the conditions of service,

1.5.3 processing a disciplinary or dismissal matter,

1 5 4 enige aangeleentheid met betrekking tot die Wet op Masjinerie en Beroepsveiligheid te opper nie

1 6 'n Grief moet ingedien word binne vyf dae, vanaf die gebeure wat aanleiding gegee het tot sodanige grief

2 Stappe van die grieweprosedure

2 1 Die werknemer moet die grief by sy onmiddellike meerdere opper

2 2 Die werknemer se onmiddellike meerdere moet die griewevorm voltooi en probeer om die saak binne twee dae, of 'n langer wedersydse aanvaarbare tydperk, op te los

2 3 Indien die werknemer se onmiddellike meerdere nie die saak kan oplos nie, moet die saak na die Bestuurder verwys word

2 4 Indien die grief nie binne twee dae opgelos is nie, moet enige verdere ondersoek en die redes vir die mislukking om die grief op te los, op skrif gestel en aan die departementsbestuurder oorhandig word, wat weer op sy beurt in 'n poging om die grief op te los, getuies kan aanhoor van, of 'n vergadering kan belê met, enigeen van of al die partye wat betrokke is by die soort en wat dan moet probeer om die grief binne vyf werkdade na afloop van die vorige vergadering, op te los

2 5 Indien die grief na vyf werkdade onopgelos is, moet die departementshoof enige bykomende beskuldigings en die redes vir die mislukking om die grief op te los, op skrif stel en die saak na 'n senior bestuursvertegenwoordiger van die Maatskappy verwys, wat dan weer al die nodige stappe moet doen om die grief op te los, en getuies kan aanhoor, van of 'n vergadering belê met enigeen van of al die partye wat by die saak betrokke is

2 6 Die finale besluit moet op skrif gestel en 'n afskrif aan die werknemer, wat die grief aanhangig gemaak het, gegee word

GRIEWEVORM

Werknemer

Datum

Besonderhede van grief

Optrede waartoe ooreengekom

Handtekening van Toesighouer

Handtekening van werknemer

9. DEEL II VAN DIE VORIGE OOREENKOMS

Vervang Deel II deur die volgende

"DEEL II

LONE

Graad I

1 Werknemers in diens in enige van of al die werksaamhede wat in die Meubelnywerheid verrig word uitgesonderd die werknemers in klousules 5 tot 15 van hierdie Deel bedoel, maar met inbegrip van voormanne en/of toesighouers

Sent per
uur

Gedurende die tydperk eindigende 20 Maart
1993

580

1 5 4 raising any matter relating to the Machinery and Occupational Safety Act

1 6 A grievance should be lodged within five days of the occurrence which gave rise to it

2 Stages of the grievance procedure

2 1 The employee raises the grievance with his immediate superior

2 2 The employee's immediate superior shall complete the grievance form and attempt to resolve the matter within two days or a mutually acceptable longer period

2 3 If the employee's immediate superior cannot resolve the matter, the grievance shall be referred to the Manager

2 4 If the grievance has not been resolved within two days, any further investigations and the reasons for the failure to resolve the grievance shall be set down in writing for the Departmental Manager concerned who, in taking all necessary steps to resolve the grievance, may hear evidence from or convene meetings with, any or all of the parties who are relevant to its resolution and will attempt to resolve the grievance within five working days of the previous hearing

2 5 If the grievance is not resolved within five working days, the Departmental Manager shall set down in writing any further allegations and the reasons for the failure to resolve the grievance, and refer the matter to a senior management representative of the Company, who in taking all necessary steps to resolve the grievance, may hear evidence from or convene meetings with any or all of the parties who are relevant to its resolution

2 6 The final decision shall be reduced to writing and a copy thereof shall be given to the employee who raised the grievance

GRIEVANCE FORM

Employee

Date

Details of grievance

Action agreed upon

Signature of Supervisor

Signature of employee

9 PART II OF THE FORMER AGREEMENT

Substitute the following for Part II

"PART II

WAGES

Grade I

1 Employees engaged in any or all of the operations performed in the Furniture Manufacturing Industry with the exception of the employees referred to in clauses 5 to 15 of this Part, but including foremen and/or supervisors

Cents per
hour

During period ending 20 March 1993

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2 Leerlinge in diens om die werksaamhede te leer wat deur klousule 1 gedek word

- Graad 1L1 Vir die eerste jaar diens 466 sent per uur,
- Graad 1L2 Vir die tweede jaar diens 494 sent per uur,
- Graad 1L3 Vir die derde jaar diens 523 sent per uur,
- Graad 1L4 Vir die vierde jaar diens 548 sent per uur,

daarna, die loon by klousule 1 voorgeskryf

3 (a) Jeugdige manlike werknemers in diens in 'n ambag of tak van 'n ambag aangewys kragtens die Wet op Mannekragopleiding, 1981, moet die loon betaal word wat ingevolge daardie Wet vir die toepaslike leerjaar voorgeskryf word

(b) Alle ander jeugdige Die minimum loon voorgeskryf vir volwasse werknemers werksaam in dieselfde klas werk

4 (a) Werknemers wat metaalsweiswerk verrig, uitgesonderd puntsweiswerk, en

(b) werknemers wat masjinerie onderhou.

Sent per uur

Gedurende die tydperk eindigende 20 Maart 1993 580

Graad II

5 (a) Werknemers wat die volgende werk verrig

(1) Beddegoedmakery, d.w.s die vervaardiging met die hand of 'n meganiese toestel, hetsy in die geheel of gedeeltelik, van alle soorte matrasse gevul met klapperhaar, haarlok, vlokkieskapok, katoenwatte, hare, vesel, wol, vere, gras, kaf, strooi, rubber of 'n ander soortgelyke stof, of 'n kombinasie van veerbinnewerk, alle soorte draadvere, ketting-en/of spiraalvere, voispiraalvere, maasvere, heliese vere, alle soorte vere en/of veereenhede, kopkussings, stoelkussings, peule, bomatrasse, kwilte die vasslaan en/of vashaak van veermatrasdrade, kettingveermase, spiraalvere en heliese vere aan rame vir beddegoed, maar uitgesonderd die diverse werksaamhede in subklousules (b) en (c) bedoel,

(2) veermaaswerk vleg

(3) vulsel in matrasslope instop, hetsy met die hand of 'n masjien,

(4) sye stik;

(5) kwassiesmaak, hetsy met die hand of 'n masjien,

(6) 'n randkwiltmasjien bedien,

(7) 'n bo-kwiltmasjien bedien;

(8) rame en rollers vir die bo-kwiltmasjien gereed maak;

(9) vervlegte kussinkies aan veereenhede vassit, -stik of kram, hetsy met die hand of 'n masjien,

(10) stoelkussings met veerbinnewerk en/of veereenhede vul,

(11) vulsel op 'n veereenheid uitsprei,

(12) matrasbostukke, hetsy gekwilt of nie, in 'n posisie vassit om 'n vooraf geboude binnewerk of veermatras te bou;

(13) bande aan die kante van 'n binneveermatras stik

(14) Rolomrandwerk met die hand of 'n masjien

Sent per uur

Gedurende die tydperk eindigende 20 Maart 1993 446

(b) Werknemers wat puntsweiswerk verrig

Sent per uur

Gedurende die tydperk eindigende 20 Maart 1993 446

(c) Werknemers in diens as versendingsklerke of magasynmanne

Sent per uur

Gedurende die tydperk eindigende 20 Maart 1993 446

2 Learners employed in learning the operations covered by clause 1

Grade 1L1 For the first year of employment 466 cents per hour,

Grade 1L2 For the second year of employment 494 cents per hour,

Grade 1L3 For the third year of employment 523 cents per hour,

Grade 1L4 For the fourth year of employment 548 cents per hour,

thereafter, the wage prescribed in clause 1

3 (a) Juvenile male employees engaged in a trade or branch of a trade designated under the Manpower Training Act, 1981, shall be paid the wage prescribed in terms of that Act for the appropriate year of apprenticeship

(b) All other juveniles The minimum wage prescribed for adult employees employed on the same class of work

4 (a) Employees engaged in the welding of metal, other than spot welding, and

(b) employees engaged in the maintenance of machinery

(188) (203) Cents per hour

During the period of ending 20 March 1993 580

Grade II

5 (a) Employees engaged in--

(1) bedding-making, which means the manufacture by hand or mechanical appliance, either in whole or in part, of all types of mattresses filled with coir, hairlock, flock, kapok, cotton wadding, hair, fibre, wool, feathers, grass, chaff, straw, rubber or any other similar materials, or any combination of spring interior, all types of wire springs, chain and/or spiral springs, full spiral, springs, mesh springs, helical springs, all types of springs and/or spring units, pillows, cushions, bolsters, overlays, quilts, knocking on and/or hooking on spring mattress wires, chain spring meshes, spiral springs and helical springs to frames for bedding, but excluding the sundry operations referred to in subclauses (b) and (c),

(2) weaving of spring mesh,

(3) stuffing filling into mattress cases, whether by hand or machine,

(4) side stitching,

(5) tufting, whether by hand or machine;

(6) operating a border quilting machine;

(7) operating a top quilting machine;

(8) preparing frames and rollers for the top quilting machine,

(9) securing, sewing or stapling interlaced pads to spring units, whether by hand or machine,

(10) filling of cushions with spring interiors and/or spring units,

(11) laying out filling material upon a spring unit,

(12) securing mattress tops, whether quilted or not, in a position for building a prebuilt interior or spring mattress,

(13) tape ending a spring interior mattress,

(14) roll edging by hand or machine

Cents per hour

During the period ending 20 March 1993 . 446

(b) Employees engaged in spot welding

Cents per hour

During the period ending 20 March 1993 446

(c) Employees employed as despatch clerks or storeman

Cents per hour

During the period ending 20 March 1993 446

(d) Leerlinge in diens om die klasse werk bedoel in klousule 5 (a) te leer

Gedurende die eerste jaar waarin hierdie Ooreenkoms in werking tree

Per week

Graad 2L1 Vir die eerste ses maande diens 367 sent per uur,

Graad 2L2 Vir die tweede ses maande diens 399 sent per uur,

daarna, die loon voorgeskryf vir 'n werknemer in diens in werk in klousule 5 (a) bedoel

6 Werknemers wat die volgende werk verrig

Alle masjiene bedien waar sodanige masjiene deur 'n masjiensteller of 'n toesighouer ingestel is, alle herhalingsstof-feerwerk (maar nie herstoffeerwerk, prototipe en enkeltipe werk nie), sproeispuite bedien, gordynrolletjies en rolwiel-etjies aanbring en alle herhalingsmonteerwerkzaamhede

Sent per uur

Gedurende die tydperk eindigende 20 Maart 1993 446

7. Leerlinge in diens om die werkzaamhede bedoel in klousule 6 te leer

Gedurende die eerste jaar waarin hierdie Ooreenkoms in werking tree

Per week

Graad 2L1 Vir die eerste ses maande diens 367 sent per uur;

Graad 2L2 Vir die tweede ses maande diens 399 sent per uur,

daarna, die loon voorgeskryf vir 'n werknemer in diens in werk in klousule 6 bedoel

Graad III

8 Werknemers wat die volgende werk verrig

(1) 'n Werkzaamheid of proses, hetsy in die geheel of gedeeltelik, met die hand of 'n meganiese toestel, in glipsteek, stik en/of aanmekaarwerk van oortreksels, teen-stroke, stoelkussings, koorde, gordynkappe of peule, maar nie die sny van oortreksels nie,

(2) knope aan verwyderbare en/of los stoelkussings vaswerk,

(3) gimp en/of galon en/of stolpplooisel vassit, maar nie vaskram en/of met hegspykers vasslaan nie

Sent per uur

Gedurende die tydperk eindigende 20 Maart 1993 351

9. Werknemers wat die volgende werk verrig

(1) Alle stikwerk nodig by die vervaardiging van bostukke, rande, matrasslope, ateljeerusbankoortreksels en komponente,

(2) matrashandvatsels aan rande stik,

(3) gekwilde rande aan matraseenhede stik voor die vasstik van kantbande,

(4) die bek van 'n matras met die hand of a masjien toewerk,

(5) randlengtes aanmekaarwerk,

(6) kopkussings, stoelkussings en peule toewerk,

(7) bostukke, rande en slope uitsny

Sent per uur

Gedurende die tydperk eindigende 20 Maart 1993 351

(d) Learners employed in learning the classes of work referred to in clause 5 (a),

During the first year in which this Agreement comes into operation

Per week

Grade 2L1 For the first six months of employment 367 cents per hour,

Grade 2L2 For the second six months of employment 399 cents per hour,

thereafter, the wage prescribed for an employee engaged on work referred to in clause 5 (a)

6 Employees engaged in—

operating all machines where such machines have been set by a setter or supervisor, all repetitive upholstery work (but excluding re-upholstery, prototype and one off work), operating spray guns, curtain and roller castors and all repetitive assembly operations

(188) (367) Cents per hour

During the period ending 20 March 1993 446

7. Learners employed in learning the operations referred to in clause 6

During the first year in which this Agreement comes into operation.

Per week

Grade 2L1 For the first six months of employment 367 cents per hour,

Grade 2L2 For the second six months of employment 399 cents per hour,

thereafter, the wage prescribed for an employee engaged on work referred to in clause 6

Grade III

8. Employees engaged in—

(1) any operation or process, in whole or in part, performed by hand or mechanical appliance, in slipstitching, sewing and/or joining covers, flies, cushions, cords, pelmets or bolsters, but excluding the cutting of covers,

(2) buttoning of removable and/or loose cushions,

(3) affixing gimp and/or braid and/or box pleating, but excluding the stapling and/or tacking thereof

Cents per hour

During the period ending 20 March 1993 351

9 Employees engaged in—

(1) all sewing required in the manufacture of tops, borders, mattress cases, studio couch covers and component parts,

(2) sewing mattress handles to border,

(3) sewing quilted borders onto mattress units prior to tape edging,

(4) closing up by hand or machined the mouth of a mattress,

(5) joining border lengths,

(6) closing pillows, cushions and bolsters,

(7) cutting tops, borders and cases

Cents per hour

During the period ending 20 March 1993 351

10 Leerlinge in diens om die klasse werk bedoel in klousules 8 en 9 te leer

Per week

Graad 3L1 Vir die eerste ses maande diens 332 sent per uur,

Graad 3L2 Vir die tweede ses maande diens 340 sent per uur,

daarna, die loon voorgeskryf vir 'n werknemer in diens in werk in klousules 8 en 9 bedoel

11 Werknemers wat die volgende werk verrig

- (1) Klaargemaakte rottangmatte vassit,
- (2) 'n enkelrolskuurder, oopskyfskuurder, tolskuurder en luggevuide skuurder opstel en bedien,
- (3) gate boor;
- (4) slegs met die tapmasjien tapgate sny,
- (5) die skarnieruitholmasjien bedien om uithollings vir slotte en skarniere te sny,
- (6) stoelkussings met veerbinnewerk en/of veereenhede vul;
- (7) 'n tappeninvoegmasjien bedien;
- (8) hangerbout insteek en 'n poot vasbout of inskroef, maar nie die vassit van die plaat en/of hegstuk aan die raamwerk waaraan die hangerbout moet kom nie,
- (9) 'n kantfineermasjien bedien, maar nie kantlyste aansit nie,
- (10) met 'n masjien skuur, maar nie met 'n twee- en drierol- en kombinasierol-en-band-skuurder nie,
- (11) hout- en metaallatte en dwarsstawe aan rame vir stof-feerwerk in posisie plaas.

Sent per uur

Gedurende die tydperk eindigende 20 Maart 1993 351

Graad IV

12. Werknemers wat die volgende werk verrig

- (1) Vasbout,
- (2) houttappenne en -penne met die hand en/of 'n masjien maak en/of spits maak,
- (3) met die hand en/of 'n draagbare skuurder skuur, ongeag of die artikels wat geskuur word, stilstaan of draai,
- (4) soliede hout met die hand of d m v 'n meganiese proses buig,
- (5) gate of barste in meubels met houtvulsel of soortgelyke stowwe vul,
- (6) bedysters, koepels en sokke vir rolwielejtjies vassit,
- (7) was aanwend,
- (8) rande verf en/of vul,
- (9) deure en toebehore afhaal voordat dit vir poleerwerk gereedgemaak word,
- (10) met gips of 'n ander vulstof vul;
- (11) meubels met sure of 'n ander bleikmiddel bleik,
- (12) 'n gepoleerde oppervlak stippel,
- (13) slegs met die hand beits, olie, vul en/of vernuwe,
- (14) webband en/of plaasvervangers aansit, maar nie spiraalvere vaswoel nie,
- (15) laaghout of hardbord aan los sitplekke vir stoffeerwerk vasspyker,
- (16) metaal bespuit,
- (17) riempieswerk,
- (18) heliese vere en/of ketting- en/of sigsag- of niedeursak-tipe veerwerk aanhaak,

10 Learners employed in learning the classes of work referred to in clauses 8 and 9

Per week

Grade 3L1 For the first six months of employment 332 cents per hour,

Grade 3L2 For the second six months of employment 340 cents per hour,

thereafter, the wage prescribed for an employee engaged in work referred to in clauses 8 and 9

11 Employees engaged in—

- (1) fixing up of ready-made cane mats, (188) ~~188~~
- (2) setting up and operating single-drum sander, opendisc sander, bobbin sander and air-filled sander,
- (3) boring holes,
- (4) morticing on the mortice machine only,
- (5) operating the hinge recessing machine for the purpose of cutting recesses for locks and hinges,
- (6) filling cushions with spring interior and/or spring units,
- (7) operating a dowel insertion machine,
- (8) inserting hanger bolt, and bolting on or screwing in of a leg, but excluding the affixing of the plate and/or attachment to the carcass to take the hanger bolt,
- (9) operating an edge veneering machine, but excluding edge banding;
- (10) machine sanding, excluding double and triple drum and combination drum and belt sander,
- (ii) positioning of wooden and metal laths and cross bars to frames for upholstery:

Cent per hour

During the period ending 20 March 1993 .. 351

Grade IV

12. Employees engaged in—

- (1) bolting;
- (2) making and/or pointing of wooden dowels and pins by hand and/or machine,
- (3) Sandpapering by hand and/or portable sander, regardless of whether the articles sandpapered are stationary or rotating,
- (4) bending of solid timber by hand or mechanical process,
- (5) filling of holes or cracks in furniture with wood filler or similar substances;
- (6) fixing bed irons, domes and sockets for castors,
- (7) applying wax,
- (8) painting and/or filling edges,
- (9) removing doors and fittings prior to preparation for polishing,
- (10) filling in with plaster of Paris or any other filling material,
- (11) bleaching furniture with acids or any other bleaching agent,
- (12) stippling polished surface,
- (13) staining, oiling, filling and/or reviving by hand only,
- (14) fixing of webbing and/or substitutes, but excluding the lashing of coil springs,
- (15) tacking of plywood or hardboard onto loose seats for upholstery purposes,
- (16) spraying of metal,
- (17) riempies work,
- (18) hooking on of helical springs and/or chain and/or zig-zag or no-sag type of springing,

(19) klapperhaar of ander materiaal met 'n masjien pluus,	(19) teasing coir or other materials by machine,		
(20) die agtergrond van houtsniewerk stippel en pons,	(20) stippling and punching the background of carving,		
(21) T- en G-randstroke met die hand vasslaan, maar nie verstekhoekprofiel nie,	(21) knocking on of T and G edge strips by hand, excluding mitred corner sections,		
(22) bome aan gestoffeerde artikels vasspyker,	(22) tacking on of bottoms to upholstered articles,		
(23) werk in verband met enige van die prosesse by die vervaardiging van veerbinnewerk en/of veereenhede en die vervaardiging van hul onderdele,	(23) work in connection with any of the processes in the construction of springs interior and/or spring units and the manufacture of their component parts,		
(24) paneelpenne en/of -spykers en/of -kramme wat uitsteek met 'n pons wegkap in die handskuurseksie,	(24) punching away protruding panel pins and/or nails and/or nails and/or staples in the hand-sanding section,		
(25) rolle stoffeermateriaal, going, kaliko, crownflex en dergelike stowwe met die hand oopmaak en/of van selfkant to selfkant sny, maar uitdruklik nie 'n patroon en/of fatsoen, gereed vir stoffeerwerk, na grootte sny nie,	(25) breaking up and/or cutting from selfedge to selfedge by hand of rolls of upholstery material, hessian, calico, crownflex and similar materials, but expressly excluding the cutting to size of pattern and/or shape ready for upholstery-ing,		
(26) handvatsels met skroewe, boute en moere en skroef-boute deur vooraf geboorde gate vasheg,	(26) fixing of handles by screws, bolts and nuts, and screwbolts through prebored holes,		
(27) speels deur middel van kleefband vassit,	(27) affixing of mirrors by the use of adhesive tape,		
(28) opknappwerk by die op- en/of aflaaiplek	(28) touching up at the point of loading and/or offloading		
		188	Cents per hour
		325	hour
Gedurende die tydperk eindigende Maart 1993	During the period ending March 1993	325	325
13 Werknemers wat die volgende werk verrig	13 Employees engaged in—		
(1) Bedmatrasrame, ateljeerusbankrame en bababeddens met die hand vasbout,	(1) bolting by hand of bed mattress frames, studio couch frames and cots,		
(2) spoele vir 'n randkwiltmasjien gereedmaak,	(2) preparing spools for a border quilting machine,		
(3) gekwiltte rande volgens lengte sny,	(3) cutting quilted borders to length,		
(4) gate in matrasrande pons,	(4) punching holes in mattress borders,		
(5) ventileerders en handvatsels aan matrasrande aanbring,	(5) fitting ventilators and handles to mattress borders,		
(6) die vervlegmasjien voer,	(6) feeding the interlacing machine,		
(7) kussinkies uitsny en maak, ongeag die materiaal wat gebruik word,	(7) cutting and making of pads, irrespective of materials used,		
(8) latte en dwarsstawe in posisie plaas of webband aan matras- of bedrame heg,	(8) positioning of laths and cross-bars, or fixing webbing to mattress or bed frames,		
(9) matrasrame beits,	(9) staining mattress frames,		
(10) ore aan matrasrame vasheg,	(10) affixing lugs to mattress frames,		
(11) maas aan 'n matrasraam in posisie plaas en vasheg,	(11) positioning and securing mesh to a mattress frame,		
(12) lusse aan naalde by drukdeursteekwerk,	(12) hanging loops on needles in compression tufting,		
(13) 'n materiaalpreimasjien laai, stoot en bedien,	(13) loading, wheeling and operating a cloth-spreading machine,		
(14) 'n pluismasjien bedien,	(14) operating a teasing machine,		
(15) 'n lusmaakmasjien bedien,	(15) attending a loop machine,		
(16) lusse, knope of kwassies vasheg,	(16) attaching loops or buttons or tufts,		
(17) rame vir beddegoed met die hand beits en/of vernis,	(17) staining and/or varnishing frames for bedding by hand,		
(18) geweefde draadmaas en kettingveermase aan rame vir beddegoed monteer, vasslaan of vashaak, ongeag die materiale waarvan die rame gemaak is,	(18) assembling, knocking or hooking on woven wire mesh and chain spring meshes to frames for bedding, irrespective of the materials of which such frames are made,		
(19) bedvsters aanbring,	(19) fixing bed irons,		
(20) veereenhede aan bedrame vasheg	(20) attaching spring units to bed frames		
		325	Cents per hour
Gedurende die tydperk eindigende 20 Maart 1993	During the period ending 20 March 1993	325	325
14 Werknemers wat die volgende werk verrig	14 Employees engaged in—		
(1) Persele skoonmaak en vee,	(1) cleaning and sweeping of premises,		
(2) masjinerie, uitrusting, gereedskap, sproeispuite en werktuie skoonmaak,	(2) cleaning machinery, plant, tools, spray guns and utensils,		
(3) masjiene en/of voertuie olie smeer,	(3) oiling and greasing machines and/or vehicles,		
(4) afwit,	(4) lime-washing,		

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| <p>(5) voertuie laai en/of aflaai,
 (6) materiaal hanteer,
 (7) 'n voertuig of handkar stoot of trek,
 (8) met handvoertuie aflewer,
 (9) grondstowwe uitpak, baai en ontbaai,
 (10) uitrusting skoonmaak en skoonblaas,
 (11) 'n stoomketel, verbrander en/of oond bedien,
 (12) droogoonde laai en ontlaai,
 (13) tee of ander dergelike drank maak,
 (14) hout vir preservering behandel,
 (15) artikels in kartonne en/of kartonhouers verpak,
 (16) artikels in kartonne en/of kartonhouers verpak en daarna die kartonne en kartonhouers vul en toemaak,
 (17) lym afwas en/of afvee,
 (18) gebruikte stoffeerwerk en beddegoed uitmekaarhaal,
 (19) 'n meubelmasjienwerker help om materiale voor en na masjienbewerking te hanteer,
 (20) metaalstawe, skarniere, metaalbuise, metaalstroke, ketting, draad, hoepelyste en dergelike materiale sny,
 (21) ysterboute en -stawe vasklink of skroefdraad daarin sny,
 (22) enige soort pers bedien,
 (23) stoffeervere baal en indompel,
 (24) stofsakke en/of siklone van skuurmasjiene versorg,
 (25) skuurpapierskywe vaslym,
 (26) in papier of karton toedraai,
 (27) rubbereenhede in matrasslope insit,
 (28) rubber of plaasvervangers daarvan uitsny en aan mekaar vaslym,
 (29) finere met kleefband vassit en 'n fineerpers bedien,
 (30) lym en papier van geperste finere verwyder, afwas en afvee,
 (31) hoepelyster wat vir webband gebruik word, reguit maak en/of sny,
 (32) kopkussings, stoelkussings en peule met stowwe of materiaal vul, maar nie met veerbinnewerk en/of veereenhede nie,
 (33) klapperhaar met die hand uitklop en/of pluus,
 (34) metaalstawe skoonmaak,
 (35) die massa van kopkussings, peule, kwilte en stoelkussings bepaal,
 (36) klapperhaar of ander materiaal met die hand pluus,
 (37) beddegoed uitmekaarhaal,
 (38) lym van meubels verwyder,
 (39) metaaldele buig, pons, vasklink, boor en/of inmeekaarsit,
 (40) lym meng, massameet en voorberei,
 (41) lym en lymverharders met die hand, 'n kwas of masjien aanwend en/of sprei, maar uitdruklik nie meubelonderdele inmeekaarsit of monteer nie behalwe in die geval van die werknemers in subklousule (45) hieronder bedoel,
 (42) 'n tapplaatdrukmasjien bedien,
 (43) met 'n patroonplaat, patrone en/of 'n setmaat afmerk ter voorbereiding vir masjinerig,
 (44) 'n patroon, patroonplaat en/of setmaak afmerk,
 (45) meubelonderdele wat geklem, geklamp of gepers moet word, inmeekaarsit of monteer Met dien verstande dat die getalsverhouding van werknemers wat hierdie werksaamheid verrig tot werknemers wat die loon ontvang wat by klousule 1 van hierdie Deel voorgeskryf word en wat klem-, klamp- of perswerk verrig, hoogstens twee tot een mag wees,</p> | <p>(5) loading and/or unloading vehicles,
 (6) handling materials,
 (7) pushing or pulling a vehicles or handcart,
 (8) delivery by manually propelled vehicles,
 (9) unpacking, baling and unbaling raw materials,
 (10) cleaning and blowing down of equipment,
 (11) attending boiler, incinerator and/or oven,
 (12) loading and unloading kilns,
 (13) making tea or other similar beverages,
 (14) treating timber for preservation,
 (15) packing articles into cartons and/or cardboard containers,
 (16) packing articles into cartons and/or cardboard containers and thereafter filling and closing such cartons and containers,
 (17) washing and/or wiping off glue,
 (18) stripping second-hand upholstery and bedding,
 (19) assisting a furniture machinist in handling materials before and after machining,
 (20) cutting metal rods, hinges, metal tubes, metal strips, chain, wire, hoop-iron and similar materials,
 (21) riveting or making threads on iron bolts and rods,
 (22) operating presses of any type,
 (23) baling and dipping of upholstery springs,
 (24) attending to dust bags and/or cyclones of sanding machines,
 (25) glueing sandpaper discs;
 (26) wrapping in paper or cardboard,
 (27) inserting rubber units into mattress cases,
 (28) cutting and glueing together of rubber or substitute materials,
 (29) taping of veneers and attending veneers press,
 (30) removing, washing and/or cleaning of glue and paper from pressed veneers,
 (31) straightening and/or cutting hoop-iron used for webbing,
 (32) filling of pillows, cushions and bolsters with substances or materials other than spring interiors and/or spring units,
 (33) beating and/or teasing coir by hand,
 (34) cleaning metal rods,
 (35) mass-measuring pillows, bolsters, quilts and cushions,
 (36) teasing coir or any other materials by hand,
 (37) stripping bedding,
 (38) removing glue from furniture
 (39) bending, punching, riveting, drilling and/or assembling metal parts,
 (40) mixing, mass-measuring and preparing glue,
 (41) applying and/or spreading glue and glue hardeners by hand, brush or machine, but expressly excluding the putting together or assembling of furniture parts except in the case of the employees referred to in subclause (45) hereunder,
 (42) operating tenon squashing machine,
 (43) marking off by template, patterns and/or jig in preparation for machining,
 (44) marking pattern, template and/or jig,
 (45) putting together or assembling furniture parts which are to be cramped, clamped or pressed Provided that the ratio of employees performing this operation to employees in receipt of the wage prescribed in clause 1 of this Part who are engaged in cramping, clamping or pressing shall not exceed two to one,</p> |
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- (46) skuurpapier of -skrywe en -bande vir oopbandskuurders maak en las,
 (47) materiale deursyg,
 (48) finere, laaghout en hardebord met kleefband, kramme en/of hegspykers aan rame of kernmateriaal vassit vir perswerk,
 (49) bandlose laswerk met 'n masjien,
 (50) enige soort vakuumsak en -pers laai en ontlaai,
 (51) gom- of ander bande afwas,
 (52) onderdele na perswerk opstapel;
 (53) 'n stoffeerder help deur die oortreksel vas te hou,
 (54) lymblokke aanvryf;
 (55) kartelkramme insit in die proses van rame inmeekaarsit,
 (56) oortollige finier met die hand of 'n handwerktuig wegwerk nadat finier aangesit is,
 (57) skroewe in vooraf geboorde gate insit voordat vasgeskroef word,
 (58) moere en/of moerdoppies aan boutte vassit,
 (59) handvatsels vasbout,
 (60) glas in vooraf gemaakte groewe of sponnings laat sak, maar nie glas by kraalyswerk in posisie vassit en/of glas op 'n ander manier vassit nie,
 (61) rantfinierwerk met die hand,
 (62) skuimrubber en/of dergelike stowwe na fatsoen en/of grootte sny,
 (63) 'n skuimmaalmasjien bedien,
 (64) karton in die stoffeerseksie met die hand en/of 'n valmes sny, maar nie 'n ander masjien gebruik of karton in 'n ander afdeling sny nie,
 (65) los stoelkussingslope met vulmateriaal vul,
 (66) houttappenne met die hand inslaan,
 (67) skuimrubber en/of dergelike stowwe aan oortrekmateriaal vaslym slegs vir deurstikwerk

*Sent per
uur*

Gedurende die tydperk eindigende 20 Maart 1993

325

15 (a) Werknemers in diens as opsigters of wagte

*Rand per
week*

Gedurende die tydperk eindigende 20 Maart 1993

154,90

- (b) (i) Werknemers in diens as verpakkers,
 (ii) werknemers in diens as kantoorbodes,
 (iii) los werknemers

*Sent per
uur*

Gedurende die tydperk eindigende 20 Maart 1993

325 "

DEEL III VAN DIE VORIGE OOREENKOMS

10. KLOUSULE 3. WOORDOMSKRYWING

In subklousule (1), skrap die omskrywing van "tydelike werknemer"

11. KLOUSULE 2: LONE

(1) Vervang subklousule 1 (a) deur die volgende

"(1) (a) Werknemers, uitgesonderd los werknemers — 'n Werknemer wat 'n voertuig, uitgesonderd 'n stoomwa, dryf waarvan die onbelaste massa, tesame met die onbelaste massa van 'n sleepwa wat deur sodanige voertuig getrek word—

(i) hoogstens 2 722 kg is

354c per uur gedurende die tydperk eindigende 20 Maart 1993,

(46) making and jointing sandpaper or discs and belts for open belt sanders,

(47) straining of materials,

(48) taping, stapling and/or tacking veneers, plywood and hardboard on to frames or core material for pressing,

(49) tapeless jointing by machine,

(50) loading and unloading vacuum bag and press of any kind,

(51) washing off gum or other tapes;

(52) stacking parts after pressing,

(53) assisting upholsterer in holding cover,

(54) rubbing on glue blocks,

(55) inserting corrugated fasteners in the process of assembling frames,

(56) trimming away by hand or hand tool of excess veneer after affixing of veneer,

(57) inserting screws into pre-bored holes preparatory to screwing,

(58) affixing nuts and/or nut covers to bolts,

(59) bolting handles,

(60) dropping glass into pre-made grooves or rebates, but excluding the affixing of glass in position with beading and/or securing glass in any other manner,

(61) edge veneering by hand,

(62) cutting foam rubber and/or similar substances to shape and/or size,

(63) operating a foam mincing machine,

(64) cutting cardboard in the upholstery section by hand and/or guillotine, but excluding the use of any other machine or the cutting of cardboard in any other department,

(65) filling loose cushion cases with filling material,

(66) knocking in wooden dowels by hand,

(67) glueing foam rubber and/or similar substances to cover material for quilting only

*Cents per
hour*

During the period ending 20 March 1993

325

15 (a) Employees employed as caretakers or watchmen:

*Rand per
week*

During the period ending 20 March 1993

154,90

- (b) (i) Employees employed as packers,
 (ii) employees employed as office messengers,
 (iii) casual employees,

*Cents per
hour*

During the period ending 20 March 1993

325

PART III OF THE FORMER AGREEMENT

10. CLAUSE 3. DEFINITIONS

In subclause (1) delete the definition of "temporary employee"

11. CLAUSE 2: WAGES

(1) Substitute the following for subclause (1) (a)

"(1) (a) Employees, other than casual employees — An employee who drives a vehicle, other than a steam-wagon, the unladen mass of which, together with the unladen mass of a trailer drawn by such vehicle—

(i) does not exceed 2 722 kg

354c per hour during the period ending 20 March 1993,

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(ii) meer as 2 722 kg maar hoogstens 4 536 kg is
396c per uur gedurende die tydperk eindigende 20 Maart 1993;

(iii) meer as 4 536 kg

414c per uur gedurende die tydperk eindigende 20 Maart 1993 "

Namens die partye op hede die 10de dag van Maart 1992 te Oos-Londen onderteken

N. G. TERBLANCHE,
Voorsitter van die Raad

G. M. MANN,
Ondervoorsitter van die Raad

W. J. CHERRY,
Sekretaris van die Raad

(ii) exceeds 2 722 kg but does exceed 4 536 kg
396c per hour during the period ending 20 March 1993,
(iii) exceeds 4 536 kg.

414c per hour during the period ending 20 March 1993 "

Signed at East London on behalf of the parties this 10th day of March 1992

N. G. TERBLANCHE,
Chairman of the Council

G. M. MANN,
Vice Chairman of the Council

W. J. CHERRY,
Secretary of the Council

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DEPARTEMENT VAN LANDBOU

No. R. 2074 **24 Julie 1992**

WET OP BEHEER OOR WYN EN SPIRITUS, 1970
(WET 47 VAN 1970)

PRYS- EN BETALINGSREELINGS MET BETREK-
KING TOT GOEIEWYN, 1992/93 VOORGESTELDE
WYSIGING

Hiermee word bekendgemaak dat die Ko-operatiewe Wijnbouwers Vereniging van Zuid-Afrika, Beperkt, kragtens artikel 18 (6) (a) van die Wet op Beheer oor Wyn en Spiritus, 1970 (Wet No 47 van 1970), die prys- en betalingsreelings vermeld in Goewermentskennisgewing No R 416 van 7 Februarie 1992 met betrekking tot wyn, soos omskryf in artikel 14 van genoemde Wet, gewysig het deur in klousule 9 (1) van Bylae 2 daarvan die volgende items na item 13 in te voeg:

Tipe houer en verpakkings- materiaal	Byvoeging per liter	
	Uitsluitende karton	Insluitende karton
"13A Drie liter tapsak (insluitende kartonomhulsel)	122c	127c
13B Drie liter tapsak (uitsluitende kartonomhulsel)	85c	—"

Alle belanghebbendes word hierby aangesê om enige besware wat hulle teen genoemde wysiging het, binne 14 dae na datum van publikasie van hierdie kennisgewing skriftelik by die Direkteur-generaal, Departement van Landbou, Privaatsak X250, Pretoria, 0001, in te lewer

S. W. JOUBERT,
Sekretaris Ko-operatiewe Wijnbouwers Vereniging van
Zuid-Afrika, Beperkt

No. R. 2079 **24 Julie 1992**

WET OP DRANKPRODUKTE, 1989
(WET No 60 VAN 1989)

REGULASIES WYSIGING

Die Minister van Landbou het kragtens artikel 27 van die Wet op Drankprodukte, 1989 (Wet No 60 van 1989), die regulasies in die Bylae uitgevaardig

DEPARTMENT OF AGRICULTURE

No. R. 2074 **24 July 1992**

WINE AND SPIRIT CONTROL ACT, 1970
(ACT 47 OF 1970)

PRICE AND PAYMENT ARRANGEMENTS WITH
REGARD TO GOOD WINE, 1992/93: PROPOSED
AMENDMENT

It is hereby made known that the Ko-operatiewe Wijnbouwers Vereniging van Zuid-Afrika, Beperkt, acting in terms of section 18 (6) (a) of the Wine and Spirit Control Act, 1970 (Act No. 47 of 1970), has amended the price and payment arrangements set out in Government Notice No R. 416 of 7 February 1992 with regard to wine, as defined in section 14 of the said Act, by the insertion in clause 9 (1) of Schedule 2 thereto of the following item after item 13:

Type of container and packing material	Addition per litre	
	Excluding carton	Including carton
"13A Three litre tapped bag (includ- ing carton housing)	122c	127c
13B Three litre tapped bag (exclud- ing carton housing)	85c	—"

All interested persons are called upon to lodge any objections which they may have against the said amendment, in writing with the Director-General, Department of Agriculture, Private Bag X250, Pretoria, 0001, within 14 days of the date of publication of this notice.

S. W. JOUBERT,
Secretary. Ko-operatiewe Wijnbouwers Vereniging van
Zuid-Afrika, Beperkt.

No. R. 2079 **24 July 1992**

LIQUOR PRODUCTS ACT, 1989
(ACT No 60 OF 1989)

REGULATIONS: AMENDMENT

The Minister of Agriculture has under section 27 of the Liquor products Act, 1989 (Act No. 60 of 1989), made the regulations in the Schedule.

Falling hard

(188)

Activities: Makes furniture and household appliances

Control: SA Breweries 65,6%

Chairman: L van der Watt, Joint MDs T Eccles & K Roger-Lund

Capital structure: 24,5m ords Market capitalisation R202m

Share market: Price 825c Yields 6,4% on dividend, 12,9% on earnings, p e ratio, 7,8, cover, 2 12-month high, 1 500c, low, 850c

Trading volume last quarter, 125 shares

Year to March 31	'89	'90	'91	'92
ST debt (Rm)	2,6	2,7	2,3	2,5
LT debt (Rm)	92,6	96,7	92,8	107,3
Debt equity ratio	0,35	0,34	0,39	0,40
Shareholders' interest	0,57	0,54	0,51	0,51
Int & leasing cover	4,4	3,5	2,8	2,2
Return on cap (%)	11,8	12,9	14,8	9,2
Turnover (Rm)	567	701	780	792
Pre-int profit (Rm)	48,2	58,4	64,2	49,8
Pre-int margin (%)	8,5	8,3	8,2	6,3
Earnings (c)	170,0	190,3	163,1	106,1
Dividends (c)	85	95	81,5	53,0
Net worth (c)	1 086	1 160	980	1 095

The bigger they are, the harder they fall Afcol is a big business. With a turnover in 1992 of nearly R800m, and a payroll of almost 8 000, it dominates the furniture sector. And it has fallen hard.

The annual accounts reveal the full extent of the sombre news: the 1992 year was Afcol's worst since 1987. EPS fell to 106,1c, down 35% from 1991 and 44% off the peak achieved in 1990. Not surprisingly, the dividend was slashed for the second successive year — this time to 53c, a level last seen five years ago.

It looks as though there's more bad news ahead. Chairman Laurie van der Watt says there is a close correlation between private

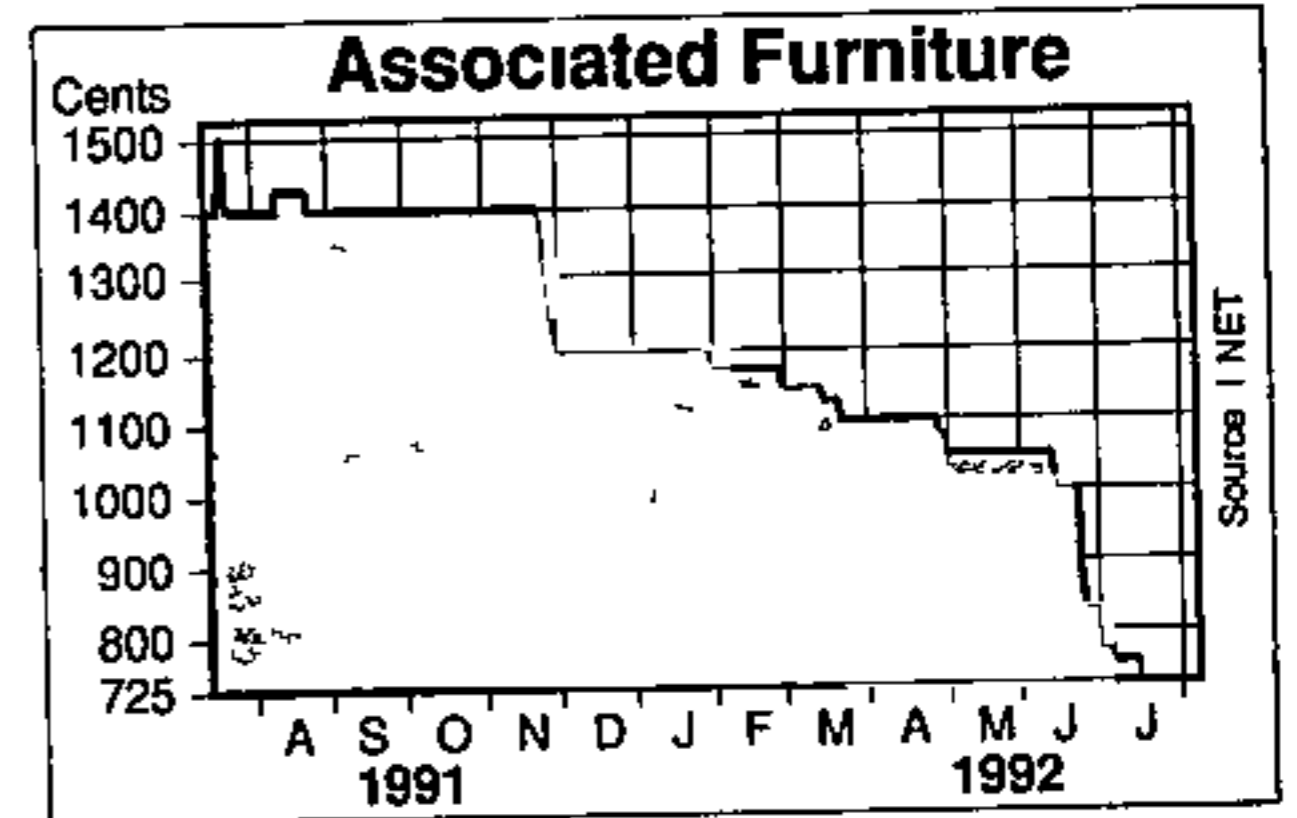
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consumption expenditure and furniture demand. No-one would argue with that yardstick for this industry. Unfortunately, soundings from stockbrokers' economists reveal a consensus that private consumption expenditure will decline this year by 0,5%-1%. That can translate only into falling turnover and further deterioration in the trading margin. Van der Watt concedes a further fall in private consumption expenditure will put Afcol under pressure to achieve his forecast for 1993 of an improvement in attributable earnings.

The company is divided operationally into a number of sectors, the most important of these is furniture manufacturing, which accounted last year for 81% of total turnover. However, its contribution to attributable earnings fell to a forlorn R3,3m from R12,8m in 1991. That figure tells volumes about the extent of the recession and the punishment it has handed out to Afcol. Effort is being made to make up lost ground through exports. These increased during the year to R16m. One of Afcol's companies, Premier Spring Industries, received a State President's merit award for export achievement.

Afcol was saved last year by the relatively good performance of its raw materials division. This includes polyurethane manufacturer Vitafoam and textile producers Jatex and Mattex. The division was the largest contributor to Afcol's total attributable profits of R26m.

Another area of Afcol's business is centred on investments in companies it does not control or direct. These include a 21% investment in textile manufacturer Romatex from which the contribution slipped, again, this time from R2,1m to R700 000. The directors avoid comment by quoting from Romatex's interim announcement which says little. This investment is also bringing little to the party and requires review.



Afcol's 50% holding in office furniture group Kallenbach-Hendler brought little joy last year. The 50% investment in Spankor, effectively a 23,9% holding in P G Bison, which makes particleboard, has been terminated by its sale to P G Glass for R95m cash. At least that will improve Afcol's gearing ratios.

Van der Watt is at pains to point out in his review that the company is a cyclical industry, in the grip of a three-year recession. Aside from the effects of a continuous fall in private consumer expenditure, he says the deterioration is accentuated by the "persistent social turmoil and violence". He takes comfort in reciting that the compounded average return to shareholders over the past five years has been 18% — a little better than the average inflation rate over the same period. However, one more year of results such as those for 1992 and his thesis in this area will be small consolation.

Afcol trades at 825c — a 12-month low — and on a p e of 8 compared with the sector's 6,6. With the 1992 results now available, the market is being unusually kind. Until there is solid evidence of a resurgent economy, this is a stock to which investors should give a wide berth though, to be fair, this comment applies to the sector as a whole. *David Gleason*



Afcol's Van der Watt in a cyclical industry



STANDARD PRACTICE . . Furniture Traders Association executive director Frans Jordaan
Picture: SUE KRAMER

Furniture code builds on 'good business practice'

STimes 26/1/72 [c/mto]
FURNITURE Traders Association executive director Frans Jordaan said the code laid down for his industry is just good business practice

"The newly-published code set out by the Business Practices Committee is based on the one we've had for 10 years, though it is a little more comprehensive," said the former manager of a small chain of furniture stores in the Eastern Transvaal, who has been the FTA's director for six years

The association which has been in existence in the Transvaal since 1931 and merged with the Cape association to become nationwide in 1949, has 300 members, including 10 major furniture groups. In total, 2 700 retail outlets are represented

Mr Jordaan believes about 300 shops, many of which he would class as furniture boutiques, are not members of his organisation

"The BPC has taken our codes and built on them. If anyone contravenes the code, it can be declared a harmful business practice. But there'll always be someone who finds a way round the odd clause," he said

"I don't think there's anything in the codes that members won't try to adhere to, though it may be a bit difficult explaining to a shopful of 50 customers the ins and outs of a contract and their rights on a Saturday morning"

Asked if all his members would stick to the clause setting down a cooling off period whereby customers could cancel within 72 hours of purchase or before delivery (whichever is the later), Mr Jordaan said they should have been doing this already

"What purpose do you achieve by not agreeing to cancel? You only make trouble for yourself. Sooner or later, if a customer is unhappy with a purchase

they'll stop paying, and then you've made more work for yourself

"When I was in retailing, it was standard practice"

He advised consumers to first try and resolve complaints at store level, or if they are dealing with a big group, with its customer liaison officer

"The code will only work if every consumer is educated to understand it," he said, admitting he wasn't sure how this could be brought about

He also thought it would be difficult to train all staff in all furniture outlets in all aspects of the code

But he believed big groups can ensure staff know that it is their policy to abide by the codes

"With smaller ones, if we get a complaint, we can go there and say you're not training in line with the codes"

On an encouraging note, he considered it likely that some stores would use the code as a marketing tool. He said potential purchasers should look for the orange and black logo of the FTA in stores. They should then get satisfactory service

Asked if the furniture trade had any specific problems, Mr Jordaan said that upholstery material, which was never guaranteed, did cause complaints

"Much of the fabric used for furniture in South Africa is imported — we don't have a good range here — so that becomes a problem

"I wish I could do something about upholstery."

Mr Jordaan said electrical appliances bought from furniture stores would also be covered by the code. He added that complaints received by his organisation from the Consumer Council, which always passed furniture problems on to him, have not increased over the past two years

Math Ash in push for export markets

DUMA GQUBULE

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OFFICE Furniture group Mathieson & Ashley (Math Ash), reeling under a slump in the industry, has embarked on a major export drive to push export sales to 20% of turnover within the next two to three years

MD John Beck yesterday said the group had established an export trading division, London-based K H International, bought a small trading company in Hong Kong and increased local capacity to meet export demand

BIDAY 4/8/92

The major focus of the export drive was the UK, but the Hong Kong trading company would be used as a stepping stone for Pacific Rim exports

Math Ash interests include Dashing Office Furniture, Anglo Dutch and Brown & Neethling

Furniture workers out

■ABOUT 4 000 members of the South African Commercial, Catering and Allied Workers' Union at Lubners and Melody's furnitures came out on strike this week. Workers are demanding R230 across the board increase, minimum wage of R1 200, interest-free housing loans and education assistance. The company is offering workers R150 across the board and a R1 050 minimum wage. Saccawa is now pressing Amrel, the parent company, to intervene in the dispute.

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24/12/77-23/1/78
WIN

[Faint, illegible text at the bottom right of the page]

31 DAY 25/8/92

Dashing secures R1m foreign contract

DASHING Office Furniture has secured its first export contract, worth R1m, three months after it began marketing in Europe

Dashing was granted a licence to market in the UK earlier this year and MD Franco Barocas said predicted first year export turnover of R5m

188 GAVIN DU VENAGE 220 240

would probably grow to R7m

The order from Standard Bank London for 100 workstations was secured against bids from office furniture makers such as Steelcase, Hayworth and Herman-Miller

Crime robs furniture group of 24 percent of income (188)

ALIDE DASNOIS
Business Staff

AN upsurge in urban crime and violence brought furnishers J D Group's pre-tax income down 24 percent for the six months ended June 30, 1992

Income before taxation fell to R6,7 million from the previous period's R8,9 million. Turnover was R193,8 million

The interim dividend was reduced to 4c a share from 7c, in line with lower earnings a share of 18,9c

"Given the fall in sales volumes for the entire retailing sector and the high rate of inflation, the 24 percent pre-tax profit fall is evidence of tight cost control," JD chairman David Sussman said

"We regard this as a satisfactory achievement in extremely difficult trading circumstances," he said

"We hope that the socio-political upheaval of recent months has peaked and that the country can return to a more stable platform from which positive reform can be launched and economic growth resumed," Mr Sussman said

"Our Group in particular will benefit from positive steps taken towards resolving the critical housing shortage"

Mr Sussman said the JD Sales debtors' book was healthy "Our overall arrears are below 8 percent and bad debt write-offs and losses on repossessions are below budget. In fact our cash flows from deposits and installments are better than budget," he said

● Diversified industrial group Turner and Newall offset sluggish local markets with higher exports to boost operating profits by almost 40 percent in the six months to the end of June

Exports now account for 10 percent of turnover. Attributable profits were unchanged at R6,5 million, equivalent to earnings a share of 28,1c. The interim dividend, however, was lifted from 7,5c to 11c a share

● Samancor reports attributable profits down 26 percent to R267 million in the year to the end of June, 1992. The dividend is 90c a share on increased share capital, compared with last year's 110c

Commodity prices were under tremendous pressure, said managing director Hans Smith

The board of Samancor had approved in principle the Columbus Joint Venture, which would increase stainless steel production in three years from its present 120 000 tons to more than 600 000

tons a year **ARG 25/8/92**

The final go-ahead is subject to the escalated capital cost not exceeding R3,1 billion

Turnover in the year to June was R2,06 billion, of which R449 million arose from the purchase of Middelburg Steel and Alloys' ferro-chrome operations and Rand Mines' chromite assets — giving Samancor control of 80 percent of South Africa's chromite

Pre-tax income was R384,4 million (R567,4 million) and taxed income R270 million (R356,6 million)

● Venter Leisure and Commercial Trailers recorded after tax income of R3 million for the six months ended June 30, 1992. Managing director Richard du Plessis said the group would earn the greater portion of its profits in the second half of the year

He said the group would continue its penetration of export markets

Earnings a share for the six months were 6,1c

Mr Du Plessis said Venter had no interest bearing debt and "in spite of the economic circumstances we remain optimistic for the remainder of the year"

Dinette's first year marked by a heavy loss

FURNITURE manufacturing company Dinette's first year on the JSE's venture capital market ended in a R1,6m loss, according to results published today

Results to end-June were hampered by the loss of some major business, over expenditure on fixed assets and difficult conditions in the industry

These were substantially worse than prospectus forecast, where Dinette expected an attributable loss of R23 000

Dinette listed 3-million shares on the venture capital market in July last year. Production and sales were planned to start in September under the guidance of chairman and founder Jack Chaskelson, previously deputy chairman of Afcol

Last October Dinette told shareholders a major customer had frozen deliveries of existing orders and the placing of new orders, and this had had a significant effect on sales levels. Directors expected a loss greater than the prospectus forecast

Today's results reflect the financial year

to end-June against those of the six months to end-December, making comparisons difficult

Sales for the year were R10,3m compared with R3,9m in the six month period, and a forecast turnover of R17,6m to end-June

The loss before interest was down to R1,3m from R824 000 previously. Net interest had risen substantially to R282 000 from R20 000 at end-December, and the loss per share was 52,2c. No dividend was declared

Operations began in September, with start-up costs incurred since April last year. Directors said business in the opening period was affected by the loss of the major orders, and the recession and political climate had a continuing effect

Cash flow was affected by over expenditure of R800 000 on fixed assets, part of which was now justifying itself. The R1,6m

loss after financing costs of R282 000 had made "deep inroads into cash resources and substantially reduced shareholders' interests"

They said in terms of a 10-year lease on the factory no rent was payable for the first year. An aggregate rental estimate of R138 000 was shown as a rent provision in determining the loss for the period

The death of Chaskelson had also had a disruptive effect on the business, but management had coped with the change

The furniture industry was going through an extremely difficult time, and turnovers had been affected. But directors said trade acceptance of Dinette's products had been excellent, and current order levels were more satisfactory

"Production and sales for the month of July reflect a healthy increase resulting in improved profitability," they said. As the second half of the calendar year was the peak trading period, they expected improved profits

3/DA4 10/9/92 (188)
MARCIA KLEIN

Bisho's mourners plan huge stayaway

BIDM 18/9/92

HUNDREDS of thousands of workers are expected to stay away from work in the eastern Cape and Border regions today as preparations for the funeral of 28 ANC supporters killed in Bisho last week got under way

And in a security clampdown, government yesterday declared five more unrest areas in the eastern Cape, bringing to 10 the number of unrest areas declared in the region in the past month

Scores of SA Police and soldiers took up positions on both sides of the Ciskei border yesterday as the ANC began its two days of mourning. Fifteen of the 29 victims — 28 ANC supporters and one Ciskei soldier — are scheduled to be buried in the King William's Town cemetery at 10am today

The funeral will be attended by World Council of Churches secretary-general Emilio Castro, UN monitors and Border-Ciskei regional dispute resolution committee members

UN special representative Virenda Dayal, who will also attend the funeral, met Foreign Minister Pik Botha in Pretoria yesterday. After the talks, Botha said Dayal would act as catalyst in the process to eradicate violence

Sapa reports that the five districts declared unrest areas in a special Government Gazette published yesterday are Cradock, Fort Beaufort, Grahamstown, Port Elizabeth and Uitenhage, all of which are on the western side of Ciskei

On September 5, just prior to the Bisho massacre, King William's Town, Cathcart, Queenstown, Stutterheim and East London, all on the eastern side of Ciskei, were proclaimed unrest areas

The ANC yesterday slammed the latest move, saying it was insensitive

"Law and Order Minister Hernus Kriel has taken these steps despite the fact that, in the days following the tragic massacre in Bisho, tens of thousands of people par-



ticipated in peaceful and disciplined marches, rallies and vigils without incident," the organisation said in a statement

LINDA ENSOR reports that Cape Town Chamber of Commerce yesterday appealed to its members to consider sympathetically requests by workers for time off to attend commemoration meetings

Meanwhile, Sapa reports from Sebokeng in the southern Transvaal that Bavumile Vilakazi, deputy secretary general of the ANC's PWV region and a former Delmas treason trialist, was seriously wounded when gunmen armed with AK-47s shot him outside a hardware shop in the township

Vilakazi was in the Sebokeng Hospital and police were investigating, police spokesman Capt van Burger Rooyen said. At least five people, one of them a policeman, died violently in unrest-related incidents on Wednesday

A police report issued yesterday said the bodies of four men were found by police at the Mandela Park squatter camp in Katlehong. They had been shot

At Tembisa, Kempton Park, a number of shots were fired by unidentified gunmen at a police vehicle, killing a policeman and seriously wounding another

The names of those killed have not yet been released.

SA Institute of Race Relations executive director John Kane-Berman told the Pietersburg Chamber of Commerce yesterday that one of the main reasons for violence in SA was the ANC's strategy to make the country ungovernable, Sapa reports

Kane-Berman was reported by SABC radio news as saying '80s ANC strategy for a people's war focused on government but it was also a declaration of war against sections of the black community and that this had provoked a backlash

ANC may raise excise duties

CAPE TOWN — The ANC health department was researching the possibility of increasing the excise duties on tobacco and alcohol products as a way of funding its strategy to provide health for all, ANC health department economist Di McIntyre said at a forum on the organisation's health policy yesterday

McIntyre is the co-ordinator of the sub-commission on the future of health financing policy. BIDM 18/9/92

She said that the use and abuse of tobacco and alcohol placed a big burden on the health system yet SA's excise of 30% was very low compared, for example, with the UK's 75%. A higher excise would enable government to inject funds into building up the primary health care system

The heavy demands placed on a future government made it unlikely that more than the present 11% of GNP would be allocated for health services. This meant other sources of income would have to be found

Another form of financing being debated was a national health insurance system which would require employed workers in the formal sector to contribute to a health fund for basic health services. McIntyre



said research was necessary to determine what funds would be required to provide a national health system and how much could be raised by an insurance scheme

Also, McIntyre said, the more efficient use of existing resources and the elimination of waste, fragmentation and duplication would be an additional source of funds

The predominance of the private health sector, especially its ability to draw the best health personnel into its ranks, would have to be addressed by creating the conditions and career structures to encourage people to return to the public sector

ANC health department head Cheryl Carolus told the forum 58% of SA's doctors were in private practice and the private sector was allocated a disproportionate share of the health budget

The privatisation of health care, she said had led to an emphasis on the private sector and thus to an overemphasis on curative medicine. There was a need to strengthen the public health sector and to refocus it towards primary health care and preventive medicine

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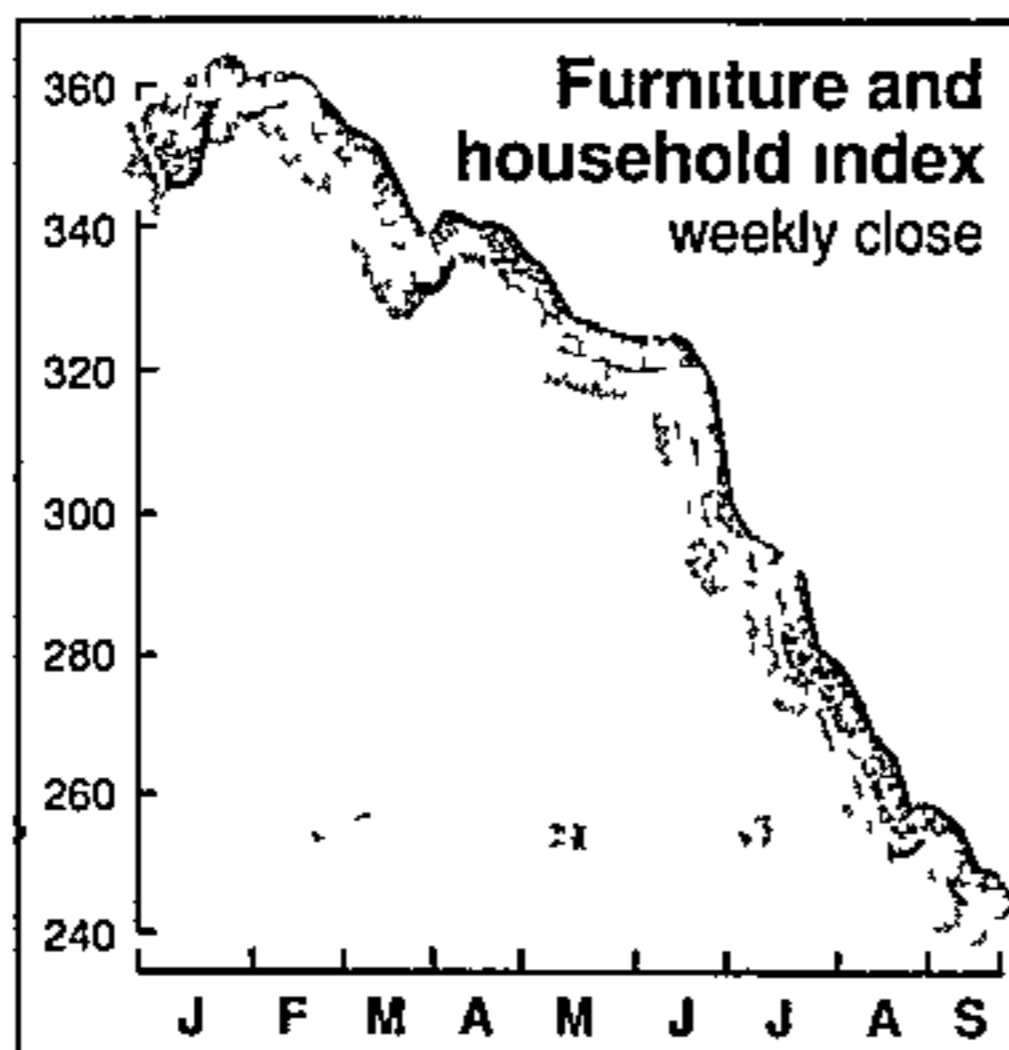
Furniture industry hit by sharp decline in sales

THE furniture index, which consistently outperformed the financial and industrial index in the '80s, has been one of the worst hit sectors on the JSE this year, analysts said

They said the index was at one of its lowest levels in more than a decade relative to the financial and industrial index, and its rating was not likely to improve in the short to medium term

Retailer Liaison Committee figures showed that furniture sales had declined in real terms since April last year, and analysts said nearly all companies in this sector showed no immediate prospects of recovery

While they recommended holding shares in better rated companies like



Graphic RUBY-GAY MARTIN Source I-NET

MARGIA KLEIN

Ellerine and JD Group, they were advising staying out of furniture until there were signs of an upswing

This would only come about when there was a prolonged period of lower interest rates and a change in consumer sentiment. But they said there could not be much more of a downside, as most companies ended trade on Friday at yearly lows

An industry source said consumer spending had plunged over the past year and a half and this was reflected in the latest results of most of the major groups. In addition, an increase in violence and political uncertainty affected furniture sales more than most other industries

Afcot and Amrel's earnings declined by 35% in the year to end-March, and the JD Group reported a 38% drop in earnings in the six months to end-June

Ellerines, which many analysts consider the leading company in the sector, saw its earnings decline by 32% in the six months to end-February. In the 12 months to end-March, Morkels' earnings dropped by 57%

Although furniture retailers made a significant amount of their annualised profits in the last quarter, analysts said shareholders should not expect fireworks

Abcon result 'satisfactory'

PETER GALI

RECENTLY listed Abcon Properties has posted a total distribution of 27,925c a linked unit for the six months to end-August — slightly ahead of its prospectus forecast

The property loan stock firm was listed in December, so there are no comparable figures

"We are most satisfied with the results, which were achieved on the back of income rental growth and the fact that we anticipated the fall in call rates and fixed our cash at higher interest rates in January," MD Nikki Vontas said.

If annualised rental income for this period was compared with annualised rental income for the first three-month reporting period to end-February, it reflected 11% growth, he said

Income before debenture interest of R11,695m was reported, with R11,672m being paid in interest. This left pre-tax income of R23 000 of which R11 000 went to tax and the remaining R12 000 was paid out in dividends

Dividends of 0,058c a share and interest of 55,384c an unsecured debenture, giving a total return a linked unit of 55,442c were forecast for the annualised 15-month period to end-February 1993

The share was untraded on Friday but reflected a buyer at its June 17 low of 490c and a seller at its subscription price of 500c.

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Rusfurn buying ¹⁸⁸ time ^{Star} 22/9/92

By Stephen Cranston

Rusfurn has postponed the presentation of its results for the year to June to the middle of October, which the market has interpreted as meaning it is sliding deeper into the red

When merchant banker Laurie Korsten took over he warned that there was no short-term fix for the group, which had been chasing turnover and allowing its credit-granting standards to slip

It is speculated in the market that the group has lost R90 million to R120 million for the year, despite an expected R50 million profit from the Russells chain and a further R25 million profit for Dion

This means that the Wanda-Frasers chain, which serves the rural market, and Furngroup (Harmony and Montana in the Western Cape) could have lost up to R200 million

Wanda-Frasers chairman Derek Verduyn has left the group.

If Rusfurn's losses turn out to be on such a massive scale, then Mr Korsten was over-optimistic in saying that the issue of R250 million worth of convertibles underwritten by Senbank would be enough for the group's financial requirements over the next four years.

Even the provisions, which account for 40 percent of the R1,1 billion gross debtors' book, might prove to be too low

Moreover, if it does seek more finance, Absa merchant bank, which has absorbed Senbank, is unlikely to take such a benign view of the investment.

Ruthless

Senbank, as part of the Sanlam stable, was prepared to live with strategic investments, but Absa has a more bottom-line-driven and ruthless approach to investment.

The environment for furniture sales is dismal. The Furniture Traders' Association monthly survey shows the value of furniture sales increased by just 1,8 percent, year-on-year in July.

Not surprisingly, the market has not taken an enthusiastic view of the sector.

A recent report by brokers Senekal Mouton Kitshoff showed that while the industrial index in mid-July was 89 percent above its 1987 peak, the furniture and household index was 35 percent below the 1987 peak.

But the recent fall in the Rusfurn share price has been far more pronounced. It was standing at 100c when Mr Korsten took the helm.

He later consolidated the shares ten to one, and they now trade at 12c, equivalent to 1,2c per old share.

Simpson McKie analyst John Biccard says that at the present share price Rusfurn has got to be attractive if it does not go under, but it depends how long the banks are prepared to hang in if there is more bad news.

Furniture group defies the depression

STAR 29/9/92

Flourishing in a (188)
severely depressed
economy, the
combined force of
Cecil Nurse and
Central Office
Furnishers has set a
shining example to
the furniture industry.



The Cecil Nurse team (from left) Alan Golombick, Neville and David Levin.

In the office furniture industry, hard hit by political and economic problems, there are a few companies that can genuinely say they are still profitable and growing

One such operation is the combined force of Central Office Furnishers and Cecil Nurse

This distinctly low-key group has its origins in the early 50s when Central was established initially as a conventional household furniture distributor with a limited base in the PWV. That changed when Neville Levin joined his father Jack Levin and identified the need to specialise in the medium-priced office furniture market

That was in 1972, and at the time, Central had a major competitor in that particular market niche. The competitor was Cecil Nurse

Neville Levin says "Initially, we modelled ourselves on the Cecil Nurse operation. They were the pace setters and the innovators. They broke new ground in many ways, including the publication of the first printed and priced catalogue for the industry

"But we got better and better, and in 1977 my brother, David, joined the family team and we began to make inroads into the market share held by Cecil Nurse. We grew rapidly and spread across the PWV. In 1975 we moved to bigger premises,

and again in 1983

"We employed additional staff with specific skills, covered the industry in greater depth, and quickly emerged as the leading player in the middle-priced office furniture market in the Transvaal, with branches in Johannesburg, Pretoria, East Rand and Randburg

"Throughout this growth period our business strategy remained the same: competitive pricing, good service, good quality and above all value for money

"These basic principles stood us in good stead throughout the '80s, with real growth taking place from 1985 to 1989. Year after year we continued to attack the Cecil Nurse empire. By the beginning of the '90s, we were well placed to acquire the company from the Krok Brothers Furntech Group. The acquisition of Cecil Nurse surprised the entire industry. In 1991, the merged group relocated to the former Makro premises in Sunnyrock, Germiston

Alan Golombick, who joined the group in 1986, became financial director, and today the same team still guides the much larger operation

"There have been distinct benefits from the merger," says David Levin. "We offer a larger and more comprehensive range. Costs have been cut and overheads rationalised so that the combined group is more competitive

"The group now has a national spread, by virtue of its own warehouses and showrooms in Durban, Maritzburg, Cape Town and Bloemfontein. Moreover, a network of franchisees spans the country, and is being steadily expanded

Neville Levin says "Interestingly, it was decided to retain the goodwill associated with the separate names of Cecil Nurse and Central Office Furnishers. After so many years of trading, a loyal customer base has been built around these names." The group maintains an in-house research and development division which ensures that it remains right up with the best in the country

"It's almost all home-grown product," points out Neville. "In fact, we strongly support local industry. We import very little, and this has the incidental benefit of avoiding royalty payments." "Our prices are substantially lower than our competitors - and the very price sensitive market of the moment knows it. Clearly we are doing something right." The group has started to spread its wings into Africa, and has established a strong presence in Maputo, Malawi, Botswana and Zaire among other countries

If you are investing in office furniture, be sure to visit Cecil Nurse or Central Office Furnishers. Telephone (011) 455 6174

Rusfurn's losses mount to R300-m

STAR 5/10/92

By Sven Lunsche (188)

Accumulated losses at retail group Rusfurn accelerated sharply to almost R300 million in the year to end-June amid mounting bad debts and closure costs

Rusfurn controls a number of furniture operations, including Russels, Dashaus and Frasers and also controls mass merchandising group Dion

Financial 1991-92, described by management as the first of a three-year turnaround period, brought the implementation of a large scale restructuring and re-financing of the group

But the directors expect Rusfurn will show a further overall loss in the current financial year although the group does not expect to use an additional R100 million financing facility that is available in terms of an agreement with its banks

The agreement with the bankers and a R250 million rights offer in June are key features of the restructuring programme

Commenting on the results, the directors say the slowdown

in economic activity, together with escalating unemployment, political uncertainty and violence, resulted in an unprecedented increase in the level of bad debts

The level of debtors provisions (including unearned income) at the end of June amounted to a "conservatively valued" 38,7 percent of the gross debtors book.

Rusfurn also set aside extraordinary items valued at R50 million, which included losses arising out of the closure of the Cape-based Furniture Fair and Arrow chains

The level of turnover in 1991-92 increased slightly to R1,42 billion (R1,41 billion), but operating income slumped sharply from R138,5 million to R4,1 million

Including the extraordinary items, the attributable loss for the year accelerated from R79,2 million to R135,9 million, pushing the accumulated loss at the end of June to R296,5 million, compared with R95,9 million 12 months previously

Rusfurn has waived dividend payments for the year

City Lodge group may be listed on JSE next month

JONO WATERS

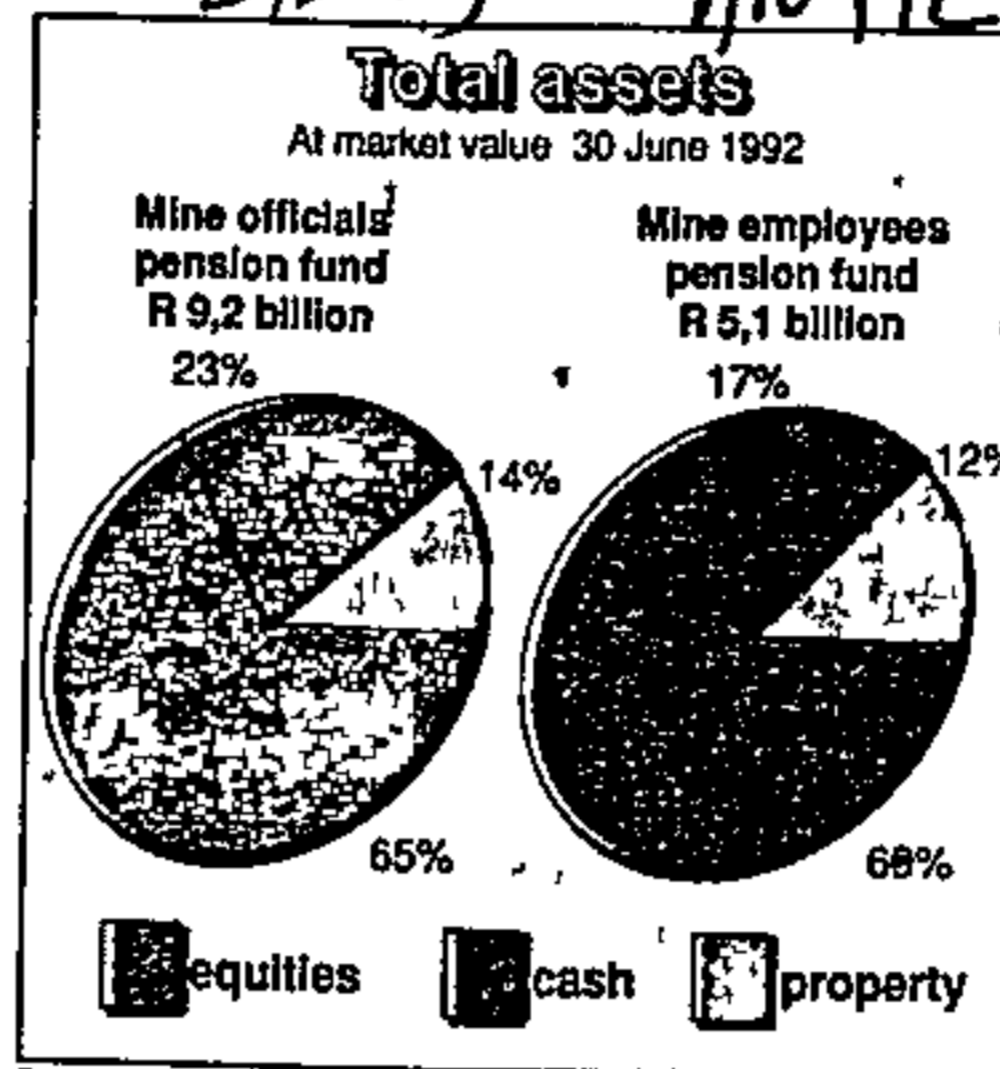
THE Mine Pension Fund Management Services would push ahead with plans for listing the City Lodge hotel group in early November, CE Barry Botes said yesterday.

Botes said at a presentation of the financial results of the Mine Officials' Pension Fund and the Mine Employees' Pension Fund that City Lodge planned to offer 5-million shares and convertible debentures at about R5 each. City Lodge was co-founded by the two mine pension funds and Hans Enderle in 1985.

The officials' fund's total assets in the 18 months ended June 30 stood at R9,2bn and the employees' fund's total assets amounted to R5,1bn. Botes said the fall in the De Beers share price had wiped R180m off the two funds' assets.

The return on total assets for the officials' fund in the year to end June 1992 was 19,7% compared with 23,8% in the same period the previous year, while the employees' fund showed a return of 19,4% (24,2%).

In the 18 months to end June 1992, the officials' fund received R479m from interest payments, R251m in



dividend payments and R99,7m in rent income

Expenditure amounted to R47,5m, producing a net income of R796m.

The employees' fund earned R201m in interest, R152m from dividends and R66,4m in rent which brought its total income for the 18 month period to R427m. Net income for the period amounted to R398m after expenditure of R28,7m.

Both pension funds had a mix of fixed interest cash, equities and property portfolios, but with a bias towards the stock exchange. The major equity holdings included Liberty Life,

Richemont, Absa, Gencor, De Beers, Anglo American and SAB

The officials' fund investment in shares at market value at June 30 this year amounted to R5,72bn and the second largest investment was R1,23bn in fixed-interest securities.

Shares held by the employees' fund at market value totalled R3,38bn and the fund's second largest investment was R655m in fixed interest securities.

Botes said the lack of revival in the economies of the G-7 countries had further affected SA as commodity prices had remained weak.

There was no major driving force to get the world economy going. However, the US could act as a positive force in stimulating world growth as it was election year, Botes said.

"Slow mild growth should come about in SA in the coming year, assuming a political solution is reached soon." As a result, Botes said the investment policy of the pension funds would remain cautious.

In June this year, the Mine Pension Funds' Management Corporation was replaced by the Mine Pension Fund Management Services, which Botes said would make the management of the two funds more efficient.

Analysts pessimistic about Rusfurn recovery outlook

THE Rusfurn group was expected to record increasing losses which did not bode well for a medium-term recovery, analysts said yesterday.

They were reacting to yesterday's publication of the furniture group's results to end-June, in which attributable losses plunged to R135,9m from R79,2m in the previous year.

There was no reaction to the results in terms of the group's shares, but analysts said the losses had been expected and were already discounted in the share price of 12c, off a high of 550c last year.

They added that at 12c, there was not great scope for downward movement.

Rusfurn had forecast that there was little chance of a group profit in the new financial year, but analysts said they feared the losses could remain substantial.

If this was the case, Rusfurn could find it difficult to live up to its three-year recovery programme.

MARCIA KLEIN

An analyst said the post year-end resignation of Wanda-Frasers and southern furniture division chairman Ian Sturrock was a blow to the group.

Sturrock had been responsible for building up Russells, one of the group's only profitable divisions, he said.

An analyst said he doubted that the group would be able to keep its head above the water after financial 1993.

However, he said Rusfurn's bankers were committed to continue funding the group for at least four years.

Executive chairman Laurie Korsten had said Rusfurn was unlikely to call for the additional R100m bankers' facilities available to it.

The analyst said this could indicate that the worst was over, but the market would adopt a wait-and-see attitude.

Mathieson makes second-half comeback

STAR 7/10/92

Finance Staff

188

A profit recovery in the second half was not enough to prevent office furniture group Mathieson & Ashley reporting an attributable loss of R741 000 in the year to end-June, compared with a profit of R378 000 previously

Turnover for the full year rose 16,5 percent to R145,7 million (R125 million), but a squeeze on margins led to a drop in operating income to R570 000 from R2,2 million

Attributable earnings were further hit by a rise in finance costs to

R3,4 million (R2,6 million)

However, attributable earnings showed a strong recovery in the second half to a profit of R594 000 from a first half loss of R1,3 million.

During the financial year the group wrote of R1,3 million relating to relocation costs and restraint of trade payments. This contributed to the fall in earnings a share from 3,3c to a loss of 6,5c.

Vestacor, which derives its income from a 75 percent stake in Math Ash, showed a loss of 12,1c a share (a loss of 1,4c previously)

Good second half stems decline at Math Ash

B/D/AM 7/11/92

188

MARCIA KLEIN

OFFICE furniture group Mathieson & Ashley Holdings (Math Ash), which showed its first loss since 1985 at the December interim stage, remained in the red for the full year to end-June

But results published today show a significant improvement in the second six months

Math Ash, which is the only listed office furniture group on the JSE, reported a loss of 6,5c a share to end-June compared with earnings of 3,3c in the previous year. The dividend was passed.

The loss per share had reached 11,7c at the interim stage, but an improved performance saw it earn 5,2c in the second half.

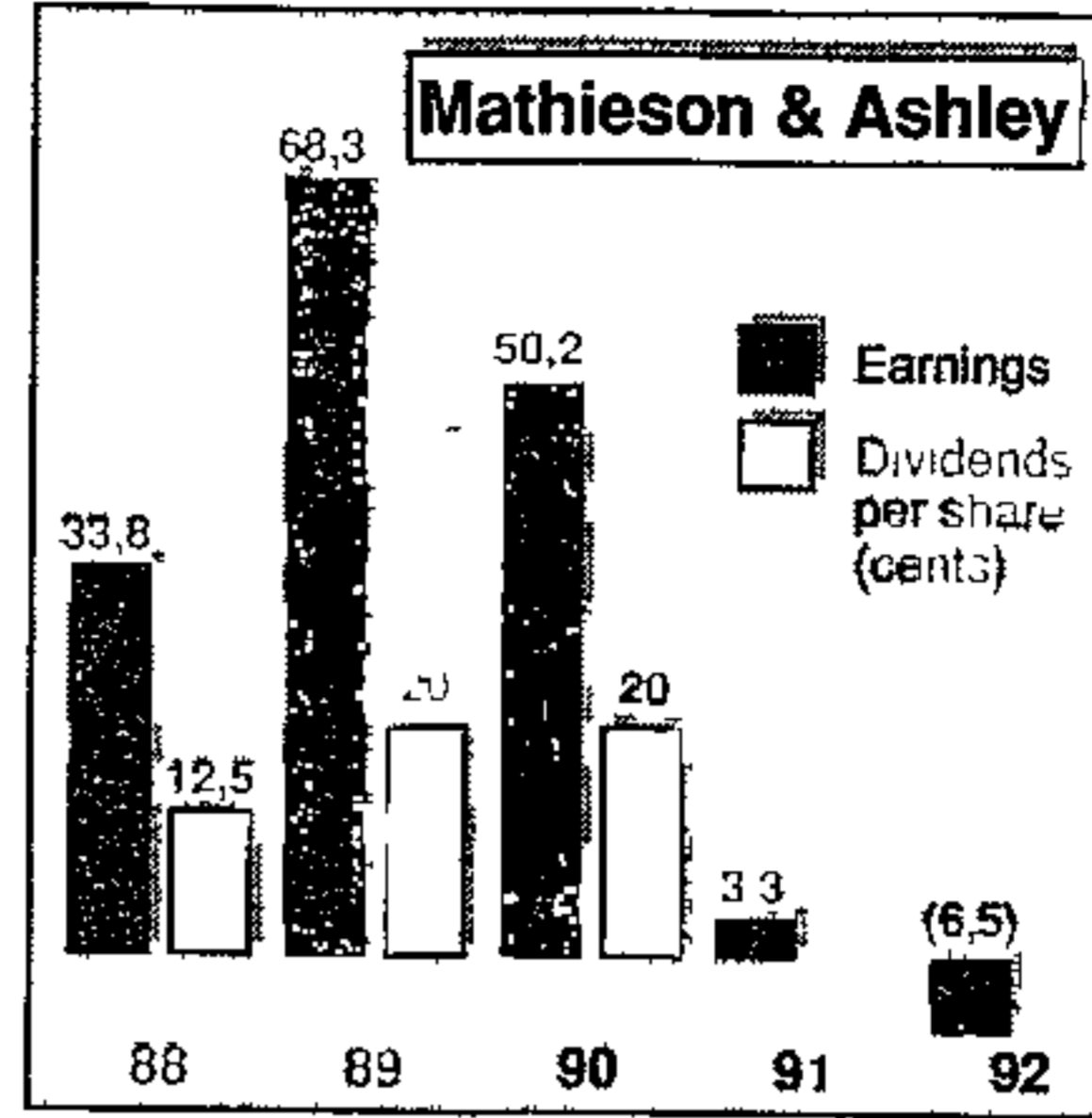
MD John Beck said there had been no improvement in trading conditions in the SA economy as a whole, and the office furniture market in particular.

The Reserve Bank had said fixed investment spending, crucial to a healthy office furniture industry, had slumped by 19% in real terms between the end of 1989 and the second quarter of this year.

Turnover for the second six months had declined by 4,5% in line with seasonal conditions, but it was still 15,5% ahead of the same period last year. This resulted in a 16,5% rise in turnover for the year to R145,7m from R125m.

Operating income for the year dropped to R570 000 from R2,2m in June 1991, but showed an improvement on the interim operating loss of R1,1m.

Finance costs rose by 31,4% to R3,4m, bringing the loss before tax to R2,8m (R347 000). Beck said the interest charge for the second six months had declined as a result of lower average borrowings from



Graphic: RUBY-GAY MARTIN Source: MATHIESON & ASHLEY

working capital reductions and improved treasury management. Working capital was reduced to R25,3m (R26,5m).

After tax of R40 000, Math Ash showed a loss of R2,8m, from income of R27 000 in the previous year. Beck said tax had not been provided for in certain subsidiaries as they had estimated tax losses of about R12,5m available at year-end.

After outside shareholders and preference dividends, Math Ash showed an attributable loss of R741 000 compared with income of R378 000 in the previous year.

Beck said the return to attributable profit in the second six months was a milestone for the group, as it was "the first six month period since June 1989 that the deteriorating profit trend has been reversed".

Vestacor, which holds 74,4% of Math Ash, showed an attributable loss of R944 000, equivalent to a loss of 12,1c a share. No dividend was declared.

RUSFURN

188

FM 9/10/92

Taking the bad news

Shareholders are best advised to read the Rusfurn group's annual results sitting down. The year's attributable loss was a colossal R135,9m. Chairman Laurie Korsten rubs it in by adopting an unusually conservative approach to HP and customer protection insurance.

"We don't have the money until it's been collected," he says. That philosophy leads to an adjustment to last year's loss by adding



Rusfurn's Korsten *an unusually conservative approach*

another R64,7m in provisions. The net effect is that Rusfurn goes into the 1993 year carrying forward an accumulated loss of R297m.

Cont.

Another area of extreme severity is that of debtor provisions. A bald statement in the notes accompanying the release of the year's results says the level of debtor provisions is now 38,7% of the gross debtors' book and management believes the book is conservatively valued. But what does it mean?

In fact, it translates into a provision for bad debt of R350m on a gross book of about R936m, which is, presumably, itself the subject of further conservatism.

All this is quite hard to reconcile with Korsten's cheerful optimism. Speaking on behalf of everyone, he says "Shareholders, suppliers, staff and other stakeholders can be encouraged by the degree of progress already achieved under trying circumstances in management's concerted objective of re-establishing the group as a sound and profitable business."

Shareholders will be forgiven if they experience some difficulty in relating that to the accompanying press release in which Korsten is quoted as saying there's little chance of a profit in 1993. That's not what he said in last year's annual report. "We expect to resume (dividend) payments in 1992/1993."

Why has there been such an about-turn in

NEXT YEAR, MAYBE

Year to June 30	1991	1992
Turnover (Rm)	1 409	1 423
Operating income (Rm)	138,4	4,1
Attributable (Rm)	(79,2)	(135,9)
Earnings (c)	nil	nil
Dividends (c)	nil	nil

Korsten's views on his group's prospects? The world has become a much harder place over the past year, SA has become ever more violent with even greater uncertainty, bad debts are escalating at an unprecedented level. Retailing isn't a good place to be.

Of course, there's another reason for results which needn't have been as dreadful as they are: Korsten, a banker turned manager, has decided to take as much of the bad news as quickly as the books, the auditors and Senbank will tolerate. But it's sensible to take the pain immediately rather than condemn the company to long-drawn haemorrhaging.

Korsten's biggest concern is Wanda-Fraser's, the middle-to-lower-income furniture division group. "It's the major problem and it has to be sorted out," he says. "We've introduced an incisive reorganisation and rationalisation and it's unlikely to show a profit in the year ahead."

That contrasts with the other businesses, principally Russells and Dion. Korsten makes it clear that he fully intends to reduce Rusfurn's exposure to the lower-income market where collecting debts can be hazardous for staff. "We lose trucks every week, our staff are petrified by the conditions in some areas, particularly the eastern Cape and Vereeniging."

Korsten says Rusfurn's rehabilitation will take three years. That leaves another two to go. The share trades between 16c and 19c but its last recorded trade, on September 24, was at 12c. This is a stock for investors with nowhere to go and bus loads of faith.

David Gleason

MATHIESON & ASHLEY

More positive trend

Mathieson & Ashley's performance in the year to end-June is best assessed in two periods. The year-on-year figures are disappointing, with the loss per share of 6,5c against EPS of 3,3c in financial 1991. The six-monthly view, however, reveals a more positive trend emerging.

In the second half of the year, the deteriorating profit trend, started in June 1989, was reversed. An attributable profit of R600 000 (5,2c a share) was made against a loss of R1,3m (11,7c a share) in the first six months of financial 1992.

For the full year, the office furniture business increased turnover by 16,5%, though fixed investment spending has declined some 19% since its peak in 1989. The increase in sales was at the expense of margins, and led to an operating loss exceeding R500 000.

Finance costs increased almost two-thirds to R3,4m in the year to end-June, which MD John Beck says can be attributed to additional working capital requirements resulting from the opening of the OfficeMart outlets. He says this declined in the second half and should shrink further.

Long-term debt declined 28%, though short-term borrowings increased 13-fold to R5,1m. Beck contends this switch is academic. Gearing increased marginally to 37% though borrowings effectively fell in the core business.

Factory relocation costs, restraint-of-trade payments and the write-off of goodwill resulted in an extraordinary item of R1,3m.

Competition has remained severe, even among M&A's operating companies, whose results for the year were mixed. OfficeMart, the discount operations, had disappointing

BOTTOMING OUT

Year to June 30	1991	1992
Turnover (Rm)	125	146
Operating income (Rm)	2,2	0,6
Attributable (Rm)	0,4	(0,7)
Earnings (c)	3,3	(6,5)
Dividends (c)	nil	nil

results owing to difficult trading conditions in the retail business. Dashing had an excellent year, while Anglo Dutch and Offex showed reasonable performances.

The group's businesses in the UK and Far East, geared to promote exports from SA, are only now starting to make a contribution. These accounted for 5% of sales activities

and Beck hopes that within about two years it will increase to 25%.

He says negotiations in progress concerning a local joint venture at a subsidiary level are close to conclusion.

With the view that the economy is unlikely to show significant improvement in the next 12 months, Beck is expecting maintained profits. But he does not see dividends being paid until "reasonable" profit is being made.

A picture emerges of a financially well-structured group, favourably positioned to benefit from any upswing in trading conditions. The more positive trend visible in the past six months suggests M&A should contain further losses but a significant improvement will take some time.

Marylou Greig

Sanlam approves of regulation

LINDA ENSOR

CAPE TOWN — Sanlam has approved the comprehensive approach to the regulation of financial markets recommended by the Jacobs report, says finance and planning senior GM George Rudman, who will be formulating the life industry's response to the proposal.

However, Rudman warned at the week-end of the danger of overregulation and of the need to recognise vital differences in the risk management of life offices on the one hand and banks and building societies on the other.

"We fully agree that any institution that markets a financial service with a possible future financial risk should be required to comply with basic financial disciplines to ensure the long-term financial soundness of that institution.

"We are concerned, however, that in order to reach a common approach to the risk capital required, the present more scientific actuarial basis used for controlling the financial soundness of life offices

Dinette's order book is looking healthy

EDWARD WEST

FURNITURE group Dinette achieved a healthy increase in production and sales in July and August, and the group is looking forward to improved profit, the venture capital listed company's latest annual report discloses.

Dinette's trading traditionally peaked in the second half of the year. Current order books were more than satisfactory and trade acceptance of the

by overexpenditure of R800 000 on fixed assets. Part of this expenditure, incurred in the second half of the year, was now justifying itself. A changed product mix was required.

Losses incurred, at R1,567m after financing costs of R282 000, made deep inroads into cash resources, substantially reducing shareholders' interests. The company reported losses equivalent to 52.2c a share for the year.

The closure of certain operations in the past financial year resulted in 1 539 retrenchments at a cost of R16m and plant to the value of R12m being written off. After the year end, the apparel business had shrunk to a marketing operation, and 350 people were retrenched at a cost of R3m.

King said the group now operated from five mill complexes, with sales of R652m. In 1980 there were 14 complexes spread from Blantyre to East London with 32 000 employees and sales of R230m.

The main change during the past year had been a bid from Seargreg. This had resulted in Seargreg becoming the largest shareholder in Frame Group Holdings, and brought the group into association with the Seardel Group and Gregory Knitting Mills. Although these companies dealt with

Afmin seeks new opportunities

EDWARD WEST

AFMIN Holdings, the struggling independent mining group, is investigating new opportunities through which the company can secure real growth in earnings and distributable earnings, chairman Cyril Heever says in his 1992 review.

The company closed its gold mining operation during the year. Subsidiary assets were written down to a realisable value. That created a large deficit in Afmin's non-distributable reserves.

Because of falling zinc prices, Afmin mothballed its zinc operations in January, writing down the investment in the operation. This added to the deficit in reserves. The closure of several gold mines and declining activity in the gold mining sector led to closure of mining suppliers Tecnomix.

However, Heever said Nambian Lithium was operating well, with production on the increase. Turnover was up, but the market remained tight. Minaco Granite & Marble, in which the group had a controlling interest, achieved satisfactory results. Minaco exercised its option on January

31 to raise its investment in Prairie Granite 15% to 50% for R3,05m. Prairie's turnover improved about 150% and profit 540% over the previous year. Minaco's increased order book for beneficiated export and local products would enable the group to achieve substantial growth during the next few years, said Heever.

Increased activity at Minaco caused an increased cash outlay in both debtors' and stock balances. Coupled with the cash invested in Prairie and Virgran, Minaco directors deemed it prudent to pass the dividend. Afmin also passed its dividend.

The base metal industry, from which a major portion of Afmin's income was derived, suffered from consumer cutbacks and drastic product price adjustments.

Although prices had improved since hitting a low in November/December 1991, medium-term prospects were uncertain and it was prudent not to reopen mothballed operations, Heever said.

Alueu. The danger was that lower inflation could lead to deflation, but Brown saw

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(188)
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EDWARD WEST

group's products was good, the report said.

Trading started in September 1991, with start-up costs incurred since April 1991. In the year to end-June 1992 business was affected by circumstances beyond the company's control, with the furniture industry going through a rough time. Sales were badly affected.

Cash flow was affected

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Barnetts bucks downward trend

MARCIA KLEIN (188)

BARNETTS bucked the downward trend in the furniture sector by reporting a 40% rise in net income to R1,7m (R1,2m) in the year to end-June 8/10/92.

Directors said the good results reflected the fact that the company was smaller than most major players in the sector, and was able to trade in strategic sites.

Barnetts, trading as Barnetts Furnishers and ABC Furnishers, increased its turnover by 21,9% to R63,6m from R52,2m in financial 1991.

Income before interest and tax was down at R3,2m from R4,4m in the previous year, but a strategy implemented two years ago to keep interest costs down saw the bill drop to R835 000 from R1,6m.

Acquiring strategic trading sites in

known profitable areas had increased costs and stockholding initially, and the full benefit would be felt in the coming year. But tight asset management saw gearing come down to 27% (42%).

This would enable Barnetts to grow in the coming year, and it planned to open more stores in other strategic areas.

Income after tax was reduced to R1,7m from R1,9m. But an extraordinary loss in the previous year brought net income in the current year up by 40%.

A final dividend of 3,5c (2,5c) was declared and the dividend cover was maintained at 3,5 times.

R4m deal with Germans

SA Breweries and Matheson & Ashley's (M&A) jointly owned office-furniture company, Kallenbach Hendler, has entered into a R4-million venture with Germany's Interstuhl

Interstuhl, one of the world's largest manufacturers of commercial and industrial seating products, will acquire a 50% stake in M&A's office-furniture manufacturing company, Fineseat. The name will change to Interstuhl (SA), M&A retaining management control

M&A managing director John Beck says interstuhl (SA) will export a fair proportion of SA-made products to Germany.

It will also have the rights to distribute all Interstuhl and current M&A products to most of Africa and the Indian Ocean islands.

Mr Beck says this is part of the thrust to globalise the group's business. M&A will gain access to some of the world's most advanced seating furniture technology and the additional investment in sophisticated computerised equipment.

Interstuhl will benefit from M&A's distribution channels and marketing and sales skills, as well as expertise in solid and veneered woods and laminated products.

Afcol earnings beat expectations

B10AM 3/11/92

188

MARCIA KLEIN

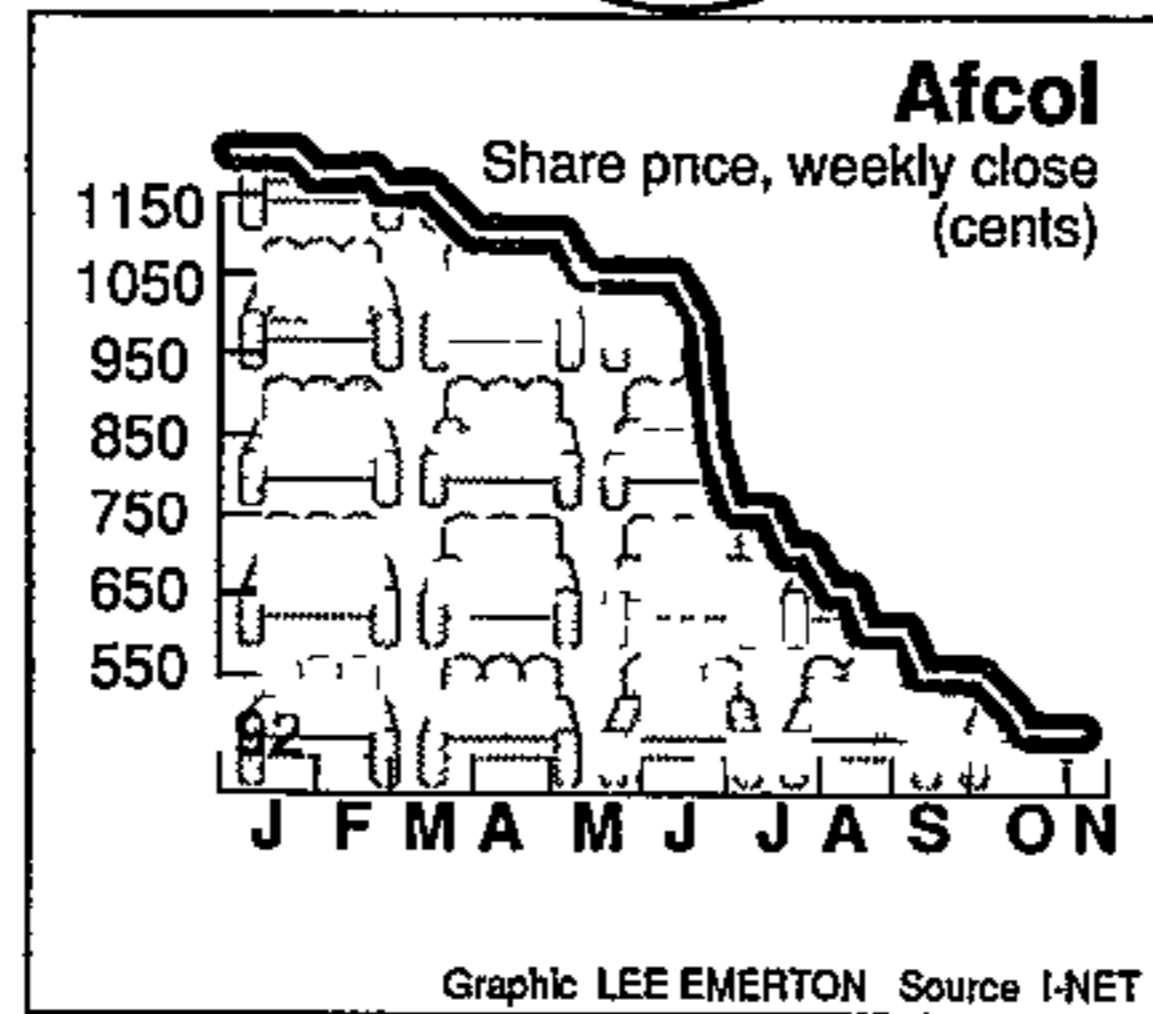
FURNITURE manufacturer Afcol, reaping the benefits of the R95m sale of its 50% investment in Spankor, has reported a 2,2% rise in attributable earnings to R12,7m (R12,5m) in the six months to end-September

Results were way above market expectations, and reflected an improvement from the March year-end, when the SA Breweries subsidiary reported a 14% drop in earnings

Chairman Laurie van der Watt said the satisfactory results were achieved despite industrial action for most of August.

Turnover was up marginally at R391,7m from R388,8m, and trading profit dropped by 22,8% to R17,3m (R22,4m). Strike action in most Afcol furniture manufacturing operations had affected turnover and trading profit, Van der Watt said

But a fourfold rise in dividend income to R4,5m — largely from its investment in Romatex — and a significant reduction in financing costs to R3,3m (R10,7m) saw pre-tax income rise by 44,1% to R18,5m (R12,8m) The decrease in financing costs



Graphic: LEE EMERTON Source: I-NET

was largely due to the disposal in April of the previously equity-accounted investment in Spankor.

This enabled managed operations to report an 18,5% increase in earnings to R8,6m Earnings from associates declined by 20,5% to R4,1m.

The equity-accounted retained loss of R413 000 compared with earnings of R4m in the previous year resulted in a marginal rise in profit after tax to R13m from

□ To Page 2

Afcol

R12,9m

After outside shareholders, attributable earnings were up by 2,2% and earnings a share up by 2,4% at 51 9c from 50,7c.

An interim dividend of 26c (25,5c) a share was declared in line with Afcol's policy of distributing a twice-covered dividend

Van der Watt said consumer spending had continued to weaken in the six months, and recessionary conditions in the furniture manufacturing industry deepened

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□ From Page 1

Cash flow from operations improved by R14m excluding the effect of VAT on working capital requirements

Gearing was reduced substantially to 8% from 43% through the sale of the investment in Spankor Van der Watt expected gearing to reduce further by year-end despite capex of about R13m

Afcol did not expect any recovery in consumer spending on durable products over the next six months

Furniture makers in joint deal

MARCIA KLEIN

188

KALLENBACH Hendler, jointly owned by office furniture group Matheson & Ashley Holdings (M & A) and SA Breweries, has concluded a multimillion-rand joint venture agreement with German seating products manufacturer Interstuhl. *BIDM 5/11/92.*

M & A MD John Beck said the partnership was part of a thrust to globalise the firm's business. It also held significant financial benefits for both partners.

As part of the deal, Interstuhl would acquire a 50% stake in M & A's office seating manufacturing company FineSeat, which would change its name to Interstuhl (SA).

M & A would retain management control. The agreement would give Interstuhl (SA) the exclusive right to manufacture, market and distribute all Interstuhl ranges in most of Africa and the Indian Ocean islands.

Beck said the deal would also provide Interstuhl (SA) with opportunities to export components and products to Interstuhl in Germany.

Math Ash braces itself for another tough year

BIDAM
9/11/92 MARCIA KLEIN (188)

OFFICE furniture group Mathieson & Ashley (Math Ash) was positioning itself for another tough year

Chairman Winky Ringo and MD John Beck said in the annual report that although the results in the second six months to end-June were pleasing and the group's financial position was sound, they believed it was unlikely that the economy — or conditions in the office furniture industry — would improve in the next year.

In the year to end-June, Math Ash reported a loss of 6.5c a share compared with earnings of 3.3c the previous year. The results reflected a significant improvement in the group's performance in the second half.

The directors said there had been no improvement in the local office furniture market. Apart from a real decline in fixed investment spending — crucial to the industry — a major problem was an excess of fixed manufacturing capacity for the size of the local market. As a result, manufacturers "continue to erode margins to maintain throughput for their factories".

The businesses of Offex and Anglo Dutch were merged and rationalised, and all of the group's steel manufacturing facilities were integrated into one location.

K H Manufacturing had successfully penetrated the office furniture dealer market. The actual realisation of profits emanating from this market were limited in the past year, but the directors said it would make a significant contribution to the group's future performance.

A focus on exports through K H International was "showing promising results", and exports had started contributing to group performance. The group acquired a small Hong Kong-based trading company, Compe to act as a base for exporting to the Pacific Rim.

Since the report was printed, Math Ash announced that Kallenbach Hendler, jointly held by Math Ash and SA Breweries, had entered into a joint venture with Germany's Interstuhl. As part of the deal, Interstuhl would take a 50% stake in Fineseat, whose name would change to Interstuhl SA.

COMPANIES

Rusfurn control 'could change hands'

510M 10/11/92 (188)
CONTROL of furniture group Rusfurn could change hands following today's cautionary announcement that it was involved in negotiations

Speculation is rife that Rusfurn could be acquired by W & A's furniture subsidiary JD Group, another large player in the furniture retail industry.

A market source said yesterday that although Rusfurn was cheap at yesterday's closing price of 25c a share, JD Group would also inherit the problems that had plagued Rusfurn the past few years

MARCIA KLEIN

Recently Rusfurn reported that attributable losses increased to R135,9m (R79,2m) in the year to end-June, the first year of its three-year recovery period

At the time, executive chairman Laurie Korsten said there would be "little chance of a group profit in the new financial year".

A source said that a deal could have been pegged below yesterday's price, as the share recently went as low as 10c a share from a yearly high of 550c.

JD Group could get Rusfurn 'for nothing'

IT WAS possible that JD Group could be paying nothing to acquire Rusfurn, market sources said yesterday

Speculation on the disposal of Rusfurn was fuelled by its cautionary announcement yesterday. Market sources said it seemed unlikely that any company would want to take over Rusfurn, which was not expecting to make any meaningful profit for some time. But they said this would depend on the deal that was struck.

An analyst said JD Group was possibly the only furniture company which would be in a position to take over the group.

MARCIA KLEIN (188)

Most of the other major furniture groups were struggling or did not have the means to take it over. *BIDAY 11/11/92*

JD Group recently sold its debtors' book to a bank consortium. A source said many of the banks involved in JD Sales — which oversaw the debtors' book — were also creditors of Rusfurn. A deal could have been arranged in which Rusfurn's huge debtors' book would be administered by JD Sales, while JD Group would look after Rusfurn's operations.

Desirable growth rates

STWIE (B455) 15/11/97

(188)

MANAGERS plan for the future. Their performance, rewards and even survival depend on how well they plan and how effectively they implement those plans.

Managers are being evaluated continually. Shareholders evaluate the firm from a risk and return point of view — cash flows, investments, even dividends!

Customers evaluate the business's performance in terms of prices charged, quality, service and credit terms.

And the many other stakeholders appraise the firm from their own perspectives.

Stakeholders assess the adequacy of the firm through a complex evaluation of the relationship between a number of variables.

Poor

However, poor decision making and performance finally show up in the financial numbers.

The measures that analysts use to assess financial health have changed and become more sophisticated, with a transition from "profits" to "earnings a share" (EPS) to "return on investment" (ROI) and to "cash flow".

Generally, strategists and managers should be concerned with profitability and ROIs and will compare these with competitors and general industry performance.

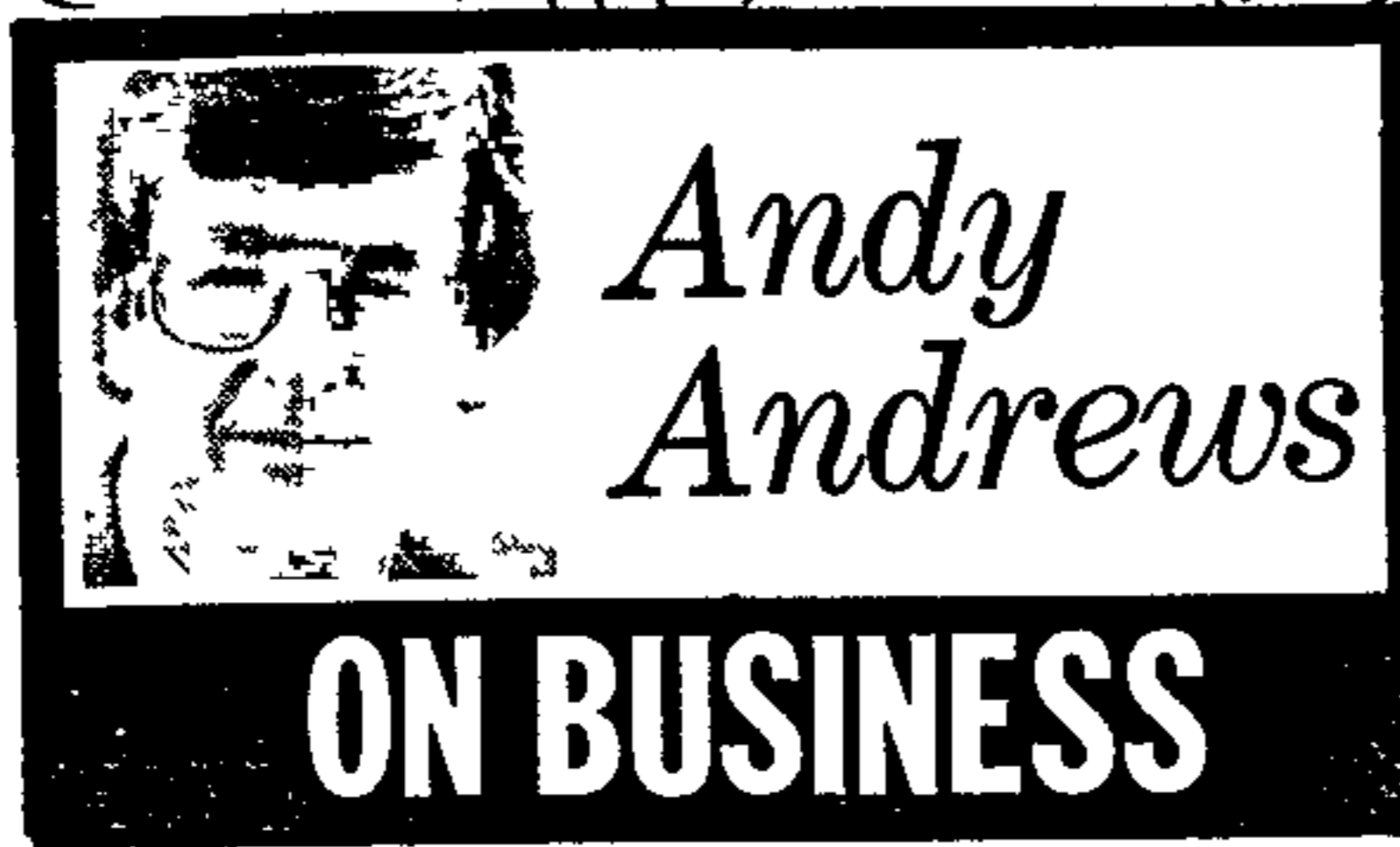
We know that it is possible for a firm to report consistently high EPS growth and not be able to provide for internal cash needs, forcing borrowings to survive.

King

Rusfurn, for example, reported EPS growth of 100%, 38% and 55% from 1988 to 1990. Gearing started to rise rapidly in the later years from 47% to 96% between 1988 and 1990.

Mervyn King said in his 1988 chairman's review that "the year on year growth rate in excess of 30% was neither healthy nor sustainable".

We must then look beyond the profit and sales figures to assess whether a firm can sustain its operations.



CALCULATING YOUR SUSTAINABLE GROWTH RATE

In my previous article I demonstrated how high growth (caused by real and/or inflationary growth) drains cash. I promised to provide a simple approach to assess your optimal growth rate.

Several variables affect your sustainable growth rate (SGR) and can be condensed into a formula that is more simple than it looks. Trust me!

$$SGR = (D/E) (E-1) P + R_p$$

Where SGR = Sustainable growth rate

D = Total interest-bearing debt
E = Total equity
R = NOPAT/total capital employed
I = after-tax cost of interest
P = profit retention ratio

An example where we implement the formula will help. Assume a company which has a debt-equity policy of 1 to 1, a dividend policy of paying out 50% of profit after tax (ie, a dividend covered twice) is paying interest on debt at 16% and has a 45% tax rate.

Sales are R2 000 and thus the sales-asset ratio is 2 times. If the operating profit is R300 or 15% of sales then the sustainable growth rate is 12,1% a year.

The calculation is

$$SGR = 1 (165 - .088) 5 + (.65) (.5)$$

$$= 1(.077) 5 + .0825$$

$$= 12.1\%$$

This firm will grow at 12,1% a year in assets, sales and profits. Any growth of assets and sales (if the sales to assets ratio stays constant)

beyond this rate will mean that external financing will be required if the other variables remain constant.

Alternative strategies, such as a change in dividend policy, will also help should the firm need to grow faster.

For example, if the firm reduced its dividend payout ratio from 50% to 25%, then the sustainable growth rate increases to 18,2%. This is an increase of 50% in the growth rate.

(If you would like a more detailed analysis of how the growth rate is calculated, please write to me at Box 524, Morningside 2057)

Unfortunately, it seems that many firms simply do not know how to calculate these growth rates and we find that debt levels start to increase until the banks decide to stop lending.

Of course, increasing debt will increase the growth rate until the target debt-equity ratio is reached. But risk also increases.

SENSITIVITY ANALYSIS

You should test the sensitivity of the growth rate to changes in dividend policy, investment intensity, returns on investment, debt-equity ratios and interest rates. As the above test shows, changing dividend policy to retain 75% of PAT increases the sustainable growth rate by 50%.

Conversely, should competitive reaction reduce prices and margins and lower operating profit by 33%, from 300 to 200, and dividend policy remains at 50% retained, the growth rate is reduced by 50% from 12,1% to 6,6%.

Let's go back to Rusfurn. Table 1 shows the firm's sustainable growth rate and ac-

Rusfurn's growth rates

	1987	1988	1989	1990
SGR	12,3	15,4	18,5	26,3
Capital employed	—	27	27	42
Sales	—	28	28	38

tual capital employed and sales growth rates.

Clearly, the firm was growing faster than the SGR because both sales and capital employed were rising much faster than the sustainable growth rate.

Management often believes that high growth is associated with high margins which assume that the company will be able to sustain its growth. Unfortunately, research shows that the opposite tends to happen.

The PIMS database, which analyses thousands of businesses, shows that although the ROI required to generate sufficient cash goes up as growth increases — actual ROIs tend to fall.

The research findings show that high-growth firms do not produce enough cash.

Why? Well, in high growth markets they spend aggressively on marketing and price aggressively to gain market share, widen their distribution, broaden product lines, invest in more sophisticated systems, increase debtors and make other investments to build the business.

Questions

All of these reduce margins and returns and damage cash flow in the short term.

Although all of this makes good strategic sense it may be dangerous from a financial point of view. Every manager should know exactly what the firm's sustainable growth rate is and how its strategic plans affect its ability to finance and sustain those plans.

You should ask your team. ● What rate is our market growing at?

● Can we maintain our market share at that rate of growth given our current performance?

● What operating margins should we be earning to maintain our current debt-equity ratio?

● How realistic is our dividend policy?

● Which variable is key in determining our growth rate and how sensitive are we to competitive strategy and reaction?

● Are we vulnerable to financially strong competitors forcing us to concede market share by affecting our sustainable growth rate by aggressive pricing?

We have found companies that have used these concepts have been able to identify weaknesses in their competitors and themselves and this has enabled them to develop realistic, integrated plans that ensure long-term growth in both marketing and financial terms.

All stakeholders have benefited.

● Professor Andy Andrews is director of The Graduate Institute of Management & Technology, which offers the Henley Executive MBA in South Africa and is co-founder of Laird-Andrews, the strategic financial consultants.

MATHIESON & ASHLEY (188)

Finding the floor FM

20/11/92

Activities: Manufactures and supplies office furniture and equipment

Control: Vestacor 74,4%.

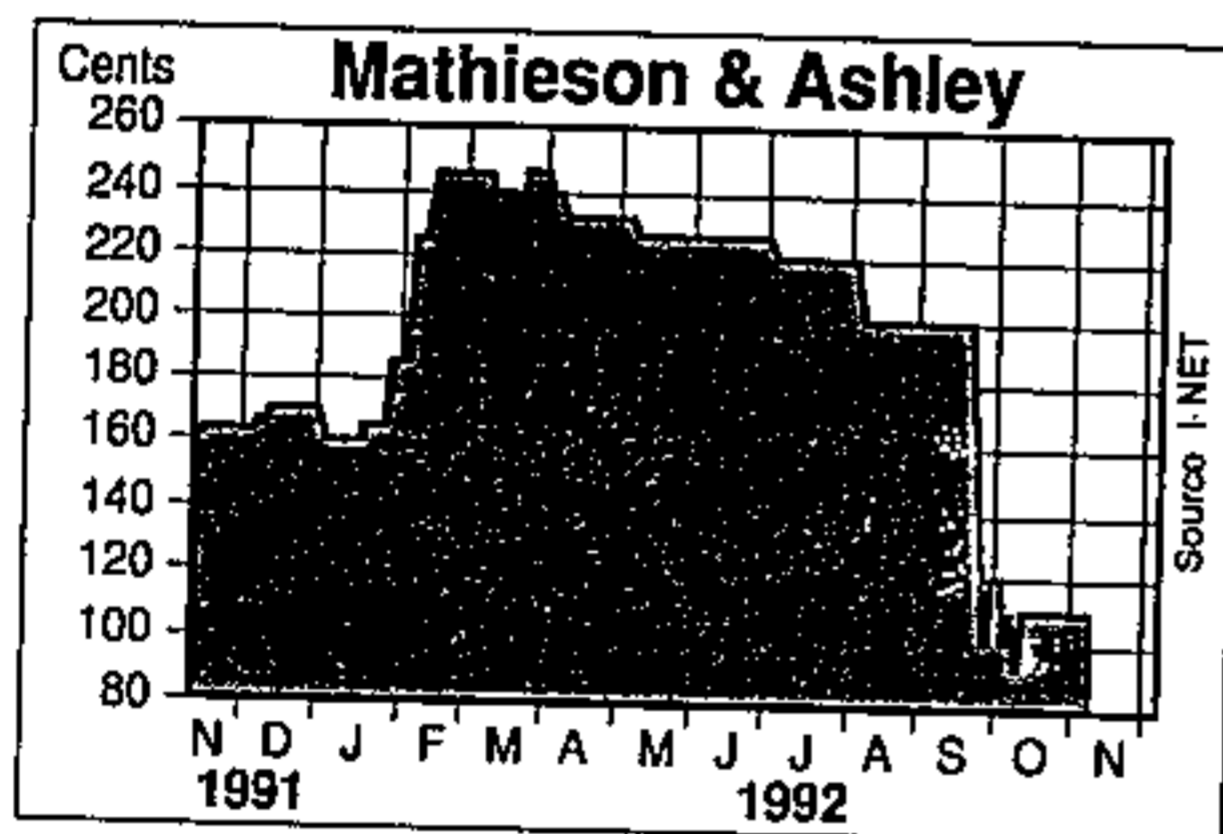
Chairman: A L Ringo, MD J de la H Beck

Capital structure: 11,5m'ords Market capitalisation R12,7m

Share market: Price 110c 12-month high, 245c, low, 100c Trading volume last quarter, 1 000 shares

Year to June 30	'89	'90	'91	'92
ST debt (Rm)	—	0,5	0,4	5,1
LT debt (Rm)	8,8	11,9	12,9	9,3
Debt equity ratio	n/a	0,15	0,29	0,38
Shareholders' interest	0,53	0,54	0,53	0,48
Int & leasing cover	6,0	8,3	0,9	0,2
Return on cap (%)	21,8	13,0	2,8	0,7
Turnover (Rm)	99,4	134,8	125,0	145,7
Pre-int profit (Rm)	14,7	10,7	2,2	0,5
Pre-int margin (%)	14,8	7,9	1,8	0,4
Earnings (c)	68,3	50,2	3,3	(6,5)
Dividends (c)	20	20	nil	nil
Net worth (c)	193	214	202	192

The poor results during the first half of the 1992 year overshadowed the improving trend in the second six months Though the full-



year's figures were disappointing, with a loss per share of 6,5c against EPS of 3,3c in 1991, the half-yearly trend gives a clearer indication of the performance

Though second-half turnover was down some 4,5% on the interim figure, there was a profit before interest and tax of R1,7m, a significant improvement on the R1,1m loss at the halfway stage In addition, the interest charge declined from R1,9m to R1,4m because of the lower average borrowing levels arising out of working capital reductions and improved treasury management

Year-on-year numbers indicate sales increased at the expense of margins, and led to an operating loss of R570 000 Finance costs rose almost two-thirds, to R3,4m, in the year to end-June MD John Beck attributes this to additional working capital requirements resulting from the opening of the Office Mart outlets But, he says, this declined in the second half, and should continue to do so during this year

Benefits of a 28% decline in long-term debt were eliminated by the 13-fold increase in short-term borrowings to R5,1m, though

COMPANIES FM 20/11/92

debt effectively fell in the core business Beck contends the switch was academic, with gearing rising marginally to 37%

Factory relocation costs, restraint-of-trade payments and the write-off of goodwill resulted in an extraordinary item of R1,3m

Negotiations over recent months culminated in an R8m joint venture between Kallenbach Hendler — the office furniture company owned jointly by M&A and SA Breweries — and Germany's Interstuhl, one of the world's largest makers of commercial and industrial seats

Interstuhl has invested R4m to acquire half of M&A's office seatmaker, FineSeat Beck says the initial effect will be to reduce M&A's gearing The injection of foreign funds will go towards reducing debt

The deal took effect last month, when FineSeat's name was changed to Interstuhl (SA) Exports are an important aspect Interstuhl (SA) will have major opportunities to export components and products to Interstuhl in Germany Beck says this could develop into about 30% of Interstuhl (SA)'s business, and there will be access to advanced technology Effects of the deal on Kallenbach's bottom line will only be felt in mid-1993

It remains to be seen whether the more positive trend that has emerged in recent months is sustainable, but at least the deterioration seems to have ended In the short term the latest deal may ease pressure on the share price which, at 110c, is close to the 12-month low, after falling from 245c earlier this year

Marylou Greig

DECOVO INVESTMENTS

A tangled web

188
12/15

Activities: Makes furniture and has 27% interest in a Namibian cement producer
Control: Directors 90%
Executive chairman: M Delpont, MD M Jooste
Capital structure: 12,7m ords Market capitalisation R10m
Share market: Price 80c 12-month high, 160c, low, 80c Trading volume last quarter, 10 000 shares

Year to Dec 31	†'89	‡'89	'90	'91
ST debt (Rm)	8,6	18,8	16,9	16,4
LT debt (Rm)	1,1	6,8	34,1	9,8
Debt equity ratio	1,77	3,21	7,04	0,58
Shareholders' interest	0,30	0,21	0,10	0,60
Int & leasing cover	—	0,91	0,55	—
Return on cap (%)	—	7,7	2,0	—
Turnover (Rm)	35	45	40	56
Pre-int profit (Rm)	(1,6)	2,9	1,3	(6,3)
Pre-int margin (%)	—	6,4	3,2	—
Earnings (c)	(18,5)	(2,16)	(36,0)	(77,0)
Net worth (c)	35	50	42	143

† 12 months to March 1989 ‡ Annualised 9-month trading period

Michael Delpont says no quick recovery of the furniture industry is expected

This year, he adds, modest capital expenditure has been budgeted for, a major sales drive has been undertaken and rationalisation of the expanded activities between Gommagomma and Bakker & Steyger remains a high priority

The share has tumbled from 250c to 80c in a year Until profits appear, there's little incentive to hold it

Kate Rushton
10/11/92

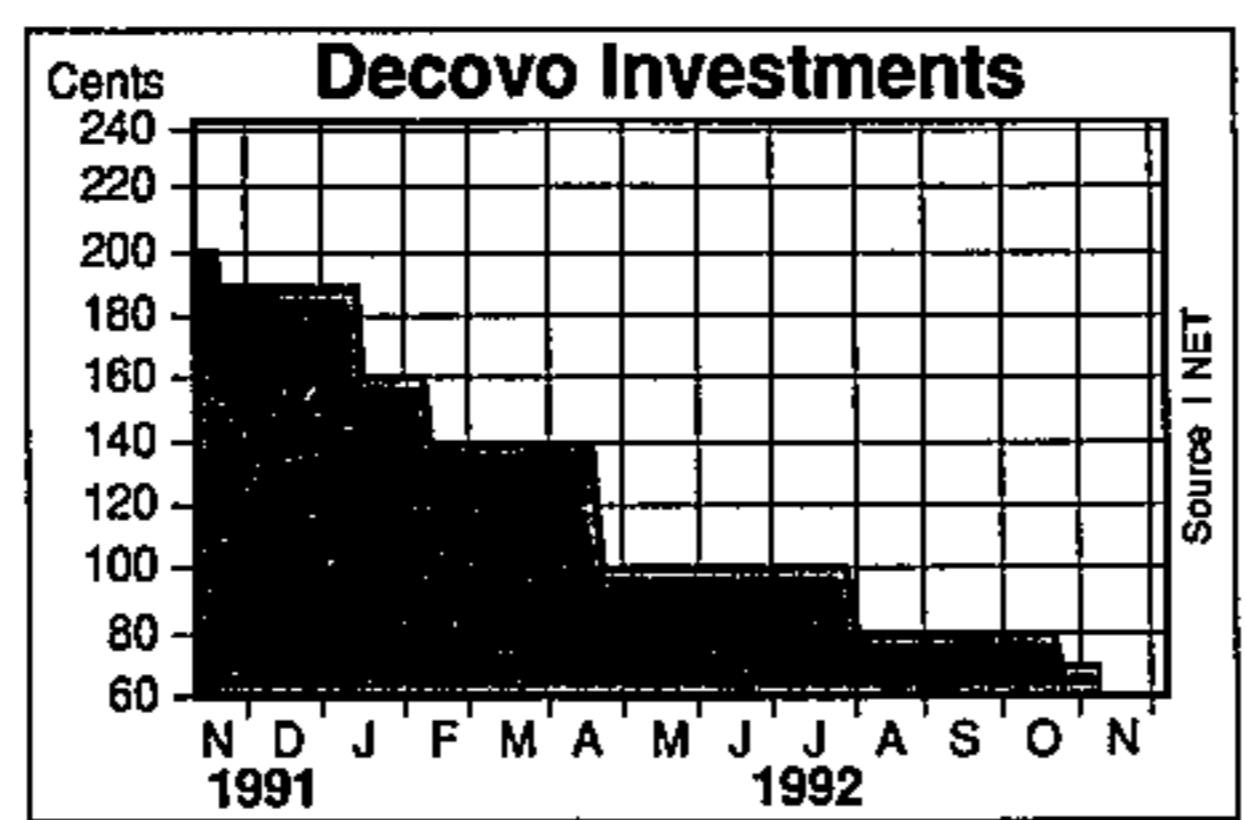
What a tangled web Decovo wove last year It changed its name, sold assets, acquired an associate and had a rights issue

Decovo (then called Gomma) sold its operating activities to Gommagomma Holdings (GHPL) for R17m in January 1991, in exchange for GHPL shares giving Gomma a 51% stake in GHPL Toyota holding company Wesco paid GHPL R13m for the other 49% Gomma's only asset then was the holding in GHPL and its only liability a R10,8m loan from holding company Decagon

In May, it lifted issued shares to 60m and then consolidated them 1-for-5 It acquired, for another 13,5m shares, Decagon's 27% of Cement Industries, a private company and Namibia's only cement producer.

To reflect the changed business the name was changed to Decovo A rights issue in June raised R11,6m This was used to reduce interest-bearing debt In September, Decovo issued 1m shares to acquire Bakker & Steyger — delisted in 1978 GHPL took it over for more shares of its own, raising Decovo's stake to 56,8% and diluting Wesco accordingly The deal makes Gommagomma Holdings SA's second biggest furniture manufacturer

Though the recent interim for financial 1993 shows a marginal improvement — loss per share is 34c compared to 1992's 39c — interest paid for the six months already exceeds that for the whole of 1992. Chairman



Supreme companies in debt talks

PETER GALLI

DIRECTORS of companies held by Supreme Holdings and Supreme Investment Holdings were involved in urgent discussions yesterday with financiers in an attempt to find a way of addressing a combined debenture debt of R270m.

The two companies hold JSE-listed operating subsidiaries Supreme Industrial Holdings, Supreme Manufacturing Holdings and Protea Furnishers (Profurn).

Sources said that chairman Edward Ronbeck and directors of the listed companies were hoping the liquidators would recognise that, to realise the value of their loan accounts to the unlisted holding companies, their companies needed to keep trading.

About 6 000 debenture holders are at risk after the provisional liquidation of the two holding companies last week.

JSE chairman Roy Andersen said the

exchange had called for a formal report on the financial position of the three companies.

"We have no grounds on which to suspend the shares at the moment and are awaiting the report before taking a decision," he said.

Supreme Industrial and Supreme Manufacturing were untraded on Friday. Profurn saw 30 000 shares trade in two deals at its ruling price and annual low of 14c.

Friday's Government Gazette announced that the business practices committee was conducting an investigation into Supreme Industrial Investments.

A preliminary investigation had been looking into the business practices of the Supreme Group of companies since April.

□ To Page 2

Supreme ^{B/D 1/11/92}

27 1992 to determine whether further formal investigation in terms of the Harmful Business Practices Act was justified, committee chairman Louise Tager said.

"On October 27 we became aware that Supreme Industrial Investments was issuing a prospectus with a view to canvassing R80m from the public. The committee was not satisfied with the means of financing and decided that a notice of the investigation would be given in Friday's Government Gazette," she said.

An investor claimed that in order to keep existing investors and attract others, unlisted Supreme Holdings apparently told investors that it was financially sound.

The investor, who declined to be named, said she had become nervous about the security of her investment and had insisted the company furnish her with a letter detailing its financial position.

~~From Page 1~~ (188) From Page 1

The letter, issued in August, said the company was in a sound financial position and that profits had been extremely high. On this basis, the woman reinvested about R500 000 and recently increased this by a further R100 000.

Weekend reports said the matter was under investigation by the police and Reserve Bank for possible contravention of the Deposit-Taking Institutions Act.

Syfrets GM Ollie Atkins said yesterday the public should exercise extreme caution before ploughing their savings into investment schemes yielding higher than average rates of return.

Investors should ensure they were aware of the nature of the lending organisation, its financial expertise, resources and the ultimate backing. Equally important were the statutory controls governing the organisation, he said.

Supreme meets liquidators

BY DAM 24/11/92
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THE liquidators of Supreme Holdings met directors from the unlisted holding companies and from the listed operating companies yesterday, as market doubts grew about the listed subsidiaries' ability to continue to trade

A spokesman for the liquidators, Westrust, confirmed the meeting had taken place but said it was too early to comment. He said a meeting of debenture holders had not yet been called, but soon would be.

A source close to the company said a number of proposals had already been submitted to the liquidators and a proposal to debenture holders was expected soon.

The JSE said yesterday the liquidators had assured it that a financial report on the three listed companies would be submitted within the next few days. The exchange had decided not to suspend their shares until such a report had been issued.

Investment analysts have expressed

PETER GALLI

concern over two of Supreme's subsidiaries, Protea Furnishers (Profurn) and Supreme Industrial Holdings (SIH)

According to its end-1991 annual report, SIH owed its unlisted parent company R65,43m which did not have to be repaid before end-1992. The loans were secured by a cession of book debts and notarial bonds over moveable assets in respect of subsidiaries. And at end-1991 Profurn owed SIH R49,31m, also secured by a cession of book debts at interest of 3% above prime. The capital portion again remained fixed until the year-end, whereafter the terms would be reviewed.

SIH was owed R1,1m by its other subsidiary, Supreme Manufacturing Holdings.

At end-1991 Profurn had net current assets of R97,4m. Its current assets of

☐ To Page 2

Supreme

BY DAM 24/11/92
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R129,9m consisted largely of a debtors' book of R114,1m, R11,8m of stock and cash of R4m. Current liabilities were R32,5m.

SIH's end-1991 group net current assets stood at R118,7m, consisting of debtors of R131,9m, stocks of R25m, cash of R4,9m and a short-term loan of R7,8m. Current liabilities totalled R51,08m.

Profurn financial director Brian Rosenberg said it would not be in the interests of the debenture holders for the liquidators to urge that Protea stop trading.

"Protea's value lies not in stock owned

☐ From Page 1
but in stock sold — and its substantial and good quality debtors' book. This debtors' book is of value within our present trading situation.

"It is well known that when any retailer stops trading, its debtors' book becomes high risk and outstanding money is expensive and time-consuming to collect," he said.

None of the shares was traded on the day, but SIH saw a seller at 80c, 55c down on its December 11 1991 low of 135c. The share last traded on April 16 at 160c.

Plea for suppliers to support Supreme

THE provisional liquidators of Supreme Holdings and Supreme Investment Holdings appealed yesterday to suppliers and creditors not to pull the plug on the three listed operating subsidiaries

The two companies hold JSE-listed Supreme Industrial Holdings, Supreme Manufacturing Holdings and Protea Furnishers (Profurn)

Directors of the subsidiaries told the liquidators their operations were viable and would continue to trade profitably provided suppliers continued to furnish goods in accordance with their normal terms

If they stopped deliveries, substantial profits could be lost over the Christmas season

The Master of the Supreme Court Tommy Bell instructed liquidators not to take any steps to liquidate the subsidiaries without his permission

A director of these companies told the liquidators there were possible buyers for the companies as going concerns

The liquidators said "We believe the interest of debenture holders, other creditors and interested parties would be best served by allowing the operations of the subsidiaries to continue in the normal way

to maximise profits, particularly over the Christmas season"

One of the liquidators, Les Cohen of Westrust, said serious consideration would be given to maintaining the operating companies as going concerns

Peter Goldhawk of the corporate services division of Coopers Theron du Toit had been appointed to establish the net worth and viability of the subsidiaries

The liquidators would attempt to discover where the R270m in debenture funding had been placed

They said major bankers and shippers involved with the operating companies were willing to continue as long as the suppliers continued to co-operate.

Supreme Group chairman Edward Ronbeck said another of its unlisted subsidiaries, Supreme Participation Mortgage Managers, did not form part of the Supreme Group and therefore was not involved

The liquidators believed an announcement would be made fairly soon on the proceedings but, they said, it would be some time before debenture holders received their money

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252
PETER GALLI

Supreme debenture scheme comes under investigation

B/D Am 26/11/92

188 PETER GALLI

THE liquidators of unlisted Supreme Holdings and Supreme Investment Holdings said yesterday they would be examining the debenture scheme operated by the Supreme group to establish whether there had been contraventions of the Deposit-Taking Institutions Act

"We will be looking also at whether any personal liability attaches to any directors or officers with regard to the conduct and activities of the Supreme group," said joint provisional liquidator Oliver Powell of Kessel Feinstein Trust

The liquidators had been holding meetings with management, suppliers and creditors of the various trading and manufacturing subsidiary companies to ensure that, pending a viability study of the operations, none of the trading or manufacturing activities were disrupted

The JSE-listed operating companies are Supreme Industrial Holdings, Supreme Manufacturing Holdings and Protea Furnishers (Profurn)

"Once the report on the viability of these companies is received, we will consider

various options and alternatives of reorganising and/or selling them to ensure that the interests of the debenture holders are best served," he said

These options are believed to include issuing equity in these listed companies to service their debt or the sale of the group as a going concern

Profurn financial director Brian Rosenberg confirmed that the company and the liquidators had met yesterday with its suppliers to reassure them of its viability.

"The majority of our suppliers indicated their continued support," he said

Supreme Industrial Holdings' consolidated long-term debt to Supreme Holdings was R65,43m. This debt included SIH's R49,3m loan to its subsidiary Profurn, Rosenberg said.

Profurn yesterday lost 3c or 21,4% to 11c a share when 105 105 shares traded in four deals. Supreme Industrial Holdings reflected a seller at 60c, 100c off its last traded price of 160c.



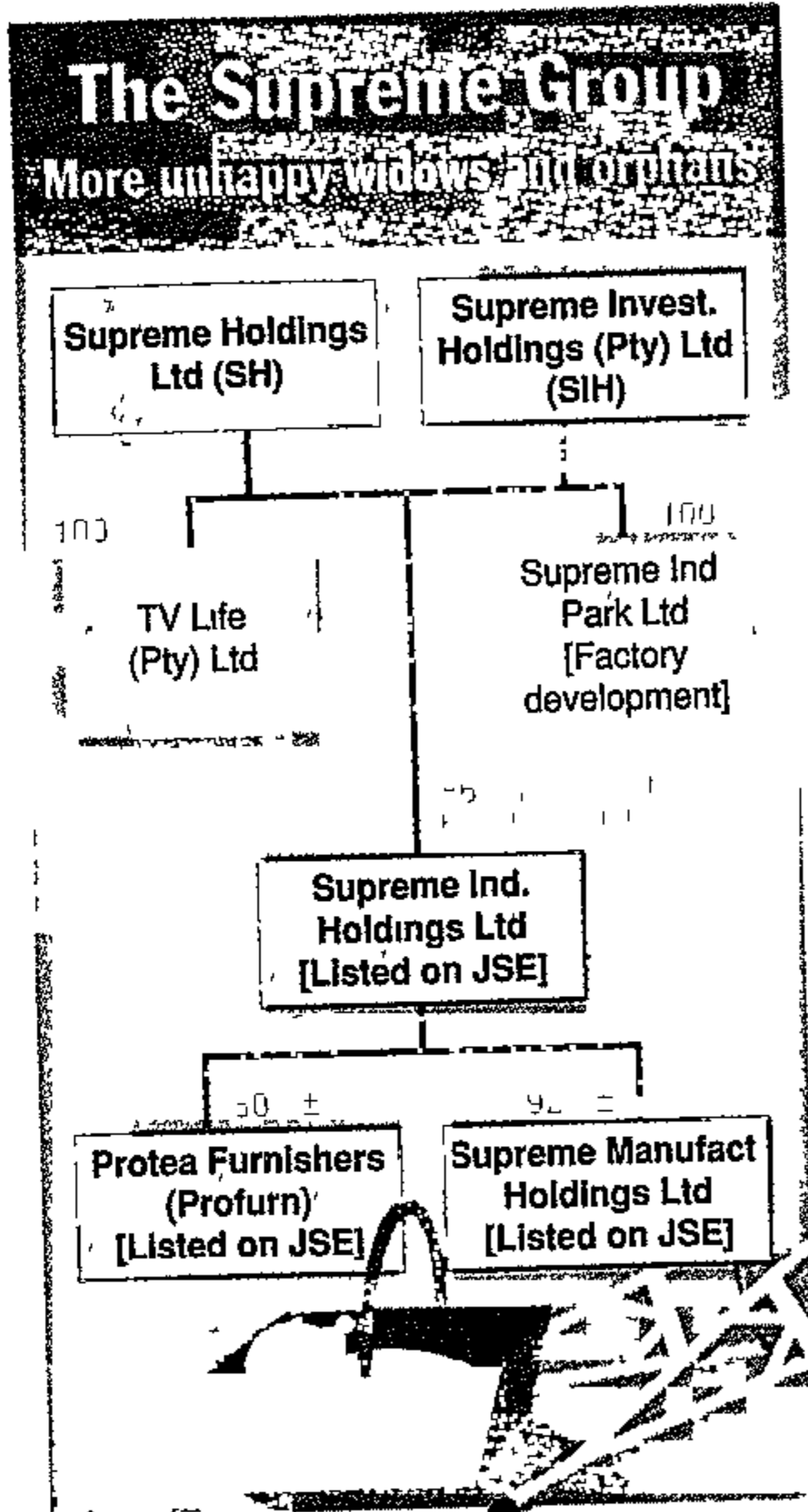
SUPREME 188

Big plans go wrong

Another raftload of floundering widows and orphans was pushed out to heaving seas this week — this time by debenture issuer Supreme. This group, following prime SA examples such as Masterbond, is said by its provisional liquidators to have about 6 000 debenture holders who are collectively owed about R270m.

Supreme's prestigious offices in downtown Johannesburg include an elegant reception area in which hangs a scroll encouraging readers to *Make big plans, Deep into the future, Aim high in hope and work*. Investors will be forgiven for making unfavourable comparisons with Supreme's senior managers and directors.

Debentures were issued by Supreme Holdings, a public unlisted company, and



Supreme Investment Holdings, a proprietary company, to raise finance needed to fund operations of Supreme subsidiaries. These were, principally, Supreme Industrial Holdings, Protea Furnishers (Profurn) and Supreme Manufacturing Holdings, all listed on the JSE.

Debentures were issued normally for a year, bearing interest at 16,25%. Provision was made for the debentures either to be redeemed at face value on the anniversary date or to be rolled over at the choice of the investor. The debentures were secured by notarial bonds and cessions of book debt, says chairman and MD Edward Ronbeck.

"We came under enormous pressure to find the cash resources necessary to meet maturing debentures and, at the same time, to continue funding on-going operations," says Ronbeck. "Over the past year, we reduced outstanding debenture debt by R60m, from R330m, largely by selling assets and small subsidiaries."

After the Masterbond debacle, Ronbeck says he met senior Reserve Bank officials in February this year. He did not hear from them again. Ronbeck confirms he received one call from a police officer who made an appointment that was never kept.

Asked why he had been obliged to apply for provisional liquidation, Ronbeck said the main reason was the unfavourable publicity given to debentures after Masterbond. "Another contributing factor was the unfavourable publicity given to Supreme following comments relating to Professor Louise Tager's Business Practices Committee investigation."

At their first press conference, the joint provisional liquidators said their main concern was to ensure continued operation of the subsidiaries. They had been assured by the respective managements that these were successful and profitable. To do this, the liquidators seek the continuing support of trade and banking creditors.

A senior investigating accountant has been appointed to conduct an urgent investigation of the subsidiaries, to determine NAVs and likely profitability. Provisional liquidators' spokesman Barry Nel said options would be examined quickly.

These would include selling the group, provided fair and reasonable offers were received, or continuing operations with debentures being converted into equity with the approval of debenture holders. No decisions could be taken until the investigating accountant's report was completed. Nel declined to speculate on timing.

Every such incident is accompanied by its share of human tragedy. Widow Lynette Rogers (61), a Durban resident, says she invested her nest egg, R39 000, in Supreme debentures. "It generated a little over R600 a month for me. That's my monthly rental. Without that income, I face disaster. When I asked my investment adviser, who put me into Supreme in the first place, what I should do, he suggested I apply for a State pension."

individuals to pay greater personal attention to the underlying quality of the investments they undertake.

David Gleason

Rusfurn ball now in Jenkins' court

By Stephen Cranston

(188)

STAR 30/11/92.

The resignation of Laurie Korsten as chairman of Rusfurn was inevitable after his mentor Piet Liebenberg resigned from Absa.

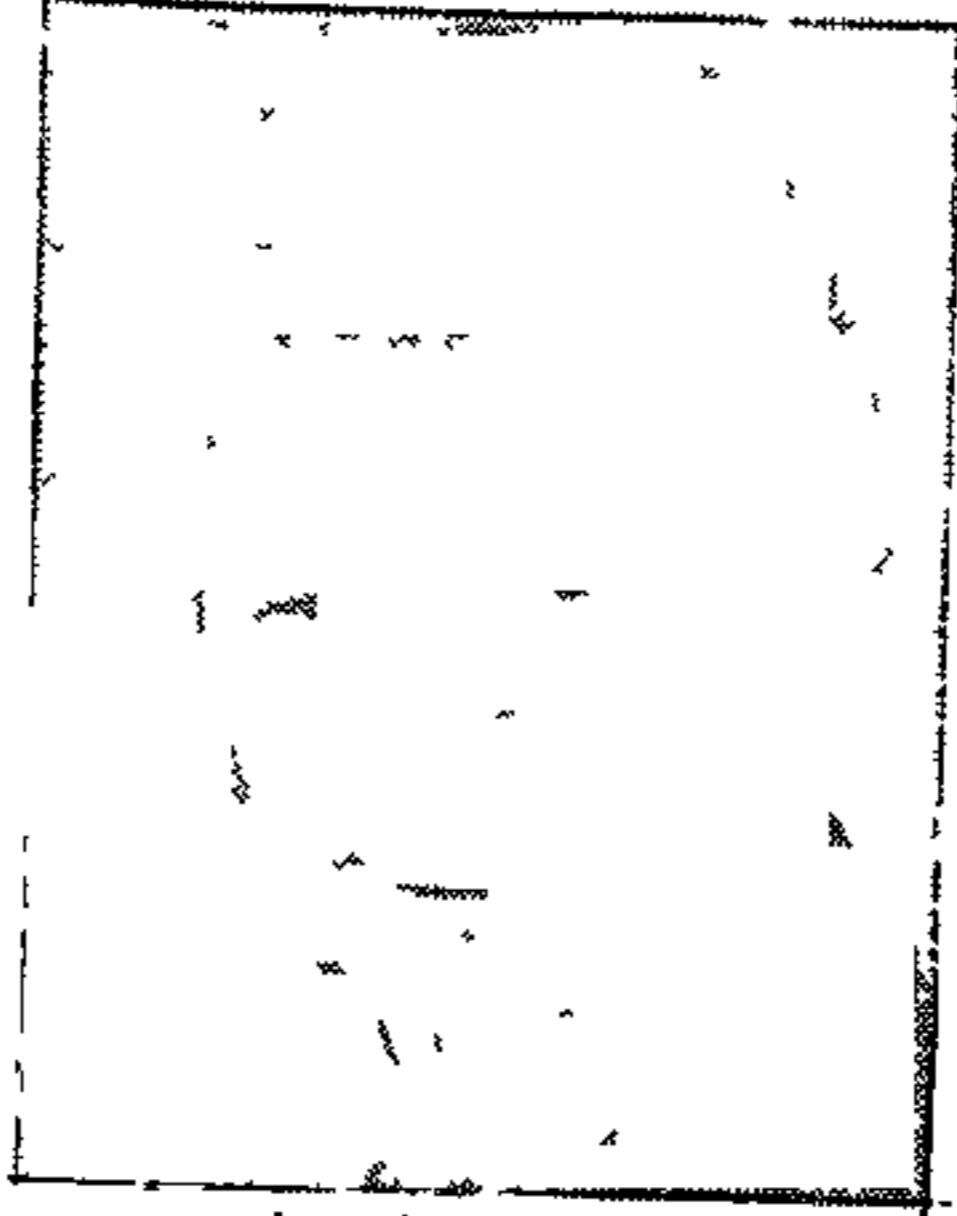
When Korsten took over the ailing furniture chain from Geoff Austin in July 1991 he made it clear that his close association with Liebenberg was one of his qualifications for the job.

Rusfurn was rescued by Senbank after the management team which had bought control from Tradegro accumulated considerable bad debt in the chase for turnover growth.

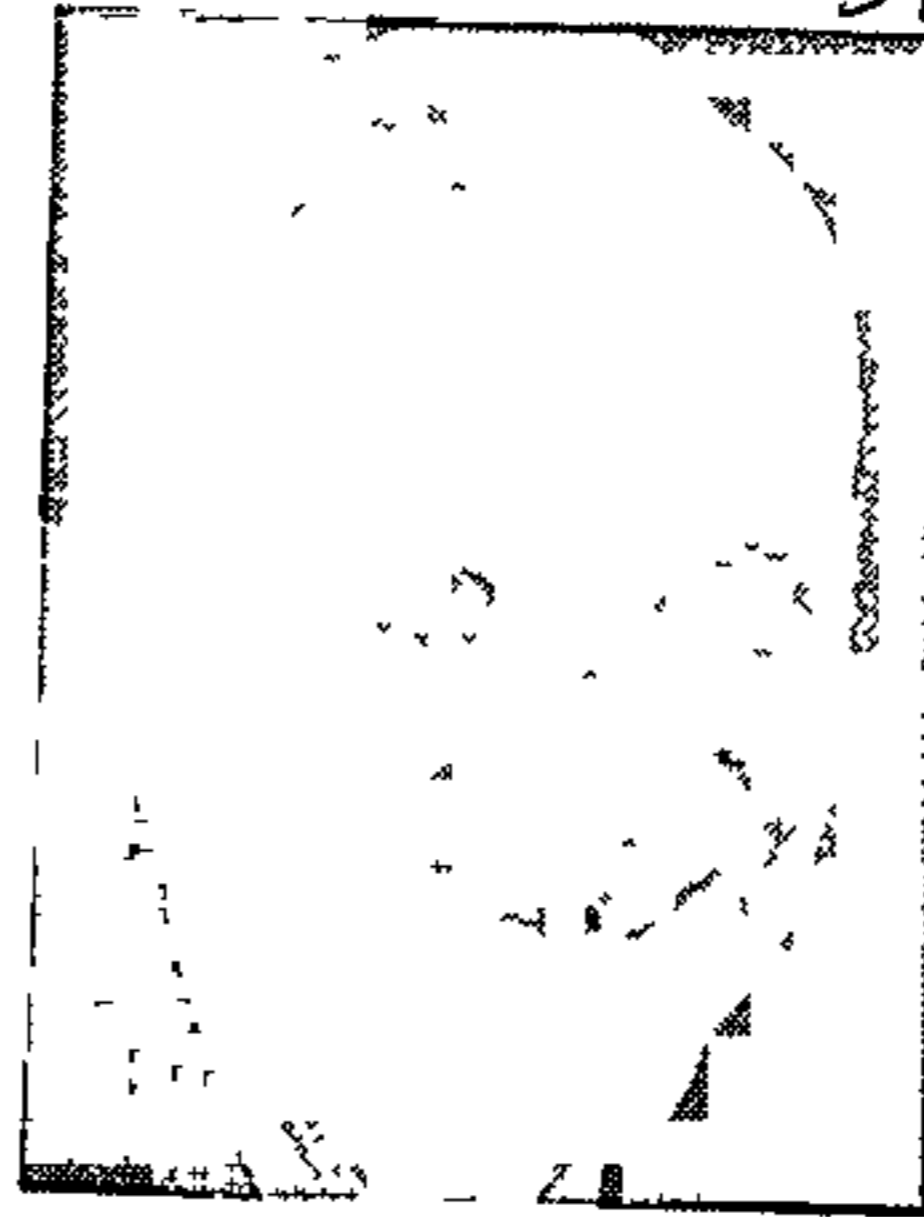
Korsten's brief was to keep Rusfurn intact and Senbank gave him ample latitude in time and financial aid.

The market was not given any hint of the rescue plan for four months, during which time staff morale and customer confidence plummeted.

Urgent attention was needed, but Korsten took his time. Senbank allowed him the breathing space which gave him R145 million in preference shares and later underwrote a R250 million



Laurie Korsten



Keith Jenkins

debenture issue

There was scepticism about an ex-merchant banker like Korsten running a furniture company.

He was able to make the previous management look bad by writing off R155 million in extra provisions in the results for the year to June 1991, Austin's last year.

In banking, after such write-offs, results can only improve, as Liebenberg showed at Trust Bank and Kevin de Villiers at

Allied.

But it is not so easy in retailing. Losses continued, with R38 million lost in the six months to December 31. In the full year R136 million was lost. He was forced to admit that dividend payments would not resume in the year to June 1993, as promised in the 1991 annual report.

These results might have been tolerable to Liebenberg, who had done enough writing off in the

past, but to Piet Badenhorst, who took over Bankorp, they were intolerable.

The no-nonsense Badenhorst understands the value of rands and cents and does not see results as figures presented in financial statements.

Absa negotiated with FSI, rescuer of the disastrous World Furnishers, which now forms part of the JD Group. And these negotiations took place without Korsten's knowledge.

It remains to be seen if Keith Jenkins can do a better job than Korsten. His KNJ group was a disappointing performer on the stock exchange and was recently taken over by Sukhulu Holdings.

He has no experience of furniture retailing, although he has been involved in car distributorships, which have some similarities.

The best hope is that Jenkins will be an interim chief executive. He has had experience of restructuring groups and selling unprofitable divisions, but ultimately, Rusfurn must revert to specialist management.

Bank Investment Corporation's own decision to issue R290-million in debentures two years ago when changes

"Ultimately, the market will determine what level is acceptable to both borrower and lender with respect to the

porate bond market. The launch of SAB's "vanilla bond" has paved the way for future issues in flavours to suit all tastes.

GRANT ANDREWS LOOKS UP AGAIN

"TURNOVER is vanity, profit is sanity" is the philosophy now adhered to by Grant Andrews, executive chairman of the office furniture company that bears his name

His business, established 15 years ago, grew from rags to riches, back to rags, and is now slowly recovering after undergoing traumatic cut-backs this year

"When we listed on the JSE in 1987 we succumbed to the temptation to grow too quickly and away from our core business," reflects Mr Andrews.

"We had a big board, cash in the bank and, unfortunately, it was burning a hole in our pocket.

"What we should have done was retool our factory and improve core operations or left it in the bank instead of spending all of it and more on 16 other businesses."

GA Holdings was delisted earlier this year after a rescue package offered by the Fedlife Capital Fund required that Mr Andrews himself regained control of the company — it encourages accountability

Minorities were offered 25c — attractive under the circumstances. It was tough and go whether the business



Grant Andrews succumbed to temptation

By JULIE WALKER

would survive Several competitors have gone under in this lengthy recession.

The revamped management team at Grant Andrews has closed or sold all the businesses it got into over the past few years.

"We were into everything, from retailing to school furniture. When we took back control of the company we

had been acting as lawyers, merchant bankers and accountants instead of focusing on the business of selling quality office furniture."

Grant Andrews has been downsized from the R70-million turnover yet R5-million loss position of a year ago. In the last nine months, sales of R20-million have made small but growing profits

Winning the 800 work-station contract for Anglo American's head office was a

plus for the group, which concentrates on the upper end of the corporate market.

Other orders have come from Rio Tinto, extensions to Absa's head office, Deloitte Touche, Bank City, Lost City, Genbel, the Financial Services Board, Guinness Breweries and Nova Nordisk.

"We are back doing what we know, talking to the customer and keeping our eyes on the business. The recession is not over; the improvement has been because we fixed the business"

His biggest regret has been having to retrench staff

"I'm a people person, a salesman. It was not easy for me.

"But it's all behind us now. Without the loyalty and support of our customers, suppliers and bankers, management and staff we could never have made it.

"We are a lean and committed team, and although we don't expect the economy to pick up next year we are in a much better position to face the future.

"We are targeting our contracts and have a success rate of better than eight in ten. Never again will we chase turnover for the sake of it."

JOB MARKET

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Furniture sales face 'gradual recovery'

THE furniture sector would experience a gradual recovery next year, analysts predicted this week

They said September furniture and appliance sales had given some encouragement and profits were expected to improve as consumer spending picked up next year. In addition, the sector would be coming off a low base as sales had been depressed during most of the year.

But analysts warned the recovery would be slow as interest rates were still relatively high and there were likely to be few jobs created in the next year.

Sales over the Christmas period were expected to be reasonable, and would be helped to some extent by a marginal lowering of interest rates and low inflation in furniture.

BIDM 17/12/92 (188)
MARCIA KLEIN

According to the Furniture Traders' Association, sales of furniture, appliances, TV and audio equipment had declined in real terms since April of the previous year. In the full 12 months to end-September, overall sales growth was only 4.1% in nominal terms, off an already low base established in the previous year.

In line with trends in retail sales, furniture sales could have reached their lowest point in August, analysts said. September sales had shown promise, and sales in the last quarter were traditionally buoyant.

In September, the furniture index was at one of its lowest levels in a decade relative to the financial and industrial index. Since October it had

outperformed the industrial index.

An analyst said furniture had been hit harder than the retail sector in terms of sales following a much longer period of tough trading conditions and extreme pressure on margins. But this meant that the sector could experience a more dramatic recovery than other sectors which were not as hard hit.

Results from the major furniture groups reflected the trading conditions under which they operated in past months. Ellerne's earnings dropped by 9% in the year to end-August while JD Group's earnings declined by 30% in the six months to end-June.

Amrel and Rusfurn both showed attributable losses.

Listed Supreme companies cut free

MARCIA KLEIN

JSE-listed Supreme Industrial Holdings, Supreme Manufacturing Holdings and Protea Furnishers (Profurn) have reached agreement with the joint provisional liquidators of their controlling companies to unlock them as subsidiaries

The three companies announced today that in terms of the scheme, they would be released from all guarantees and/or securities which they furnished to the two holding companies in liquidation and/or the trustee for the debenture holders

The two unlisted holding companies are Supreme Investment Holdings and Supreme Holdings

Profurn would capitalise the loan of R45m owing to its ultimate controlling company. The loan has been extended to June 1993

SI 10/11/21/12/92

The directors said that notwithstanding the provisional liquidation of the holding companies, the most recent management accounts showed that all three companies were solvent and continued to trade profitably. (188)

The move should ease market fears that the operating companies would not be able to continue trading

The liquidators said the interests of debenture holders and creditors would be best served by allowing the subsidiaries to continue trading

The two holding companies were liquidated last month with a combined debenture debt of R270m obtained from about 6 000 debenture holders

Decor to sell timber arm

~~199~~ JONO WATERS 188

RETAIL and wholesale group Decor Investments would dispose of its timber products division either on a piecemeal basis or comprehensively at prices which would keep capital losses to a minimum

In his statement for the year ended June 30, chairman Charles Graham said the group's efforts to reverse the downward trend in the timber division had "been in vain" The group reported a R3,86m loss for the period *BIDAM*

Decor would scale down operations in the division to a break-even level, he said The financial position of the wall-covering division remained strong *21/12/92*

Parties had expressed interest in the timber division plant, its products and foreign custom base

He said it was essential to maintain adequate liquidity levels during the scaling down of operations

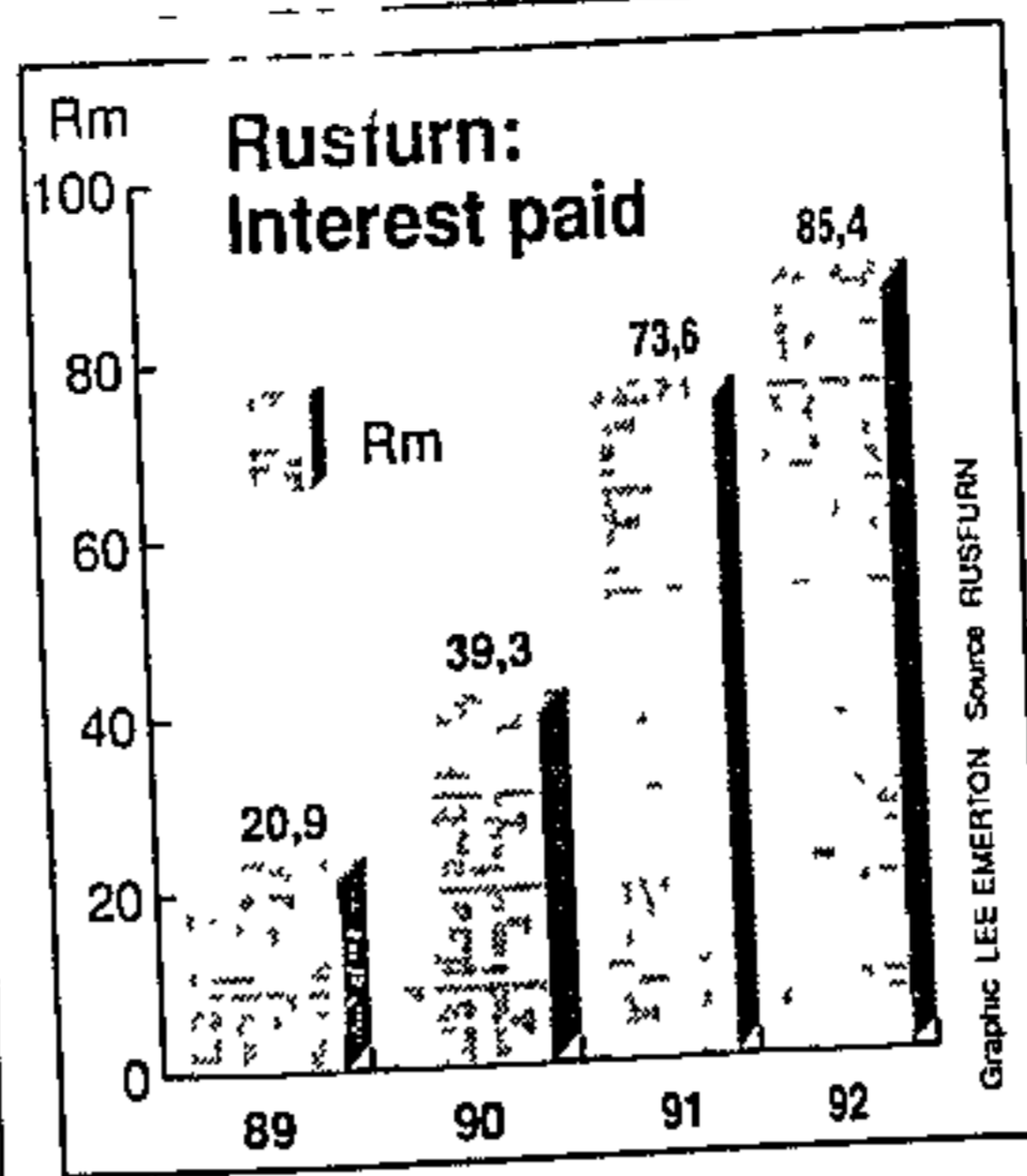
Losses ahead for Rusfurn

STAR
Finance Staff . 23/12/97

Rusfurn's high gearing level, as a result of the rationalisation programme, would offset profit growth at operating levels and lead to a further loss in attributable earnings in financial '92/3

Rusfurn chairman Dame Cronje also says in the group's latest annual report that, while losses for the year to end-June '92 totalled R136 million, he was encouraged by the performances of both Russels and Dion, which account for about 70 percent of turnover

Wanda-Frasers, however, would continue to show losses even before interest payments fell due (188)



Strict steps shake up rocky Rusfurn

MARCIA KLEIN

188

LARGE-scale remedial action should enable the troubled Rusfurn group to show operating profit before interest in financial 1993, newly elected chairman Danie Cronje said in the annual report.

But he cautioned that the 419-store furniture group's high gearing would result in an attributable loss for the year ahead.

Russells and Dion, which accounted for about 70% of turnover, were running on schedule to meet their profit budgets.

Cape stores were making progress and would show a profit before interest, while Wanda-Frasers would reflect a loss before interest on the back of reorganisation costs. Wanda-Frasers was expected to make a positive contribution in financial 1994.

Cronje said 1992 was a "grim" year, the worst since Rusfurn listed in 1987. The R135,9m loss, which followed a loss of R79,2m in the previous year, was not surprising given remedial action taken during the year and the slowdown in economic activity.

Since July 1991, Rusfurn had launched a comprehensive recovery strategy to restore it to profitability.

As part of its strategy to secure adequate funding and bank support, the group

To Page 2

Rusfurn R100m. 23/12/92 188 From Page 1

held a R250m rights issue. At the end of November Rusfurn was using R394m or 57% of its bankers' facilities. Only R100m of the facilities was expected to be used in the coming year.

Rusfurn had implemented conservative accounting policies, resulting in a R201m reduction in ordinary shareholders' interest. It had tightened credit control and risk management, and debtors' provisions were increased to 38,7% from 30%.

The group was restructured into three divisions, the middle-upper and the middle-lower furniture divisions and the mass merchandising division. Savings from this rationalisation were expected in the com-

ing year.

Cronje said the "unfortunate acquisition" of Furniture Fair in 1989 had cost the group R230m. The Furniture Fair and Arrow chains had been closed.

Wanda-Frasers was being rationalised and the middle-lower furniture operations in the Cape were consolidated into one business, Capefurn.

Staff numbers had been reduced by 23% across the board and this had resulted in substantial savings, Cronje said.

Since year-end, Laurie Korsten resigned as chairman and CE, and was replaced by Cronje as chairman and Keith Jenkins as CE. The board was also reconstituted.

Office furniture market tight

MARCIA KLEIN

188

CONDITIONS in the office furniture industry remain under extreme pressure, but major players believe large-scale restructuring would enable them to see the recession through

They said the industry was still reeling from overcapacity and price cutting, and many factories were working short time

The result was a leaner, more focused industry that was starting to return to profitability

Grant Andrews Office Furniture CE Grant Andrews said his company had restructured and refocused on its original strategy "of serving the top end of the office furniture market"

Since de-listing from the JSE earlier this year, after reporting a R2,8m operating loss for the year to end-August 1991, divisions had been closed and some businesses sold to management Andrews said the company had steadily improved and had been making money since June Grant Andrews had secured over R20m in contracts in the past nine months

Anglo Dutch, MD Victor Fish said there

was still overtrading, with all the players chasing the same contracts With the merger of Anglo Dutch and Offex, Anglo Dutch had undergone rationalisation with four divisions now supplying the contracts market, the corporate market, major projects and the designer market

The branch network was being maintained and together with the product selection the group was well placed for future growth Although the market would be tough over the next year, Fish said Anglo Dutch was in a good position

Matheson & Ashley (Math Ash), the only listed office furniture group, reported a loss of 6,5c a share in the year to end-June. But the results did reflect a dramatic turnaround in the second six months

Math Ash recently announced that Kallenbach Hendler, jointly owned by Math Ash and SA Breweries, had concluded a joint venture agreement with German seating manufacturer Interstuhl

28/12/92
BIPM

Rocky Romano foresees end of slide

EDWARD WEST

ROMANO Furniture moved deeper into the red in the year to end-June 1992, but a turnaround was forecast within the next 18 months, with diversification

Romano manufactures tubular chrome, brass and epoxy coated furniture and lamps and light fittings for domestic use

Turnover was down to R8,7m from R10,6m in 1991. Operating losses more than doubled to R1,47m from R530 000.

The attributable loss was R2,2m which, with the accumulated loss of R1,9m at the beginning of the financial year, brought 1992's accumulated loss to R4,1m. The loss a share amounted to 15,9c (1991 7,1c). The dividend was passed.

Directors said traditional markets could no longer support fixed costs. They believed it unwise to reduce the size of Romano's operations and sought to enter new markets in which the group had strategic advantages.

A substantial government tender had been secured which was resulting in higher turnover levels and the group had also entered the contract furniture market.

186
29/12/92
1000

MANUFACTURING - FURNITURE
1993

Growing sales buoy depressed furniture traders

ET 21/1/93 By MAGGIE ROWLEY

(188)

PRELIMINARY figures indicate that sales by furniture traders showed real growth in December increasing by about 12,59% year on year, executive director of the Furniture Traders Association, Frans Jordaan said yesterday

He said flash reports from 11 of the 13 largest traders indicated sales of all commodities should top about R1,3bn for December against R1,1bn the previous year.

This comes on top of improved sales in the industry since September, he said, which "hopefully indicates the economy has now turned."

However, he said, the major increase had come from hire purchase rather than cash sales

"And most of the improvement has been in sales to black consumers," said Jordaan

During 1992, about 5 000 jobs were lost in the industry, with about 25% of these being in the Western Cape which was hardest hit

Jobs reinstated

"If this improved trend in volumes is not just a seasonal fluctuation but indicative that the economy has turned — which we will really only be able to tell in mid-April — then hopefully most if not all of these jobs will be reinstated. However, we are reasonably optimistic of prospects for 1993"

After falling year on year by a negative 4,2% in August, sales showed a 8,5% year on year improvement in September before shooting up 17,2% year on year in October — no doubt boosted by distortions of the introduction of VAT in October 1991, he said

The improved sales trend continued in November when sales showed a 13,7% year on year growth

While an increase in taxation was now considered inevitable in the March Budget, this would be offset by further interest rate cuts, he said

Official figures for December would be released within a month

Dr Winston Smith of the Federation of Furniture Manufacturers said volumes for the three months to end November showed a real growth of about 6% but this increase was off a low base

"The first six months of last year were disastrous and overall I think the industry will show a real growth of between 1% or 2%"

Thousands lose fortune in the Supreme debacle

By Derek Tommey

(188)

The Supreme group has lost about R250 million of the R334,1 million it possessed, most of which was raised from the public following preference share and debenture issues.

This was announced by the liquidators of the Supreme group in Johannesburg last night.

Total funds still available are put at around R83 million.

Altogether, Supreme has an estimated deficit of R195,9 million.

The 7 000 investors who put R275 million into Supreme Holdings debentures can at best receive 30c in the rand.

Those investors who took up R40 million in Supreme Holdings preference shares will get nothing back.

Debenture-holders can probably expect a first distribution in July or August, said Brian Cooper of Cooper's Trust.

But this would depend on debenture-holders agreeing to a R44,2 million loan by Supreme to Protea Furniture being capitalised.

The liquidators said the prima facie reason for the failure of Supreme was the use of short-term funds to finance long-term investments, many of a speculative nature.

But they also believed there might have been other contributory factors, including major losses on investments and loans

Invested

A total of R61,4 million was invested in listed companies out of total funds raised of R315,3 million.

The remaining R250 million was invested or lent to a number of other companies.

The reason for the investments was difficult to determine, said investigating accountant Peter Goldhawk of Coopers, Theron and du Toit.

One company, TV Life, was lent R84,9 million, its only asset

being its debtors' book. Another R32,7 million was lent to a number of small companies.

Some R15,7 million went to Supreme Industrial Park, R43,9 million to property and finance companies, R9,9 million to SA Castor and R10 million to Liquitronics.

For this reason the liquidators believe it essential to hold a Section 417 inquiry into the affairs of Supreme Holdings and Supreme Investment Holdings' activities in the interest of investors.

The inquiry would be held in April and the findings reported to creditors.

The R82,8 million the liquidators should have for payment to debenture-holders is made up of loans to and shares in Protea Holdings, Supreme Industrial Holdings (SIH), and Supreme Manufacturing Holdings, which are regarded as viable businesses.

SIH owes Supreme Holdings R17,2 million and it is proposed that this should be settled by

transferring to Supreme Holdings its controlling shareholding in Supreme Manufacturing Holdings, which is valued at between R15 million and R20 million.

Protea now owes Supreme Holdings R45,4 million.

It is proposed to capitalise this loan by issuing shares at a price to be determined.

This will ensure the continued viability of Protea.

Choice

Debenture-holders will have the choice of taking cash or shares in Protea.

The proposals will have to be approved by the courts and also by debenture-holders.

Meetings of debenture-holders will be called in Johannesburg, Cape Town and Durban towards the end of February to allow them to vote on the proposals.

Supreme Holdings also holds 80 percent of Protea's issued shares.

STAFF 28/1/93.

Confidence in Ellerine boosts furniture index

3/2/93
SHAREHOLDER confidence in Ellerine and improved furniture retail sales have seen the furniture index rise more than 50% since September.

At that time, the furniture index was at one of its lowest levels in a decade relative to the industrial index. But since October, the index has significantly outperformed the industrial index.

The furniture index passed 520 in 1991 and went as low as 240 in August 1992. Yesterday it closed at 364. The recent climb was partly attributable to a recovery in furniture sales in the last quarter of 1992. In the 12 months to end-September, sales growth was 4.1% in nominal terms.

A source said furniture sales picked up in September, but were only 9% higher than the previous year's in nominal terms. Sales grew 13% on average during the last quarter compared with the previous year.

Although trading in the industry had improved since August, analysts attributed the move in the index largely to Ellerine. Its shares, at a R45 low in September, closed 62% up at R73 yesterday.

Analysts said Ellerine had been increasing market share through its store expansion programme. Its results to end-August reflected a much better second half. The group reported only a 9% decrease in earn-

ings for the full year, although its interim earnings were down 32%. Management expected improved results in financial 1993.

JD Group, another major index constituent, closed yesterday at 375c, near its 400c high of June last year. The share traded at a 290c low in October.

JD Group will soon report for the year to end-December. While its earnings dropped 30% in the six months to end-June, analysts said they expected it to have had a significantly better second half.

Manufacturer Afcol, which produced better-than-expected interim results, closed at 875c, off a 900c high and an October low of 480c.

Amrel, which recently reported a loss, has not moved in line with the other major index constituents. It closed yesterday at 475c, not far off its November low of 425c. It was at 900c a year ago.

Analysts said the furniture index had recovered more quickly than the retail index as it had been hit harder during the recession. However, some said there was no good reason for the furniture index to have moved at such a rate. Unemployment remained at high levels, and demand for furniture remained subdued.

MARCIA KLEIN

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Bldg 3/2/93.
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MARCIA KLEIN

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ROMANO FURNITURE (188)

Back from the brink

Activities: Makes tubular brass, chrome and epoxy coated furniture as well as domestic light fittings

Control: Directors 73,8%

Chairman: P J Marais; MD A de Chaud

Capital structure: 13,9m ords Market capitalisation. R834 000

Share market: Price 6c 12-month high, 6c, low, 6c Trading volume last quarter, 11 000 shares.

Year to Jun 30	'89	'90	'91	'92
ST debt (Rm)	2,7	1,7	2,1	3,1
LT debt (Rm)	—	0,1	—	—
Debt equity ratio	0,8	0,8	1,7	n/a
Shareholders' interest	0,4	0,4	0,2	n/a
Turnover (Rm)	10,5	11,6	10,6	8,7
Pre-int profit (Rm)	(0,2)	(0,3)	(0,6)	(1,6)
Pre-int margin (%)	—	—	—	—
Earnings (c)	(2,1)	(6,0)	(7,1)	(15,9)
Dividends (c)	—	—	—	—
Net worth (c)	23	16	9	n/a

Sliding turnover has taken its toll on operating margins, profitability, liquidity and the asset base of this furniture company, listed in 1987. The annual report shows that at the June year-end, Romano was technically insolvent after an attributable loss of R2,2m for the year. With the accumulated loss of R1,9m at the beginning of the 1992 year, this brought the year-end loss to R4,1m, leaving shareholders' equity a negative R952 000.

Newly appointed MD Alfonso de Chaud points out that since year-end the company has raised R1m through a rights issue. This puts the debt equity ratio at 2,9, which is still too high for a company with no profits.

Romano's traditional niche market, the lower-end of the domestic furniture market, has shrunk significantly, forcing the company to shift its emphasis to more stable markets through diversification. Apart from the domestic furniture and lighting sectors, it is now active in the restaurant and school furniture markets.

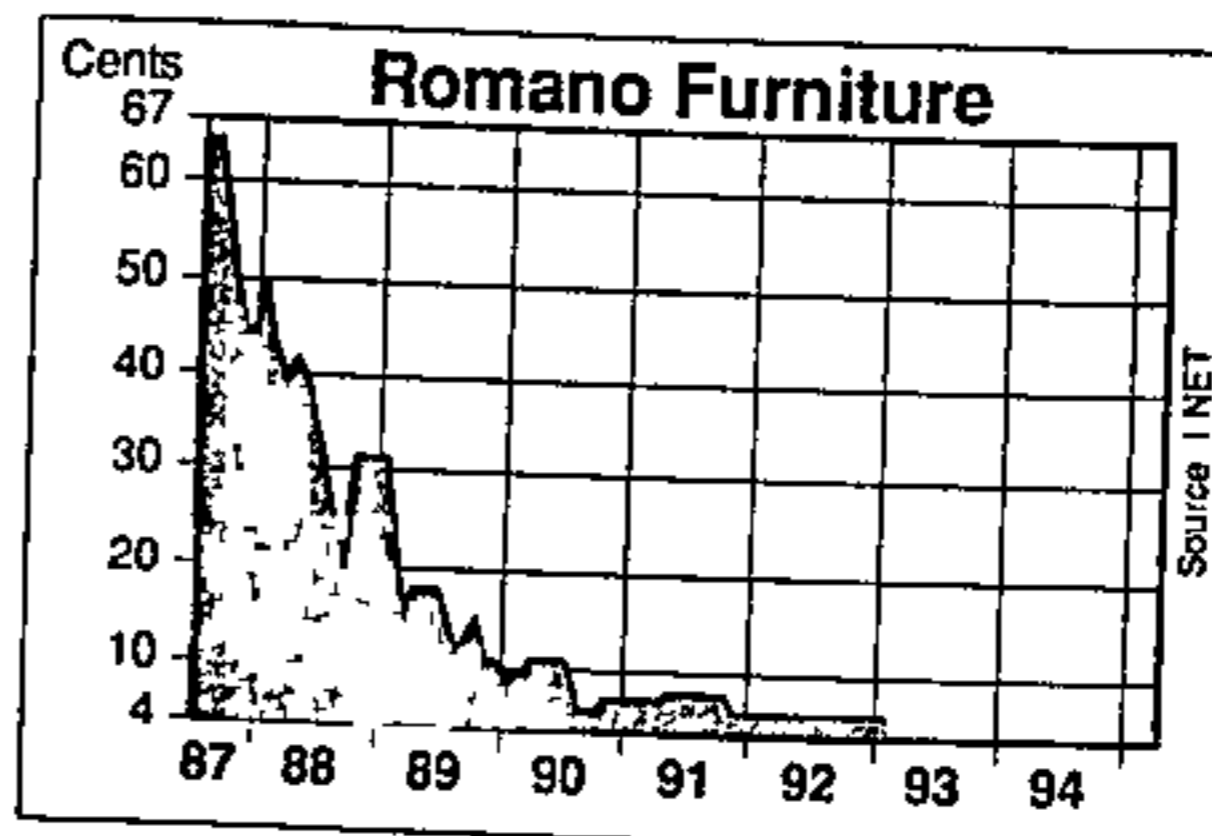
"We are now in two exciting markets, education and housing, both of which have strategic advantages," says De Chaud. "The securing of a two-year contract to supply furniture to schools will enable us to produce



Romano's De Chaud

a return to profits

Fm 5/2/93 (188)
high volumes of a narrow range of products. The housing market and the electrification of areas has great potential as an outlet for furniture and lighting products."



De Chaud contends the company is being transformed from a small, family-owned business to a larger, professional operation. From a production and administrative standpoint, he adds, it is more effective and is well positioned to take advantage of an upturn in the furniture market. With focus now on more stable markets, management is confident there will be a return to profits by the end of calendar 1993.

The share has languished around 6c since mid-1990. Evidence of an improvement in profitability is needed before it could be considered a buy.

Marylou Greig

DINETTE INDUSTRIES

Not much luck

Beginners' luck eluded JSE newcomer Dinette, which, being a new business, was listed on the JSE's Venture Capital Market in 1991. It lost about 52,2c a share for the year to end-June.

Three months after listing, a statement was issued advising shareholders that due to "unexpected trading conditions" the directors expect the results ending June 30 to reflect a loss in excess of that forecast in the prospectus. The excess turned out to be large, as the loss was originally forecast at 1c a share.

One of Dinette's major customers was apparently involved in labour disputes and consequently froze deliveries of existing and new orders. In addition, start-up costs of the company had to be taken into account and a R600 000 over-expenditure on fixed assets did not help matters.

Chairman Les Mankowitz says order lev-

Activities: Makes and distributes steel and other furniture

Control: Directors 36%

Chairman: L Mankowitz, MD J J van Niekerk

Capital structure: 3m ords Market capitalisation R1,5m

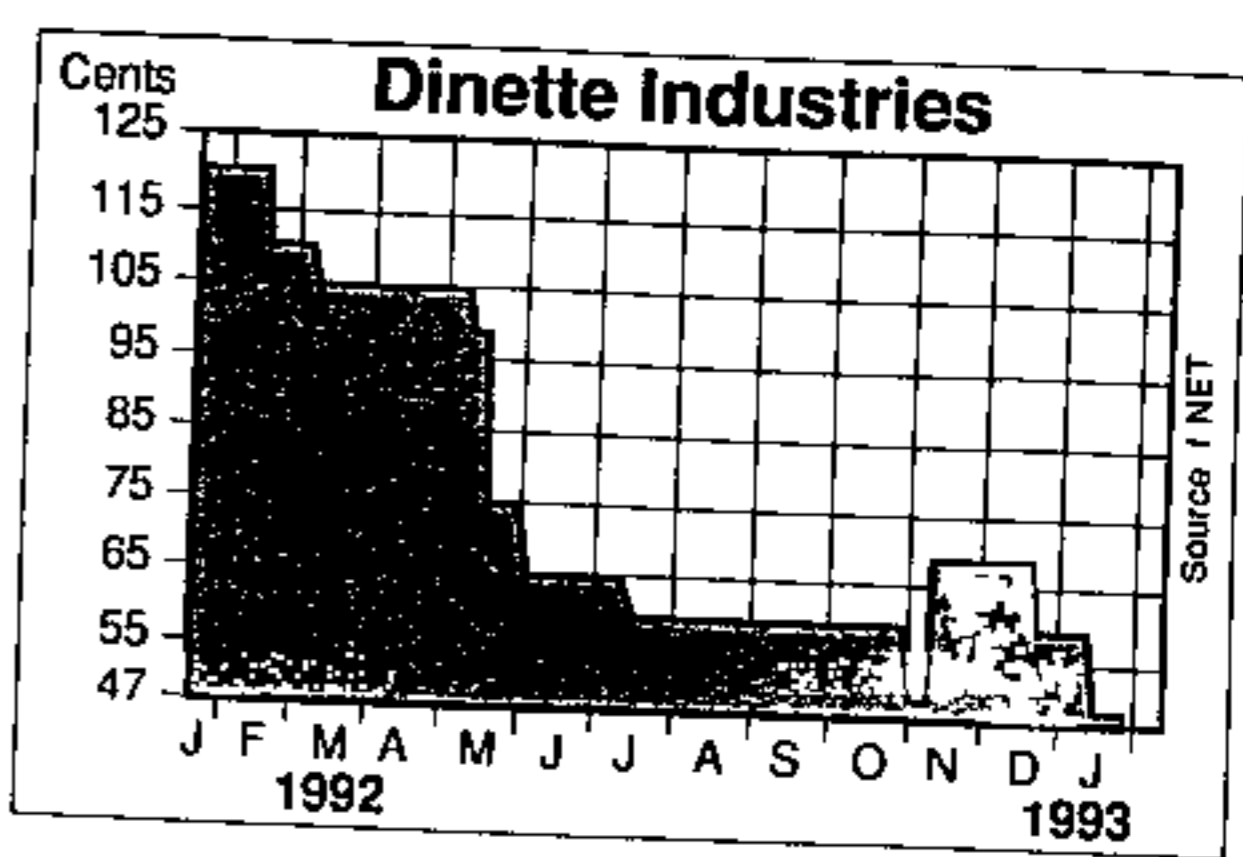
Share market: Price 50c 12-month high, 130c, low, 50c Trading volume last quarter, nil shares

Year to June 30	†'92	‡'92
ST debt (Rm)	2.0	2.8
Debt equity ratio	0.72	2.19
Shareholders interest	0.38	0.19
Int & leasing cover	0.93	—
Return on capital (%)	4.7	—
Turnover (Rm)	17.6	10.3
Pre-int profit (Rm)	0.4	(1.3)
Pre-int margin (%)	2.0	—
Earnings (c)	(1.2)	(52.2)
Net worth (c)	95	43

† Projected figures at June 30 as in prospectus

‡ Trading period 15 June 1991 to 30 June 1992

els are now satisfactory. Production and sales for July and August showed a healthy increase, resulting in improved profitability. And, as the second half of the year is tradi-



tionally the peak trading period, Mankowitz says shareholders can look forward to an improved profit picture, subject, of course, to the political situation.

The share started the year at 130c, or 25c up on the listing price, and then weakened steadily after poor interim results were published last February. It recovered slightly during November, but is again standing at the 50c low. A profit recovery should result in price appreciation, but this is a counter (and a sector) strictly for punters.

Kate Rushton

SUPREME GROUP ¹⁸⁸ ~~232~~

Sombre reading ^{FM} 5/2/93.

True to their undertaking, the liquidators of debenture issuers Supreme Group have produced an interim report prepared with investigating accountant Peter Goldhawk. Unhappily, the commendable speed of its production cannot disguise the sombre reading it contains for 7 000 investors, many of them pensioners.

The nature and extent of the failure of the group, which now has an estimated total loss of R236m, has caused the liquidators to press for a Section 417 inquiry. The liquidators say they will institute "the necessary actions against any parties who may be liable" provided the evidence supports it.

Supreme managers raised R334m, most of which was contributed by debenture holders. They bought 83% or R276m of debentures. That is a considerable sum. But it is how it was applied that will interest creditors most. A total of R61,9m was devoted to investments, mainly in Supreme's listed companies, Supreme Industrial Holdings and, through it, in Protea Furnishers and Supreme Manufacturing Holdings.

That leaves R272m to be accounted for and the liquidators' interim report says about R250m was devoted to loans — R44m to Profurn, R44m to other property and finance companies, R85m to a company called TV Life. Fixed assets account for R925 000 and there are trading losses, most incurred in the last two years, of R21,7m.

In a separate schedule, the liquidators estimate R170 000 can be recovered by the sale of fixed assets, R17m from investments in subsidiaries and associates and about R65m from loans made. That adds up to about R82m, leaving a shortfall of liabilities over assets of R196m. This calculation ignores the R40m loss suffered by holders of preference shares. If included, the total loss suffered by investors other than ordinary shareholders escalates to R236m.

Based on early estimates of what may be recovered, it appears unlikely that debenture holders should expect to recover much more than 25c-30c in the rand. Nor should they hold out hopes of being paid even that amount soon. Indications are that it will not be until August that the first liquidation dividends may be paid. The matter will certainly drag on well into 1994.

Losses of this magnitude reach deep into the pockets of ordinary folk. They were encouraged to make use of the debentures, as they were in Masterbond, because they presumed these were safe investments which yielded attractively high interest rates — as much as 26%.

It's not surprising many of them are angry. One told the *FM* he is convinced the

FM 5/2/93 ¹⁸⁸ ~~232~~
failure of Supreme is part of a complex criminal conspiracy. Allegations of this kind frequently inspire nothing more than a healthy scepticism, on this occasion, there is sufficient to warrant a closer examination by Goldhawk. He says "I've found nothing which specifically proves theft or fraud, but I have a long way to go." He has called for evidence which might throw some light on these claims.

Debenture holders should note the difference between Supreme Holdings and Supreme Investment Holdings on one side and Supreme Manufacturing Holdings (SMH) and Protea Furnishers (Profurn) on the other. The latter two are listed on the JSE and, while they received investments and loans from the Supreme Group, their businesses were run independently.

These two companies are of great importance to debenture holders, since their ability to continue trading profitably will significantly affect the amount of final payments. The liquidators have attempted to ensure trading operations continue unimpeded by entering into agreements with various parties. These agreements are subject to approval by bondholders and the Supreme Court.

The matter of the Supreme Group's auditors has also been highlighted by the liquidators. The auditors were Geldenhuys & Maher. That firm resigned in May 1992, though the last audit they completed for Supreme was for the year to December 1990. "We were asked to do so," says partner Kevin Maher. "Supreme's directors indicated they wanted to rationalise the group's auditing arrangements."

Supreme then approached Kessel Feinstein, whose partner, Zel Rangecroft, told the *FM* his firm was asked to undertake audits for about 20 companies in the group. "Since we were already auditors to Protea Furnishers and had been long before Supreme became involved, this seemed a reasonable request," Rangecroft points out, however, that the arrangement was never consummated. "Our appointments were never formally lodged with the Registrar of Companies."

If the thought of a major borrower drifting about aimlessly for nearly nine months without an appointed auditor is enough to raise eyebrows, a casual attention to this column in the next few months will no doubt reveal more juicy details.

David Gleason

Palamin takes knock but shareholders get payout

BIDM 18/2/93

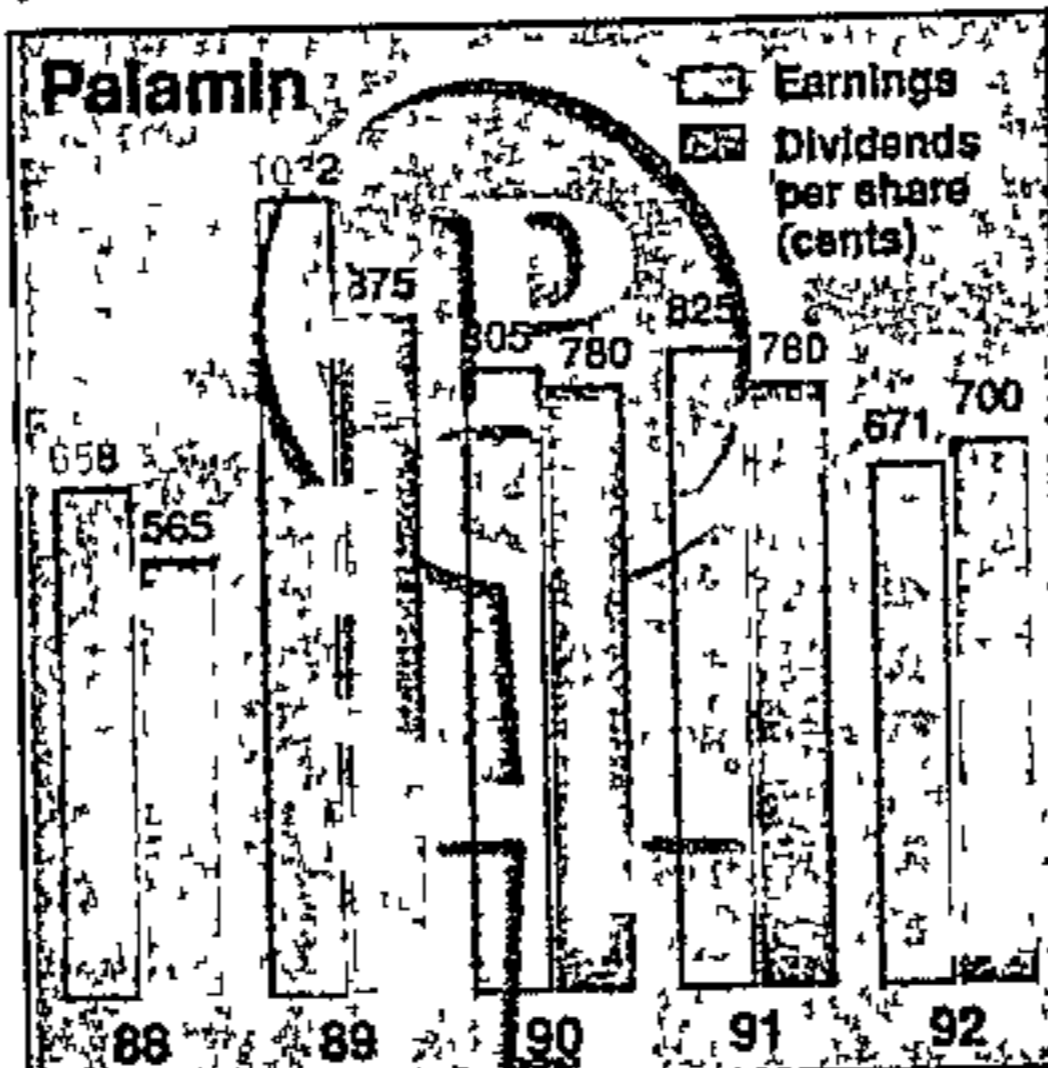
JONO WATERS

PALABORA Mining (Palamin), SA's largest copper producer and owned by Rio Tinto Zinc, reported a sharp drop in earnings a share in the year ended December 1992 as profit was knocked by flat rand copper prices, lower copper metal sales and rising costs.

Earnings before extraordinary items amounted to 671c (825c) a share

Palamin paid out all its earnings to shareholders — a final dividend of R3,10 a share was declared — bringing the total payout to R7,00, compared with R7,80 the previous year

The group normally pays out 90% of earnings to shareholders, but company secretary Keith Lendrum said yesterday that the company paid out "a 100% dividend instead of 95% as



planned as the difference was only R10m"

Palamin does not publish turnover figures in its year-end statement, but the company said operating profit fell to R374m (R452m)

MD Frank Fenwick was not available for comment, and the group

gave few details of the volumes of copper metal and concentrate sold

Pre-tax profit fell to R392m (R458m) and Palamin paid out R202m (R225m) in tax and lease considerations

After-tax profit dropped to R190m (R234m) and extraordinary items of R8,67m (R10,9m) pushed attributable income to R199m (R244m)

Lendrum said "better than expected" copper prices averaged R6 596/t (R6 537/t) on a 5% drop in metal sales to 108 000 tons. However, copper concentrate sales more than doubled

Output from Palamin's smelter was "below budget", Lendrum said, but declined to say whether this reflected lower recoveries from the plant

He added that the project to upgrade the ageing smelter was at "an advanced stage". Most of the work would be completed by mid-year

Profurn performs strongly despite liquidation setback

BIDM 18/2/93

MARCIA KLEIN

IN A difficult year to end-December which included the liquidation of ultimate holding companies Supreme Holdings and Supreme Investment Holdings, Protea Furnishers (Profurn) reported a 15,4% rise in attributable earnings to R6m (R5,2m)

Earnings a share were reduced to 6c (7,3c) on an increased number of shares in issue.

CE Alex Maraney said yesterday the results were achieved in a difficult trading environment, which included the severe effect of the liquidations

A 20,2% turnover rise to R158,2m reflected good trading in November and December and the inclusion of several new stores.

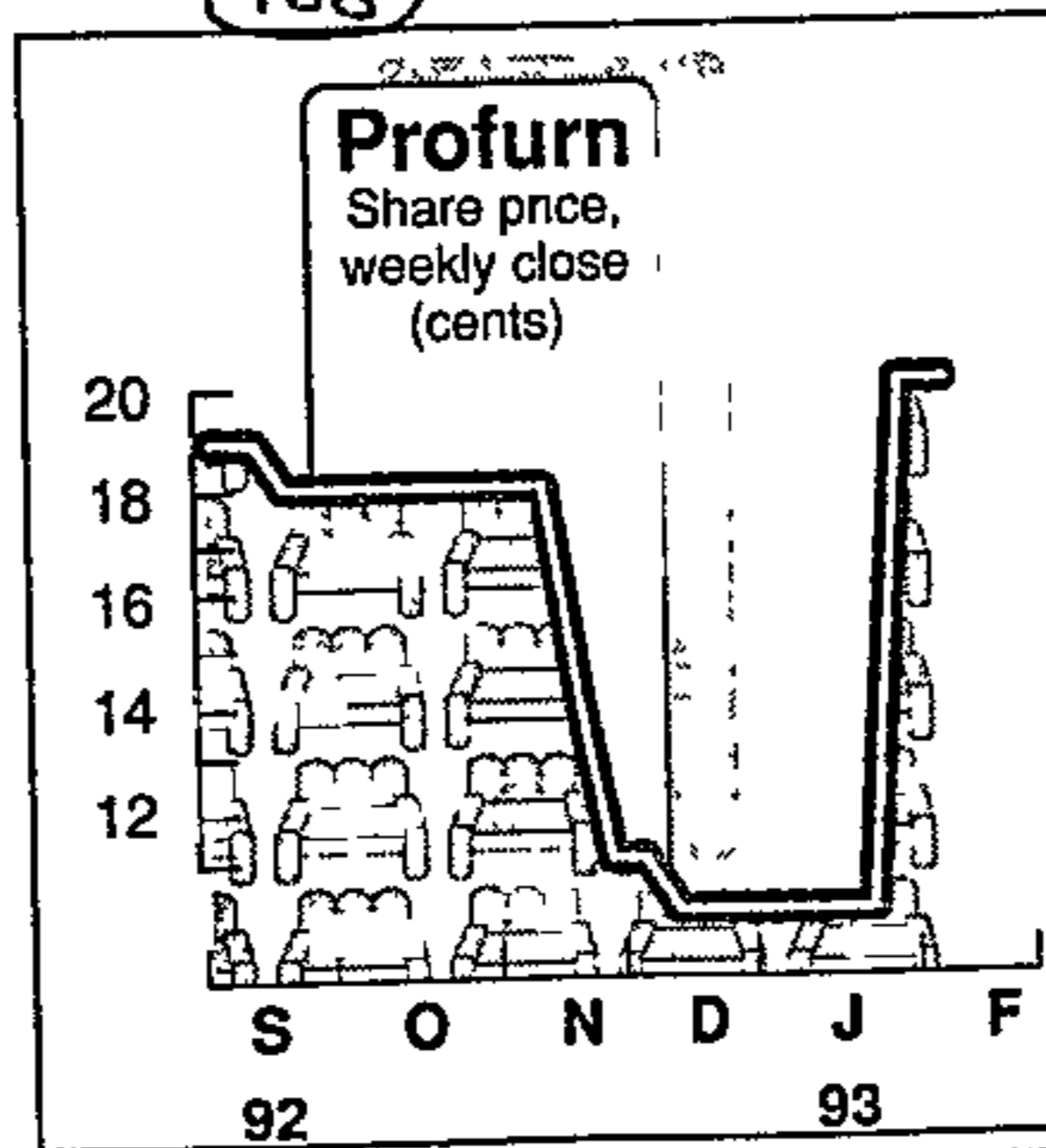
Operating profit was 13,8% higher at R26,3m with the pressure on margins reflecting difficulty in obtaining supplies

The interest bill rose 16,7% to R14,9m

Financial director Brian Rosenberg said agreement had been reached between the liquidators, the trustee for the holding companies' debenture holders, Profurn and other parties to capitalise R45,3m debt due to the liquidated holding companies. The agreement, awaiting approval of debenture holders, would see controlling companies receive 252-million shares at 18c each in settlement of the debt.

If the debt were to be capitalised, results and gearing would reap substantial benefits, he said.

Gearing would be reduced to below 15%



Graphic LEE EMERTON Source I NET

from 200%, and would be kept low as Profurn would not use borrowings to expand

Taxation was reduced by 2,9% to R4,7m, bringing profit after tax up 21,7% to R6,6m. But after an increase in profit attributable to outside shareholders, attributable profit was 15,4% up on the previous year

An R8,5m extraordinary item referred to provisions for losses from the closure of 11 stores

No dividend was declared

Maraney said results were now comparable with the major furniture groups. Debtors provisions amounted to 38,4% (25,4%) of the gross debtors book.

Bank scraps paper rule

BIDM 18/2/93
DUMA GOUBULE

THE Reserve Bank has bowed to pressure and scrapped a regulation which had been hampering the development of a significant commercial paper market in the country

It relaxed the requirement that companies wishing to borrow from each other by issuing commercial paper should have commercial bank endorsement for the transactions.

The Reserve Bank, however, restricted such transactions to companies with a net asset value of R100m. The minimum amount for the transactions is R1m

Standard Merchant Bank treasurer Chris Kenny said yesterday the Reserve Bank had cleared a major obstacle to the development of a commercial paper market in SA

He knew of only two corporate issues which had been floated last year

Some major corporates had not been prepared to seek bank endorsement, believing they were more creditworthy than some of the major banks involved

STAFF 18/2/93.
**Profurn to
capitalise
R45-m debt**

Finance Staff

KK

Protea Furnishers will capitalise R45 million debt which it owes to its former holding company, Supreme Holdings, which was recently liquidated.

Releasing its financial 1992 results, Profurn said controlling companies would receive 252 million shares at 18c each in settlement of the debt.

The deal still requires the approval of Supreme debenture holders.

In financial 1992 earnings per share were slightly lower at 6c (7,3c). The dividend has been passed.

Turnover was up 20 percent to R158,2 million and operating profits 13,8 percent to R26,3 million. But these improvements were offset by provisions for losses of R8,5 million from the closure of stores.

Court order on Skandia Furniture

By RONNIE MORRIS
Supreme Court Reporter

INDUSTRIAL action by 200 workers who were in danger of not being paid yesterday led to an urgent Supreme Court application for the liquidation of Skandia Furniture (Pty) Ltd because it is unable to pay its debts.

Mr Justice D G Scott granted the order on Thursday evening and ordered all persons concerned to show by March 22 why the company should not be wound up.

Skandia, of Claremont, manufactures furniture at Stock Road in Philippi.

In papers Mr Oloff Bergh, a regional general manager of Standard Bank, said Skandia owed it R4,2 million from January 25 for overdraft facilities and guarantees.

It had become "abundantly clear" Skandia was unable to pay its debts and the bank was compelled to dishonour its cheques — including salary cheques — more than 125 times this month alone. The bank had also refused to meet about 25 debit orders and it learnt four creditors had already taken judgment against Skandia Furniture.

The company's assets amounted to R15,1m while its liabilities amounted to R15,2m, Mr Bergh said. Skandia employed about 200 people and yesterday was due to pay wages of R65 000. Unpaid salaries of about R80 000 were also due.

He believed Skandia would be unable to pay its workers and he was extremely concerned that industrial action would place assets at risk, Mr Bergh said.

A provisional liquidator should be appointed as a matter of urgency so he could advise employees on their payment rights, he said.

● Late yesterday Mr Justice Scott granted an order authorising Mr Chris van Zyl, the provisional liquidator of Skandia Furniture, to borrow R100 000 to pay wages and to have the suspended telephone service reconnected.

Mr M J Fitzgerald, instructed by Mr Peter Whelan, of Findlay and Tat, appeared for Standard Bank.

Next year will be better . . .

S/Times (Buss) 2/21/93

AS THE year continues, investors may increasingly hear prognostications that industrial shares are fully priced.

If investor attention this year is diverted to mining shares, as has recently been the case with golds, industrial shares could slide silently sideways — which, given inflation, is effectively a derating. If some nasty jolt occurs on overseas markets, or locally, they could come down with a thud.

Given the present levels of the leading industrial shares which make up the Industrial Index, they seem to have decidedly modest upside potential unless prospects for South Africa change radically.

In 1991, the year after political reforms and the suspension of the ANC's armed struggle, the Industrial Index performed exceptionally well, rising 38%. By comparison, the Mining Producers Index rose 13% and the All Gold Index fell 6%.

Over 1992, the Industrial Index rose 4%, the Mining Producers Index fell 27% and the All Gold Index fell 28%.

It could be argued that 1993 will be a year of recovery for industrials because of expectations of a better year in 1994. Many economists are forecasting virtually zero economic growth in 1993, but at least moderate growth in 1994.

The first problem with this line of reasoning is its echo of *deja vu*. In what year recently was next year not going to be better?

Finance Minister Derek Keys referred to the next-year-will-be-better syndrome in his address to the Frankel Pollak Vunderine investment conference this week.

He said that expectations that more revenue would flow in the future because of higher economic growth had supported many decisions to increase government spending in the past.

That next year generally did not turn out to be better is confirmed by the dismal average real GDP

The second question about next year is whether investors can continue to rely on the warm updraught of inflation which repeatedly facilitated company profits in the past. For the first time since the early 70s, SA's consumer inflation is below 10%.

Dr Chris Stals, governor of the Reserve Bank, at the same conference, pointed out that while SA's current inflation might seem low it was still unacceptably high at two or three times that of SA's major trading partners.

Also at the same conference, Chief Minister Mangosuthu Buthelezi made the surprising, refreshing statement: "Price stability is probably a government's most important role."

The message is clear from a number of quarters *aluta continua* against inflation. Which means investors can no longer take for granted that it will drive up their shares as quickly as it did in the past.

Indeed, the downturn in inflation must be causing many managers of industry some headaches. After becoming accustomed to riding a rising balloon, it is difficult to immediately adjust to a descent.

The result is that little, if any, growth — even in nominal terms — can be expected in the aggregate

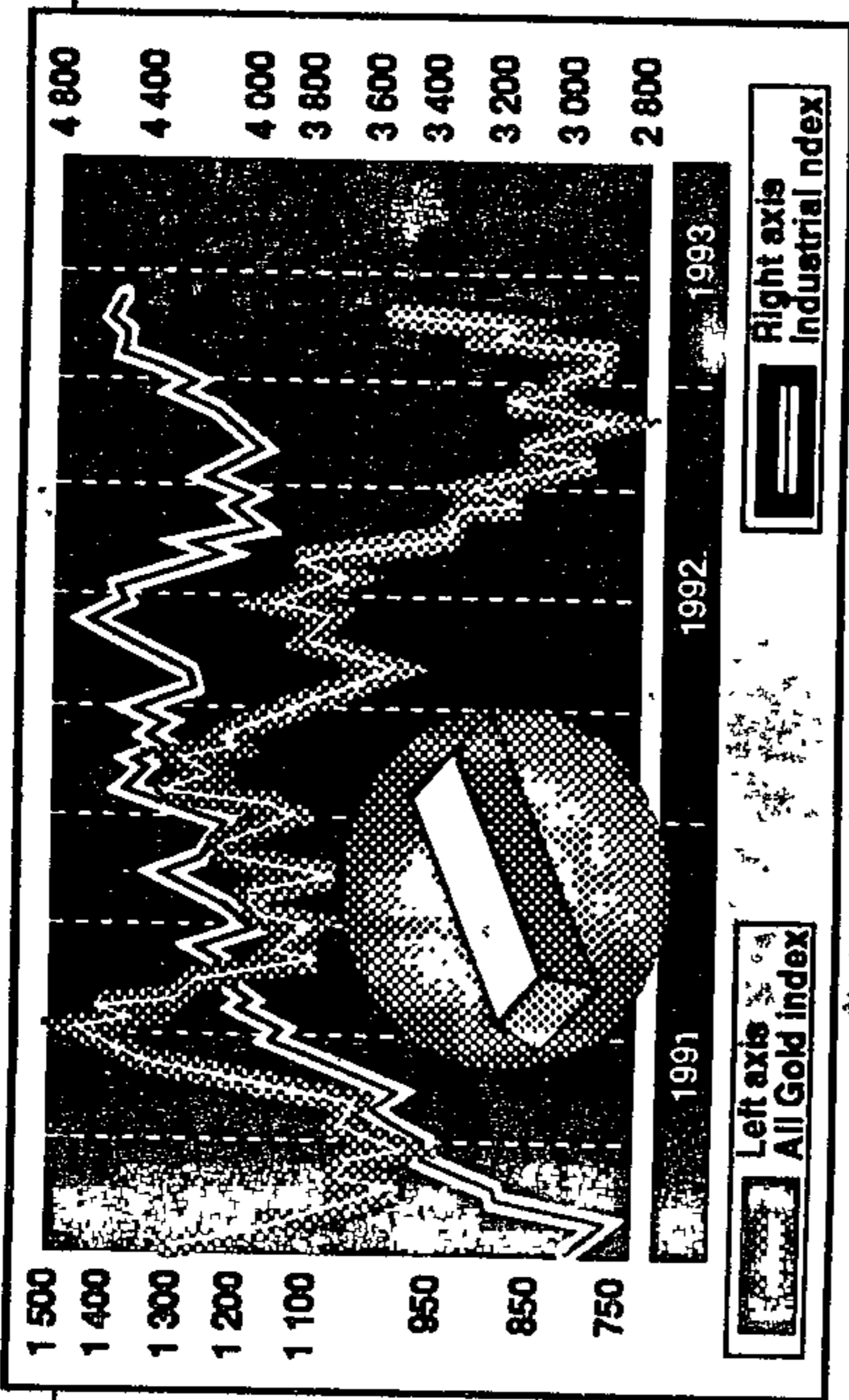
DIAGONAL STREET



By Teigue Payne

growth rate of 1% a year in the decade ending 1991. The results of jumping the gun in government overspending are now patent.

On the JSE, the question is whether investors will, after so many disappointed expectations in the past, go on believing in next year



profits of Industrial Index companies in 1993.

And in 1994, even if it is a better year, growth in profits may be modest. This will follow virtually zero growth in the aggregate profits of Industrial Index companies in 1992.

Conventionally, the stock market discounts future earnings trends by a year to 18 months, so forward price earnings ratios are a more telling measure than historic price earnings.

On the current outlook for earnings growth in 1993 and 1994, the forward price earnings of the Industrial Index is now at a high level

of about 14, a level not seen since 1970.

Against the priceyness of industrial shares is the sure return offered by real interest rates — and they will stay that way if Dr Stals has his way. Or the hope of higher returns on the bond market.

Or the possibility that the mining boards may be reawakened with an upturn in the commodity cycle after a five-year downcycle — though that upturn has also been the subject of many false calls recently.

All of which is not to say that no opportunities exist on the industrial boards.

With government consumer spending being checked and little growth expected from private consumers, traditional consumer sectors appear fully priced for the moment.

The electronics and engineering sectors could see a lift with increased GDFI spending this year. Much of it related to section 37E incentives. And some Cinderella sectors, such as furniture and motor, may also be worth considering.

But one thing is certain: the search for value among industrials will be harder this year.

RINGO IS TIRED OF SEEING RED

and-carry chain OfficeMart has been allocated R24-million for expansion, which will see store openings in Johannesburg, Pretoria and Randburg in the next six months, moving nationwide next year.

In the first calendar year of operation, M&A's three OfficeMart stores were stunted by start-up costs, resulting in a R2-million bottom line loss. But Ringo is more interested in the sales of more than R36-million clocked up in the 12

month period as a barometer of future prospects (188)

The warehouse-type stores have identified a huge demand for cut-price stationery, which is likely to account for more than half of OfficeMart's takings in the current year.

M&A's results for the six months to end December are due to be published within the next five weeks.

CHERILYN IRETON

Crucial date for debenture holders in Supreme

Magnus Heystek
Finance Editor

(188) (188)

The Supreme-saga enters a crucial stage tomorrow at a formal meeting in Johannesburg for many debenture-holders in the troubled group

A total of 7 000 investors have about R300 million at risk in the Supreme Group in the form of debentures and preference shares

Preference shareholders have already been informed that they will lose the R40 million they invested in the scheme

The two top companies in the Supreme Group were put into provisional liquidation last November after they were unable to pay interest to debenture-holders.

Debenture-holders will be

asked to formally approve a scheme of arrangement which will see the provisional liquidators of Supreme Holdings Limited and Supreme Investment Holdings Limited get control of JSE-listed Protea Furnishers (Profurn) and Supreme Manufacturing Holdings

In terms of the agreement Protea and Supreme's indebtedness to the debenture holders will be capitalised by way of an issue of new shares to the liquidators

If the agreements are ratified by the meeting — informal meetings held in Durban and Cape Town have already indicated a massive support for the proposals — the liquidators will try to sell the shares for cash to interested third parties

The alternative, say the joint liquidators, is the liquidation

STAR 25/2/93
of the two companies which will mean that debenture-holders will realise only about 7c in the rand from the forced sale of assets

According to the joint-liquidators — Basil Brian Nel, Brian St Clair Cooper, Oliver Powell and Les Cohen — it is essential for debenture-holders to accept the proposal

This will put them in a better position to reclaim the maximum amount of money owed to them

In the future, the liquidators say, debenture-holders will be given another choice of accepting the cash raised by the sale of shares or shares in the listed companies

The alternative would be to take legal action against Protea Furnishers and Supreme Manufacturing Holdings based on se-

curities provided by them to the debenture holders

Based on legal opinion received by the liquidators the securities issued by Protea are probably invalid and unenforceable

Legal action will probably result in the liquidation of Protea as suppliers will withhold supplies while other financiers will call up debt. This route, say the liquidators, will see debenture-holders realise no money at all

The only acceptable alternative would be to try to maximise the value in the shares of Protea, which have independently been evaluated by accountant Peter Goldhawk at about R60 million

Tomorrow's meeting takes place in the Sanlam Auditorium at the Rand Afrikaans University at 10 am

PROTEA FURNISHERS (188)

Solid trading FM 26/2/93

All companies have crosses to bear but the one handed to Protea Furnishers (Profurn) towards the end of its 1992 financial year was heavier than most Ultimate holding companies Supreme Holdings and Supreme Investment Holdings were placed in liquidation

The share's reaction was interesting After plummeting from 18c to 10c after the liquidation announcement, it now trades at 20c A vote of confidence? Not entirely, when the share's 3,3 p e is compared with others in the furniture sector JD Group's p e is 6,3, Afcol's 8,2 and Ellerine's 10,7

Profurn's 1992 EPS dropped from 7,3c to 6c However, the issued shares had increased by 28m or 39% after a R10m rights issue and new shares were issued instead of cash dividends Financial director Brian Rosenberg says trading was good in November and

FIRMER BASE

Year to December 31	1991	1992
Turnover (Rm)	132	158
Operating income (Rm)	23,1	26,3
Attributable (Rm)	5,2	6,0
Earnings (c)	7,3	6,0
Dividends (c)	†4	0

† Shares offered instead of cash on a 1 10 basis

December, which helped to boost turnover and profit

He adds EPS will be marginally down for financial 1993 because of the conversion of loans into equity and a further increase in issued capital About 95% of shareholders have agreed to Profurn issuing 252m new shares at 18c each to the holding companies in settlement of debt Rosenberg adds that attributable earnings will increase, but he declines to specify a figure Gearing will shrink from 200% to about 15%

Like most furniture groups, trading profit comprises returns from the sale of furniture and brown goods, as well as income from financial activities Profurn does not break down these profit sources, but, at year-end, debtors' provisions, including unearned income, was 38,4% of the gross debtors' book (1991 25,4%)

Management was faced with the task of convincing the market, suppliers, and, most important, its financiers that it could continue as a going concern The market has swung in Profurn's favour, suppliers have been supportive, according to Rosenberg, and, with gearing at 15%, financiers should be satisfied

Kate Rushton

Subsidiaries of Supreme to carry on

MARC HASENFUSS
Business staff

188
ARC 27/2/93

SUPREME Manufacturing (Superman) and Protea Furnishers (Profurn) — listed subsidiaries of the liquidated Supreme Group — look set to carry the burden of 7 000 disgruntled investors

At meetings around the country this week, Supreme's debenture holders really had no other choice than to ratify the group liquidators' proposal to take up shares in Profurn and Superman

The other choice was liquidating the two operations to gain a meagre 20/30c in the rand "first and final" payout

Shareholders' Association chairman Mr Issy Goldberg investigated both operations and believed they offered Supreme investors the best chance to recoup their losses

"It is manifestly absurd to oppose the liquidators' proposal that the listed companies be freed to carry on business"

He pointed out that of the total R320 million invested by the 7 000 debenture holders, only R64 million flowed into Profurn and Superman

About R260 million of investors' funds were involved in a series of unlisted companies and investments by the Supreme controllers into speculative ventures which were now reduced to "metaphorical rubble"

Mr Goldberg estimated that proceeds from these "mediocrities" could realise possibly less than 5c in the rand

"The destiny of the R320 million invested lies solely in the future performance of Profurn and Superman"

He described Profurn as an embryonic Ellerine Holdings — catering identically for the same target market (mainly black householders)

Profurn had a debt of R45 million to the liquidated Supreme companies, but the liquidators' "share swop" scheme would convert this massive debt into equity. In other words, the share capital of Profurn would be increased but the debt would be removed

Mr Goldberg thought that, provided the economic weather did not deteriorate further, Profurn — with its tight management — could make increasing profits

"There is a reasonable prospect that, in time, investors could see good replenishment for their now-lost investment"

He said the same applied to Superman — which had a debt to the liquidated Supreme groups of R17 million. "The company has excellent prospects in an improved economic climate"

Superman manufactured stainless steel kitchen sinks and operated a major furniture manufacturer, Victoria Lewis

Both companies, relieved of their heavy debt, could well prosper, said Mr Goldberg

It's enough to make one weep

TEARS of heartache, sighs of remorse and angry words permeated yesterday's Johannesburg meeting of aggrieved debenture holders of the Supreme Group.

Pensioners who had invested their life savings, a divorcee who lost her entire settlement, and a retired domestic worker who lost the monies saved for her house. The stories of hardship were enough to make any listener weep.

The confusion of most of the debenture holders who attended the meeting was strongly evident. Indeed, at the outset of the meeting the chairman even had to explain

what a debenture was. That some investors were unaware that their funds were even invested in the Supreme Group is astounding. A few were even under the impression that their money was safely in their bank!

Yesterday's Supreme meeting was the third of similar meetings held recently in Durban and Cape Town so that debenture holders could vote on whether to pursue certain securities held on loans made to listed companies, Protea Furnishers and Supreme Manufacturing, or to "save" these companies and accept shares in lieu of the outstanding loans.

Effectively, holders were offered the choice of receiving less than 7c for every rand through pursuance of the securities option or about 22c

through the share conversion route. It didn't help matters that many investors claimed not to have received the written notice detailing the plan, or that many investors were groping after the first few minutes of the meeting.

Investors took a little solace from the fact that the directors of the two

Supreme swept ignorant away

LEIGH HASSALL found a sorry trail of misplaced trust among investors, some of whom never even knew what a debenture was, while others thought their money was in a bank.

"Top" companies in the Supreme group are to face an inquiry into their conduct in terms of section 417 of the Companies Act some time in April.

That depends, of course, on whether the directors are still in the country. At least one is believed to have skipped to greener pastures.

The details of the case

are disturbing. During the meeting one of the liquidators acknowledged that there was an element of criminality involved in issuing worthless certificates.

It appears that some of the issued debenture certificates were "secured" by certain assets, with the name of the asset being recorded on the face of the certificate. Stated as it is, none, this security is not legally enforceable in any event.

Investor outrage was heightened when it was learnt that the chairman of the liquidated companies, Edward Ronbeck, also stood to lose some money from his group's demise. Ronbeck's investment, apparently in the region of R54 000, is paltry when compared with the R276 million at stake by

the debenture holders. One debenture holder asked how the Supreme saga could occur so soon after the Masterbond loss. More importantly, how could investors be duped twice?

Perhaps the problem is that investors are desperate to find an inflation-beating instrument.

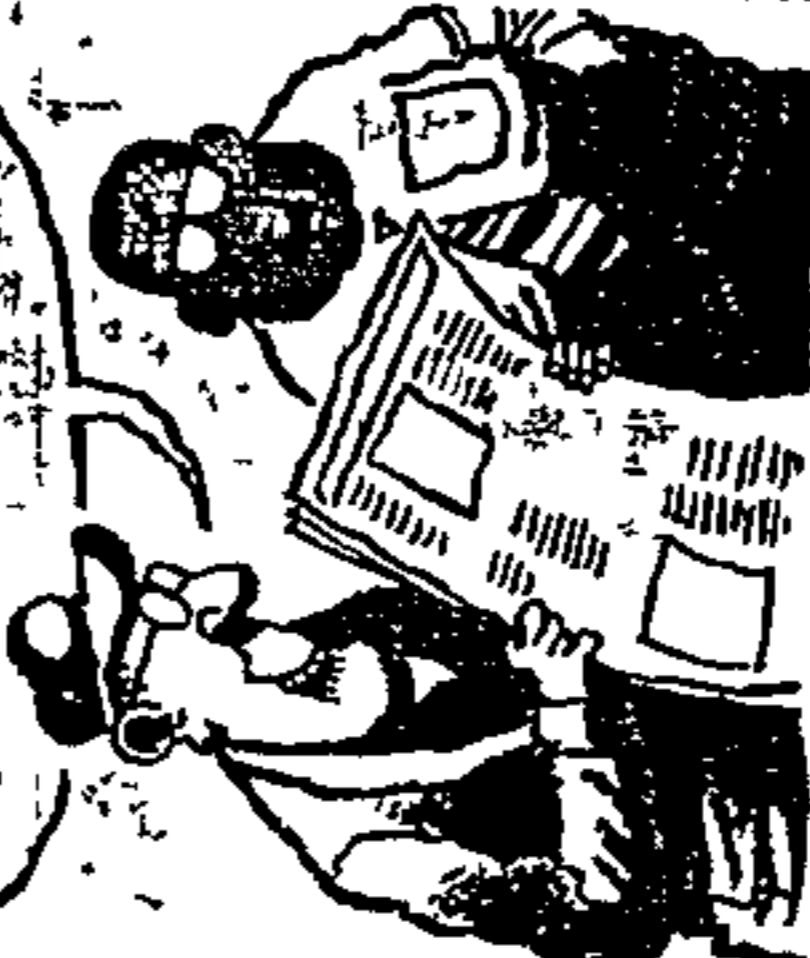
A severe lack of objective financial advice does not help the situation either.

Yesterday's meeting was postponed to March 19 at the same venue because the meeting did not have a quorum. All the proxies who voted in favour will be carried over to the next meeting.

Two debenture holders voted against the proposal and one abstained.

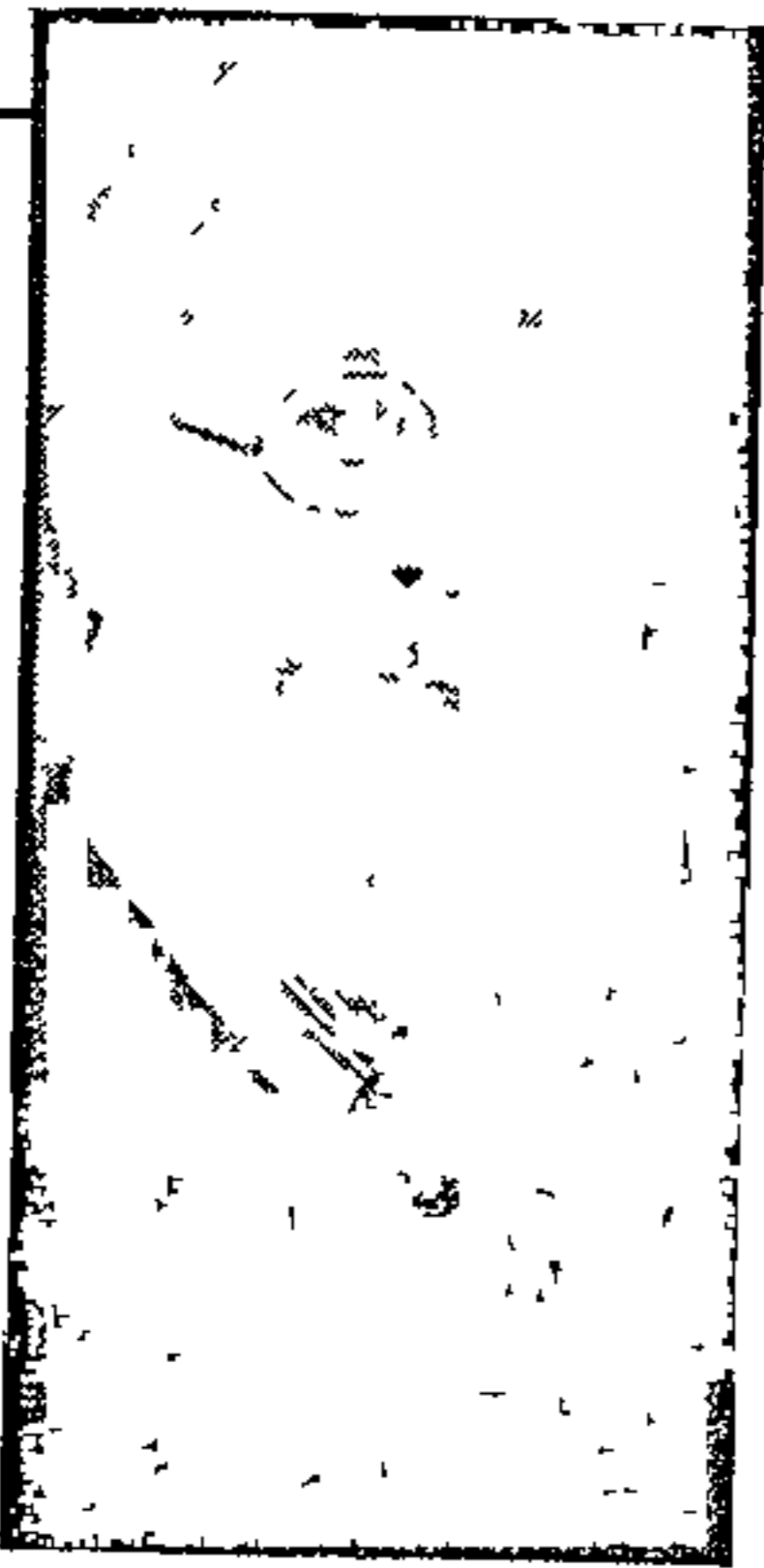
ROPER
©1983 PETERBOROUGH POST-GAZETTE

PRODUCTIVITY IS UP...
CONSUMER SPENDING IS UP...
ECONOMIC RECOVERY IS AT HAND!



KINDA MAKES YOU WISH YOU HAD A JOB, HUH?





SOLLY TUCKER . . . new products, new packages

Furniture is sitting on hard times

THE Furniture and Household Index has risen sharply this month, but at least one analyst says the interest in this sector may be premature ^{> 1 times (BASS)}

hard times ⁽¹⁸⁸⁾

According to Senekal, Mouton & Kitshoff analyst Chris Gilmour, this is traditionally the point in the economic cycle to accumulate the highly cyclical furniture shares

furniture retailing business has become more important and the "banking" side less

The pattern, however, has changed this time round because short-term interest rates remain stubbornly high and the recession has lasted a particularly long time. 28/2/93.

The sector has become less sensitive to interest rate patterns as the benefits of lower interest rates received by furniture companies has reduced

Personal disposable income is simply not there and the prospects of an economic recovery remain uncertain

Gilmour believes the sector should be avoided for the time being. The only counter which he feels relatively comfortable with is Ellerine, although this optimism is more than fully discounted in the current share price

In the old days, the furniture sector's HP books benefited from a fall in interest rates. But many companies have embarked on joint ventures with banking operations.

Ellerine, which has the largest weighting in the sector, is currently trading at a high of 7600c, up from a yearly low of 4500c in September

This means that the operational side of the

The 1993

A VITAL NEW PERSPECTIVE

A two day conference on
BUSINESS PROCESS IMPROVEMENT



Furniture shares hit new highs ⁽¹⁸⁸⁾

Own Correspondent

CT 11/3/93

JOHANNESBURG — Major shares in the furniture sector have been climbing to new heights ahead of results expected to be reported this week.

Analysts said at the weekend the industry had been in a slump for most of the past two years, with sales declining in real terms since April 1991. But results published over the next few months would indicate a change in the fortunes of some of the major players after a better than expected Christmas season and a general tightening up of the businesses.

J D Group closed on Friday at a peak of 525c after gaining 81% from its October low of 290c.

Ellerine, which publishes interim earnings next month, closed at a high of R76 after trading at a low of R45 in September last year.

Rusfurn, also expected to report this week, came off a low of 10c to close on Friday at 30c. The share traded at 90c this time last year.

Most companies reporting now would have experienced severely depressed trading conditions in August, with only a small improvement in September and October. Retailer Liaison figures showed that furniture sales increased by only 5,5% at present prices over 1992. Despite poor figures for the full year, furniture sales had been surprisingly buoyant over the Christmas period.

Analysts said prospects for the industry over the coming year were promising. Although a massive turnaround in demand was unlikely, they said reduced inflation and lower interest rates indicated there would be an increase in demand.

Star 2/13/93

Shareholders' watchdog hopeful for Supreme's listed subsidiaries

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By Marc Hasenfuss

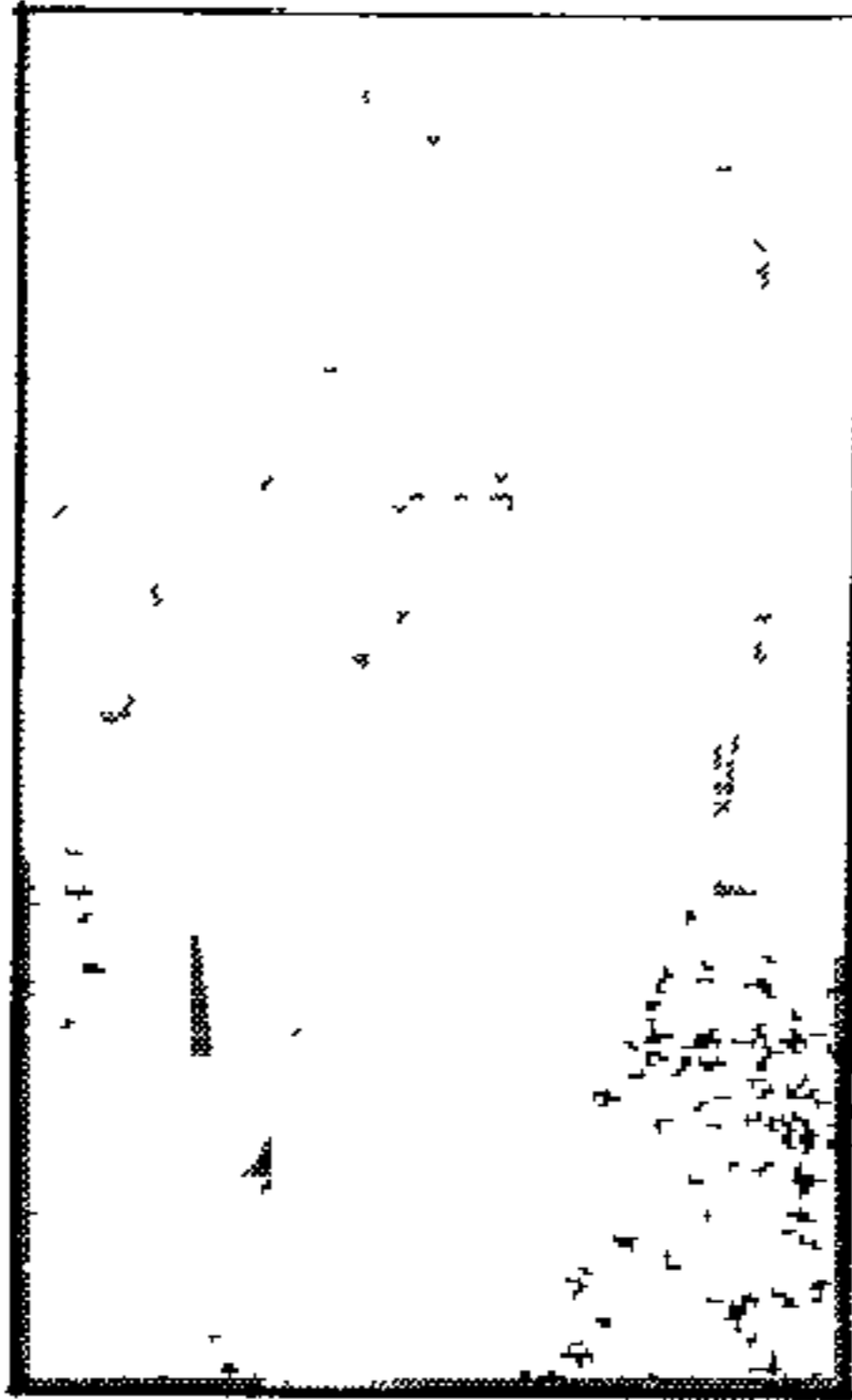
Supreme Manufacturing (Suprman) and Protea Furnishers (Profurn) — listed subsidiaries of the liquidated Supreme group — look set to carry the burden of 7 000 disgruntled investors

At meetings around the country last week, Supreme's debenture holders really had no other choice than to ratify the group liquidators' proposal to take up shares in Profurn and Suprman

The other choice was liquidating the two operations to gain a meagre 20-30c in the rand "first and final" payout

Shareholders' Association chairman Issy Goldberg investigated both operations and believes they offer Supreme investors the best chance to recoup their losses

He said "It is manifestly absurd to oppose the liquidators' proposal that the listed com-



Issy Goldberg . . . relieved of debt, two companies could prosper

panies be freed to carry on business."

He pointed out that of the total R320 million invested by the 7 000 debenture holders, only R64 million flowed into Profurn and Suprman

About R260 million of investors' funds were involved in a series of unlisted companies and investments by the Supreme controllers into speculative ventures which were now reduced to "metaphorical rubble"

Goldberg estimated that proceeds from these "mediocrities" could realise possibly less than 5c in the rand

"The destiny of the R320 million invested lies solely in the future performance of Profurn and Suprman"

He described Profurn as an embryonic Ellerin Holdings — catering identically for the same target market (mainly black householders)

Profurn had a debt of R45

million to the liquidated Supreme companies, but the liquidators' "share swop" scheme would convert this huge debt into equity

In other words, the share capital of Profurn would be increased but the debt would be removed

Goldberg thought that, provided the economic weather did not deteriorate further, Profurn — with its tight management — could make increasing profits

He said the same applied to Suprman — which had a debt to the liquidated Supreme groups of R17 million "The company has excellent prospects in an improved economic climate"

Suprman manufactures stainless steel kitchen sinks and operates a major furniture manufacturer, Victoria Lewis

Both companies, relieved of their heavy debt, could well prosper, said Goldberg

Furniture retailer JD posts earnings increase

CT 9/3/93 Deputy Business Editor (188)

FURNITURE retailer JD Group has posted a 21,2% increase in earnings to R39,2m for the year to end December.

The group's debtor's book was sold to JD Sales Pty Ltd, a consumer finance company owned by a consortium of banks in July 1991, so turnover and operating income comparisons are not meaningful.

A final dividend of 18c (15c) brings the total payout for the year to an unchanged 22c a share with the dividend cover being increased to 5 times (4,1).

However chairman and MD David Sussman said the group's performance in 1992 was highly satisfactory in the context of unfavourable trading conditions and socio-political unrest.

"The improvement in operating margins and continued success in maintaining the quality of the debtor's book, both owned and managed, within the strict limits set by management were particularly pleasing," he said.

He said while operating conditions were unlikely to improve significantly in the coming year, the group expected to at least maintain earnings at 1992 levels.

The group, he said, had introduced a new marketing concept, the Joshua Doore Catalogue Showrooms.

Ellerines ⁽¹⁸⁸⁾ CT 17/3/93 notches 60% earnings rise

Own Correspondent

JOHANNESBURG — Furniture retailer Ellerine Holdings notched up a 60% earnings rise to 408c (255c) a share in the six months to end-February on the back of increased market share and off a low base of the previous year

The well rated group also announced a proposed share split on a 10 for one basis with effect from April 26 in order to make the share more tradeable

Yesterday that share was bid at its peak of R82, after touching a low of R45 last September

Chairman and MD Eric Ellerine said yesterday the results should be viewed against the low base of the previous year, when industrial action affected the group's earnings pattern

Ellerine's recovery, together with a further increase in market share and the opening of 13 additional stores, resulted in a 45% increase in sales, to R409,4m from R282,4m.

Operating profit increased by 59,7% to R57,2m from R35,8m. The interest bill rose significantly to R2,2m from R762 000 previously, resulting in a 56,8% rise in pre-tax profit to R55m (R35,1m)

Attributable earnings were 60% higher at R29,3m from R18,3m previously. A 60% higher interim dividend of 136c (85c) was declared, with cover maintained at three times

Next round in Supreme saga about to begin

By Leigh Hassall

The next round in the Supreme group saga starts tomorrow when debenture holders meet to cast their votes in a bid to obtain a higher dividend on their lost funds

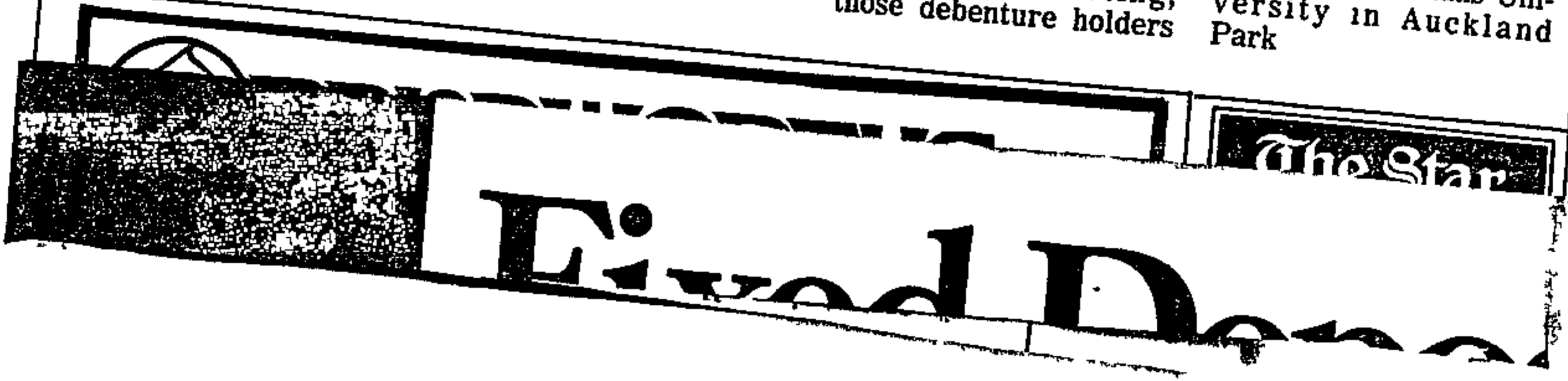
Star
18/3/93
They will vote on whether to realise the assets of the listed companies, Protea Furnishers and Supreme Manufacturing, or to accept shares in these companies in lieu of the outstanding loans

Tomorrow's meeting follows the adjournment of the meeting held on February 26 1993

While the subject of tomorrow's meeting will be the same as that of the earlier meeting, those debenture holders

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who have not yet submitted their proxy forms should attend

The meeting will take place at 10 am in the Sanlam auditorium 1 at the Rand Afrikaans University in Auckland Park



NORVIC

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Chequered history

Activities: Shopfitting Makes joinery and metal work

Control: Mike McGrath 83%

Chairman and MD: R Kevan

Capital structure: 84m ords Market capitalisation R1,7m

Share market: Price 2c 12-month high, 3c, low, 1c Trading volume last quarter, 35 000 shares

Year to June 30	'90	'91	'92
ST debt (Rm)	0,7	1,5	1,1
LT debt (Rm)	0,3	2,0	3,8
Debt equity ratio	0,2	3,2	n/a
Shareholders' interest	0,68	0,12	n/a
Turnover (Rm)	11,7	12,6	9,1
Pre-int profit (Rm)	(0,6)	(3,2)	(2,9)
Earnings (c)	(4 1)	(23,9)	(23,8)
Dividends (c)	nil	nil	nil
Net worth (c)	30 0	3,6	(20,1)

† 11-month period

What a chequered history this company has had since listing on the JSE's DCM board three years ago. It has faced temporary suspension (with other companies during an investigation involving firrand round-tripping) and seen three changes of management and control, the first through a hostile takeover. The second was when the man who led the takeover, former MD Antonios Kreouzis, was suspended by the board and resigned (Fox June 26).

Earlier this year it was threatened with suspension by the JSE for failing to submit annual accounts timeously.

Norvic made the JSE's revised deadline, but it's not hard to see why it was late. The accounts make gory reading: shareholders' funds collapsed from 1991's R519 000 to a deficit of R2,9m, leaving the company technically insolvent.

That's how the balance sheet read in June and a lot has happened since. New management is in place, which seems to have a better grip and says it is reducing losses and broadening the activities.

Most significant, though, was a rescue shortly after year-end by Siltek MD Mike McGrath, who stepped forward with a R3,6m unsecured, interest-free, long-term loan. Of this, R1,4m was converted to equity which, with about 9,7m shares McGrath acquired from former major shareholder Kreouzis in respect of an unrepaid loan, made McGrath the new controlling shareholder.

New chairman and MD Raymond Kevan

says that despite recession and high interest rates, inadequate financial controls and formerly lax management resulted in misappropriation and misuse of company funds. Proper controls have been instituted, he says.

While McGrath's loan has lessened the shareholders' deficit and given Norvic breathing space in the form of interest-free debt, Kevan says the company remains technically insolvent.

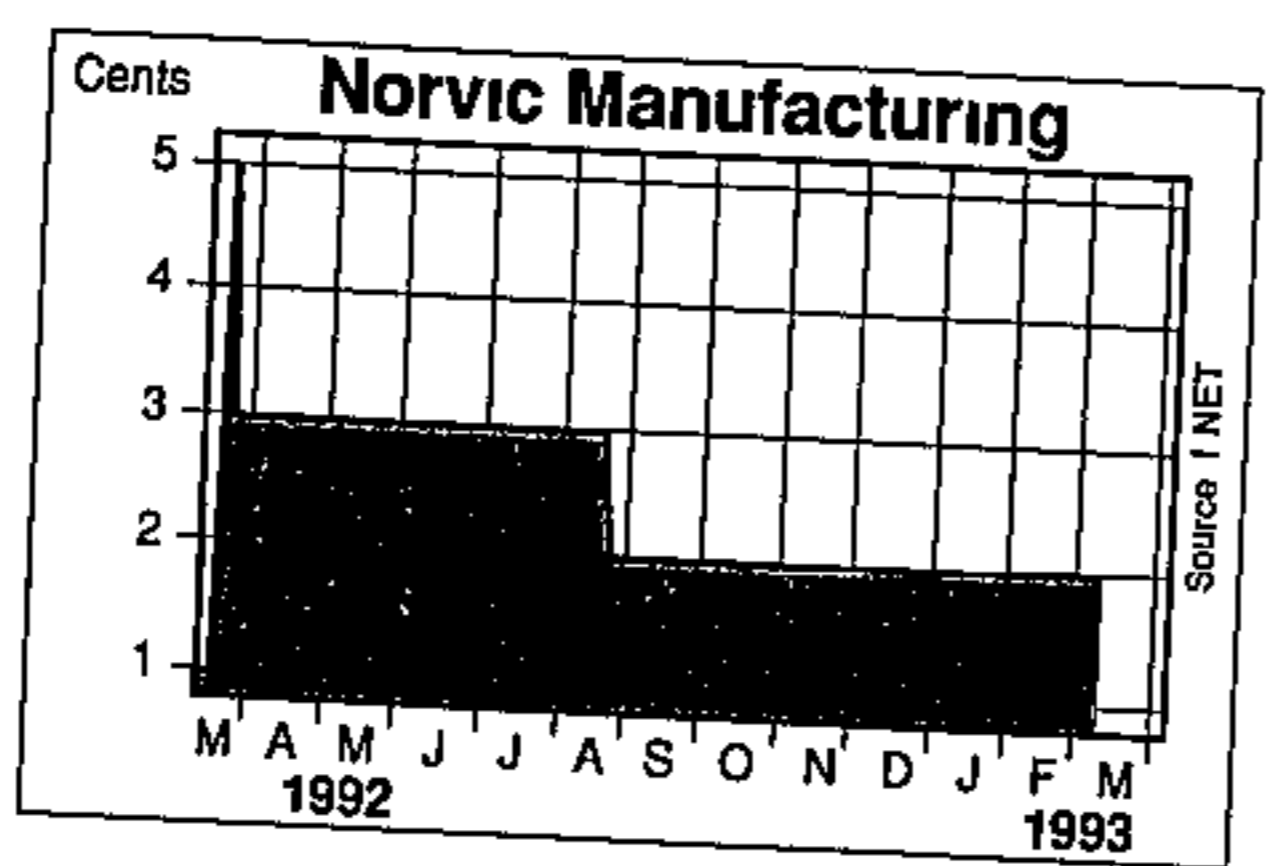
So, with turnover down and an accumulated loss of about R3,7m, what can management do? Kevan says recovery will depend on an upturn in the economy, which, he believes, will be retail-led — the sector from which Norvic derives most of its business.

There is some hope. "We have secured additional contracts, with signs of renewed interest for larger projects in the retail sector. The sector may be gearing up for a possible change in the economy," he says.

Norvic has been broadening its focus, from a largely shopfitting operation to making joinery and metalwork. "We are becoming more market-orientated, trying to broaden our client base. We are on the lookout for acquisitions which complement our existing business." But Kevan warns trading conditions remain tough. Interim results, due next month, are unlikely to produce fireworks, but will probably show reduced losses.

Obviously, the share is not attracting interest and carries risk. But, at 2c, some speculators may be tempted. An upturn could easily double or treble the share price. Having outlived three sets of management, Norvic at least appears to be a survivor.

Shaun Harris



COMPANIES

Dinette serves up handsome gains

FURNITURE group Dinette Industries produced earnings of 6,8c a share in the six months to end-December, reversing its previous loss of 28,1c a share

In the year-end June the company recorded a loss of 52,2c

Dinette, which listed on the JSE's venture capital market in 1991, reported a threefold increase in sales to R11,2m from R3,9m in the previous year. Directors said the company had achieved "a tremendous increase in market share"

Emphasis was on improving profit margins. Dinette showed profit of R510 000 (a loss of R824 000) before interest

MARCIA KLEIN

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After net interest of R305 000 (R20 000), profit for the period was R205 000, from a prior year loss of R844 000. At the June year-end, it reported a loss of R1,6m.

No dividend was declared for the period. Directors said introduction of new products to the Dinette range should favourably affect future results

Losses incurred in the previous year had placed "unusual pressures" on Dinette in terms of shortage of working capital, but management was discussing ways of overcoming the problem

BIDAZ 17/31/93

Fm 26/3/93

FOX

(188)

MAKING PROGRESS

Six months to	Dec 31 '91	Jun 30 '92	Dec 31 '92
Turnover (Rm)	3,9	6,4	11,2
Operating income (Rm)	(0,8)	(0,5)	0,5
Attributable (R000)	(844)	(723)	205
Earnings (c)	(28,1)	(24,1)	6,8

DINETTE INDUSTRIES

Striking recovery

Fm 26/3/93

(188)

The roll of the dice was in Dinette's favour for the six months to December and the furniture manufacturer produced EPS of 6,8c — a striking recovery from the 28,1c a share loss a year ago

However, the balance sheet weakened considerably. Interest-bearing debt at R2,3m at the halfway stage was only slightly lower than 1992's full-year figure and net interest paid leapt from R20 000 to R305 000. Most of the debt arises from over-spending on fixed assets, as well as start-up costs incurred in 1991. MD Jan van Niekerk says management is looking at ways of raising capital to reduce gearing (150%), but won't disclose details. A rights issue might be possible, the directors hold 36%.

The introduction of new ranges of tables and chairs helped towards attaining the large increase in earnings and the launch of other ranges should favour future results. Even so, earnings for the second half are expected to be lower than the interim figures. And though Dinette's merchandise is aimed predominately at lower income groups, a boost in sales before the implementation of the Vat

hike is not expected. But Van Niekerk assures shareholders that profits, not losses, will be tabled at year-end June.

Shareholders will not receive dividends this year — or the next for that matter — because funds need to be ploughed back into the business. The profit recovery has done little to encourage investment (or interest) in the venture capital-listed stock. Only two deals have been concluded in the past 12 months and the share last traded at a 40c low. It may have speculative attractions, but remains an essentially risky investment in a risky sector.

Kate Rushton

Math-Ash

188
further
reduces
STAR
its losses
114/93.

Despite being in one of the hardest hit sectors of the economy, office furniture group Mathieson & Ashley has continued its slow turnaround

For the six months to end-December 1992 operating losses were further reduced, while the balance sheet was strengthened

Group managing director John Beck says the company is continuing to increase market share and will be poised to take advantage of the upturn when it occurs

"During the prolonged recession we have consolidated, reducing operating costs and creating a lean, mean and hungry group of highly competitive companies

"For the first time during this recession, real reductions in the excess of fixed manufacturing capacity in the office furniture industry are being seen.

"In the longer term, this can only benefit the stronger, well managed businesses within the industry."

During the half-year the group concluded a joint venture with the largest European manufacturer of seating products, Interstuhl of Germany.

This will significantly improve the group's market position in seating products. No material impact on the company's tangible asset value or earnings per share is expected from the deal.

Although the initial set-up and marketing costs of OfficeMart have been high, with losses incurred, turnover from the new division already constitutes a material portion of the group's total turnover.

In the next two years the group expects to reap the rewards of this strategic expansion into the retail office products industry.

OfficeMart pursues a strategy of mass merchandising quality office products which offer real value for money.

A buying office has been set up in Hong Kong to source certain products directly Six OfficeMart stores are expected to be trading by the end of this year. — Sapa.

High costs

hit Romano

8100M 1/4/93
MARCIA KLEIN

LOW margins and high costs associated with diversification saw Romano Furniture's attributable losses increase to R380 000 (R667 000) in the six months to end-December 188

The furniture manufacturer reported a marginal turnover growth to R4,8m from R4,6m. But its operating loss increased to R509 000 from R345 000.

This loss, together with a 15,2% rise in finance costs to R371 000 contributed to increased losses at the bottom line. The loss a share was 1,6c (4,7c) due to a significant increase in the number of shares in issue. No dividend was declared.

Newly appointed MD Alfonso de Chaud said a rights offer in December had returned the company to a cash positive position.

Despite the substantial loss, the company had set up its facility for the manufacture of school furniture. The division was now fully operational and had substantial orders.

He said steps taken to return to profit would take time to flow through to the bottom line but should be a base for a turnaround.

Star 22/4/93

Schwarz sees investment possibilities

By Stephen Cranston

American private donors and state and city governments are likely to invest \$400 million if there is an election in South Africa in 1994, says Harry Schwarz, South African Ambassador to the US.

But with the fading of the post-election glitz, that figure is likely to fall to \$250 million in 1995.

Speaking to a meeting held by stockbrokers Davis Borkum Hare in Johannesburg yesterday, Schwarz said that although there were trade and investment bans in 26 states and 90 cities, the sponsors were closing their eyes to trade with South Africa.

He predicted that by June most would be repealed, but said there was considerable leg-

islative inertia, some cities still had sanctions against Namibia on their statutes.

Schwarz said it was unrealistic to expect significant investment from overseas if local businessmen were not themselves investing.

He criticised an unnamed food company, clearly Royal Foods, for buying an international food company, Del Monte Foods International, instead of building up its local business.

He blamed the abysmal performance of the South African economy on the low level of investor confidence.

Certain facilities now available to businessmen were being ignored.

For example, only one South African company had applied to use the facilities of the US Ex-

port-Import Bank.

South Africa should tap into the sudden interest in the US in exotic investments.

Funds were being invested in the companies of the Pacific Rim and Indonesia. South Africa would represent an exciting investment for such investors.

Schwarz said there were many inquiries to the SA Embassy from Fortune 500 companies about investment in South Africa, as well as from black businessmen and franchise operators.

But it would be an illusion to think there were queues of private investors.

The US was rebuilding its own economy and was busy investing in the region, thanks to the setting up of the North American Free Trade Area, he said.

Star 22/4/93

Operational discipline to rescue of JD Group

By Stephen Cranston

Prices of furniture, both at manufacturing and retail level, have not kept pace with inflation, says JD Group chairman David Sussman.

Writing in the group's annual report for the year to December, Sussman says sources of supply have been reduced because of factory closures and declining productivity levels.

Sussman says the JD Group continues to emphasise systems development, the development of people skills and good industrial relations.

Discipline at operational level enabled the group to recover from poor mid-year results and exceed the previous year's earnings by 21,2 percent.

The overall arrears on the debtors' book rose from 7 to 7,78 percent and bad debt write-offs from 2,71 to 2,93 percent.

But the rate of repayment improved, reducing the length of the debtors' book from 15,4 to 13,5 months.

Bradlows, which trades in the upper end of the market, felt the brunt of the recession.

Joshua Doore had a "very exciting" year with the launch of its catalogue showrooms. These

are 240 to 300 square metres, with minimal overhead structures.

By last December, there were 22 catalogue showrooms. Another 60 will be opened this year.

Price n Pride opened six new stores, expanding into the Western Cape and Swaziland.

The JD Group has instituted a new approach to stock management, which allowed stocks to fall 2,7 percent.

The new formula and the benefits of the new central distribution centres (CDCs) have already borne fruit.

Star 22/4/92

JD directors optimistic about group prospects

B/DAM 26/4/93
JD GROUP directors are optimistic the company will match the previous year's 21% increase in earnings as a result of developments initiated within the group and future plans.

In the 1992 review, chairman David Sussman said the group had decided to maintain its dividend cover at five times because of the uncertain economic environment.

He said the group's cash sales had mirrored the state of the economy. The decline in cash sales, begun in 1990, was continuing. No improvement in cash sales was expected in the short to medium term, but the position had stabilised.

JD overcame a 38% drop in earnings at the interim stage to report a 21% jump in attributable profit to R39,3m (R32,4m) for the year ended December.

The sale of the group's debtors book to JD Sales, a company owned by a consortium of banks, contributed to the turnaround.

Sussman said furniture prices, at manufacturing and retail level, had not kept pace with inflation. Sources of supply had been reduced because

(188)
DUMA GQUBULE

of the closure of many manufacturing facilities while productivity levels had continued to decline.

But JD's long-term strategic plans had catered for these conditions by introducing some special merchandising and marketing philosophies.

The gross debtors' book of both JD Group and JD Sales had grown to R677m of which R643m was managed on behalf of the consortium of banks.

Overall arrears had increased to 7,78% from 7% and bad debt write-offs (as a percentage of the gross debtors' book) had risen to 2,93% from 2,71%.

These marginal increases reflected the excellent quality of the total debtors' book.

The group's management of JD Sales' debtors' book had earned it much credibility, he said.

Sussman said group stock turns would increase materially this year because of new stock management systems, maximum use of central distribution centres and the group's increasing grid of stores.

COMPANIES.

Furniture company releases statements

8/10/92
29/14/92 UNLISTED office furniture company Grant Andrews yesterday announced the unusual step of releasing its audited financial results in a move designed to offset speculation about its financial position

Executive director Grant Andrews said although it was no longer listed, directors would give customers a clear understanding of the company's future

Results for the 16 months to end-December show a 26% drop in turnover to R41,41m from R55,83m in the year to end-August 1991. This was due to the disposal or closure of certain operations, but turnover of core business Grant Andrews Office Furniture rose by an annualised 14,7% over the previous year.

However, operating income of R494 000 was declared in the period under review from a R2,75m loss in the previous period

After interest of R1,26m (R1,24m) and tax was paid, a loss of R540 000 (-R4,19m) was reported. The accumulated deficit was at R2,25m, a third of the R7,61m deficit in the year to end-August 1991.

"In the latter part of the period under review a strong turnaround occurred and the group has shown consistent monthly attributable profits since June 1992," Andrews said. This was reflected in the turnaround in operating income to R2,42m for the six months to end-December 1992. Retained income was R2,21m.

JD GROUP

188 (circled) 200 (circled)

FM 30/4/93

Well-upholstered furnishings

Activities: Operates four furniture chains — Bradlows, Joshua Doore, Price 'n Pride and Score Furnishers

Control: W & A 50,1%

Chairman & MD: I D Sussman

Capital structure: 35,7m ords Market capitalisation R205m

Share market: Price 575c Yields 3,8% on dividend, 19,2% on earnings, p/e ratio, 5,2, cover, 5,1 12-month high, 625c, low, 290c.

Trading volume last quarter, 135 025 shares

Year to Dec 31	'89	'90	'91†	'92†
ST debt (Rm)	0,3	211	285	—
LT debt (Rm)	115	115	—	—
Debt equity ratio	0,54	1,53	0,1	—
Shareholders interest	0,36	0,37	0,54	0,54
Int & leasing cover	4,0	3,8	3,0	60,0
Return on cap (%)	14,7	15,6	13,7	14,6
Turnover (Rm)	472	646	542	457
Pre-int profit (Rm)	67	83	46	34
Pre-int margin (%)	14,1	12,9	8,4	7,4
Earnings (c)	102,6	143,2	90,9	110,2
Dividends (c)	17	22	22	22
Net worth (c)	413	597	666	750

† Figures not strictly comparable

The downturn that hit the furniture industry in the last quarter of financial 1991 was fast and furious. But 12 months later, admittedly off a low base, JD Group has produced a pleasing set of results.

Chairman/CE David Sussman concedes it was a tough year but steps initiated earlier in the year to set performance back on track are reflected in a significant improvement in trading, particularly in the second half. The 38% interim decline in EPS is transformed into a 21% increase for the year.

In mid-1991 JD Sales, a private company, was formed by a banking consortium to acquire the debtors' book at par (R600m). This makes comparison of 1991-1992 figures difficult and of dubious value.

Turnover, for example, now reflects cash sales and the cost of merchandise sold at cost to JD Sales. If allowance is made for the change, a nominal increase of 8% is reflected and not a 16% drop in turnover.

The nature of operating income (R33,7m) has also altered. Because JD Sales is responsible for funding 57% of the book and JD Group's preference share investment fund the remaining 43%, operating income now



Sussman ... pleasing results

consists of the profit on cash sales and dividend income from JD Sales.

The effect of hiving off credit operations has strengthened the balance sheet by eliminating gearing. Results certainly attest to the benefits. The interest element has swung by R20m — from paying R15,2m in 1991 to receiving R5,6m in financial 1992. This has filtered through to the bottom line, which is 21% better than the previous year.

JD Sales carries no stock but sources it from JD Group when a deal is finalised. Debtors shown in the balance sheet refer to the loan account with JD Sales, with the investment in JD Sales reflected under investments and loans. Current liabilities largely comprise trade creditors.

The quality of the debtors' book remains high. The gross book grew to R677m with overall arrears increasing from 7% to 7,8%. Though bad debt write-offs as a percentage of the gross book increased from 2,7% to 2,9%, Sussman notes the rate of repayment improved, reducing the average length of the book to 13,5 (15,4) months.

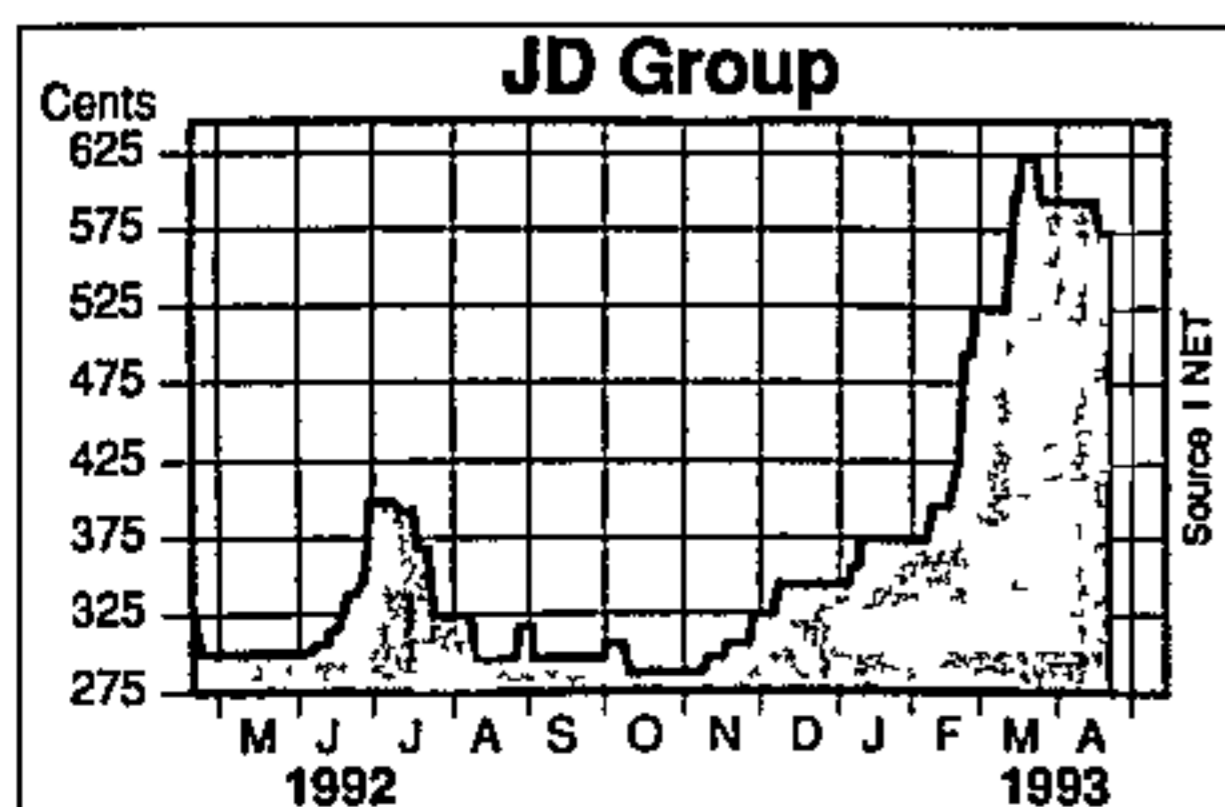
"Creation of JD Sales", he says, "has reduced shareholders' risk substantially and provided cash for expansion."

Apart from the sale of the debtors' book, Sussman believes that the introduction of central distribution centres, new opportunities to increase market share and improved returns on assets also influence performance. The number of retail outlets grew to 205 (178), including the launch of 22 Joshua Doore catalogue showrooms towards year-end. Another 60 are planned this year.

NAV has improved 13% to 750c, against a

share price of 575c. Until an earnings track record is established, the stock is not likely to enjoy the rating given to Ellerine. Nevertheless, scope for further margin improvement and optimistic management forecasts suggest investors should think seriously about the counter.

Marylou Greig



Star 6/5/93

Afcol weathers storm

By Stephen Cranston

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A stronger balance sheet helped furniture maker Afcol report a 13 percent increase in earnings per share to 119,5c in the year to March.

The dividend has been similarly increased to 59,5c

Amid slackening demand and fierce price competition, turnover was down less than one percent to R788,6 million.

Trading profit fell from R44,2 million to R38,4 million
Chairman Laurie van der Watt

says profit approximated that of the second half of the previous year

Cost-cutting measures were adopted to reduce overheads, including closure of three factories

Afcol converted last year's borrowings of R109,7 million to a net cash position of R4,7 million.

Finance costs fell from R22,9 million to R6,1 million

Afcol received R95 million from the sale of its interest in Spankor to Plate Glass and cash flow from operations increased from R10 million to R51 million

Afcol records healthy 12,6% earnings jump

BIDAM 6/5/93

188

MARCIA KLEIN

FURNITURE manufacturer Afcol increased attributable earnings by 12,6% to R29,3m (1992: R26,1m) in the year to end-March.

The hike came after a R114,4m favourable swing in borrowings offset pressure on turnover and trading profit.

Chairman Laurie van der Watt said the year was characterised by a further decline in demand and fierce price competition in the furniture manufacturing industry.

Disruptive industrial action occurred in most of the company's manufacturing operations during August.

The group, in the SA Breweries stable, had done well to more or less maintain turnover at R788,6m (R791,5m).

An analyst said Afcol had at least maintained market share, so the turnover figures indicated a decline in the furniture manufacturing industry during the year.

The benefits of cost cutting measures to reduce overheads, which included the discontinuance of three manufacturing facilities,

resulted in a maintained trading profit in the second half.

Trading profit had dropped by 22,8% at the interim stage but was down by only 13,3% at R38,4m (R44,3m) at year-end.

The R95m realised from the sale of Spankor to P G Glass and a significant increase in cash flow from operations enabled Afcol to convert last year's borrowings of R109,7m to a net cash position of R4,7m at year-end.

From gearing of 41% in the previous year, the group was virtually ungeared at end-March.

The substantial decline in financing costs to R6,1m (R22,9m) resulted in a 48,3% hike in pre-tax profit to R40m (R27m).

Taxation

A large increase in taxation, and a much smaller contribution from equity accounted associates' earnings following the sale of Spankor, resulted in a 10,2% rise in profit after tax to R29,8m (R27m).

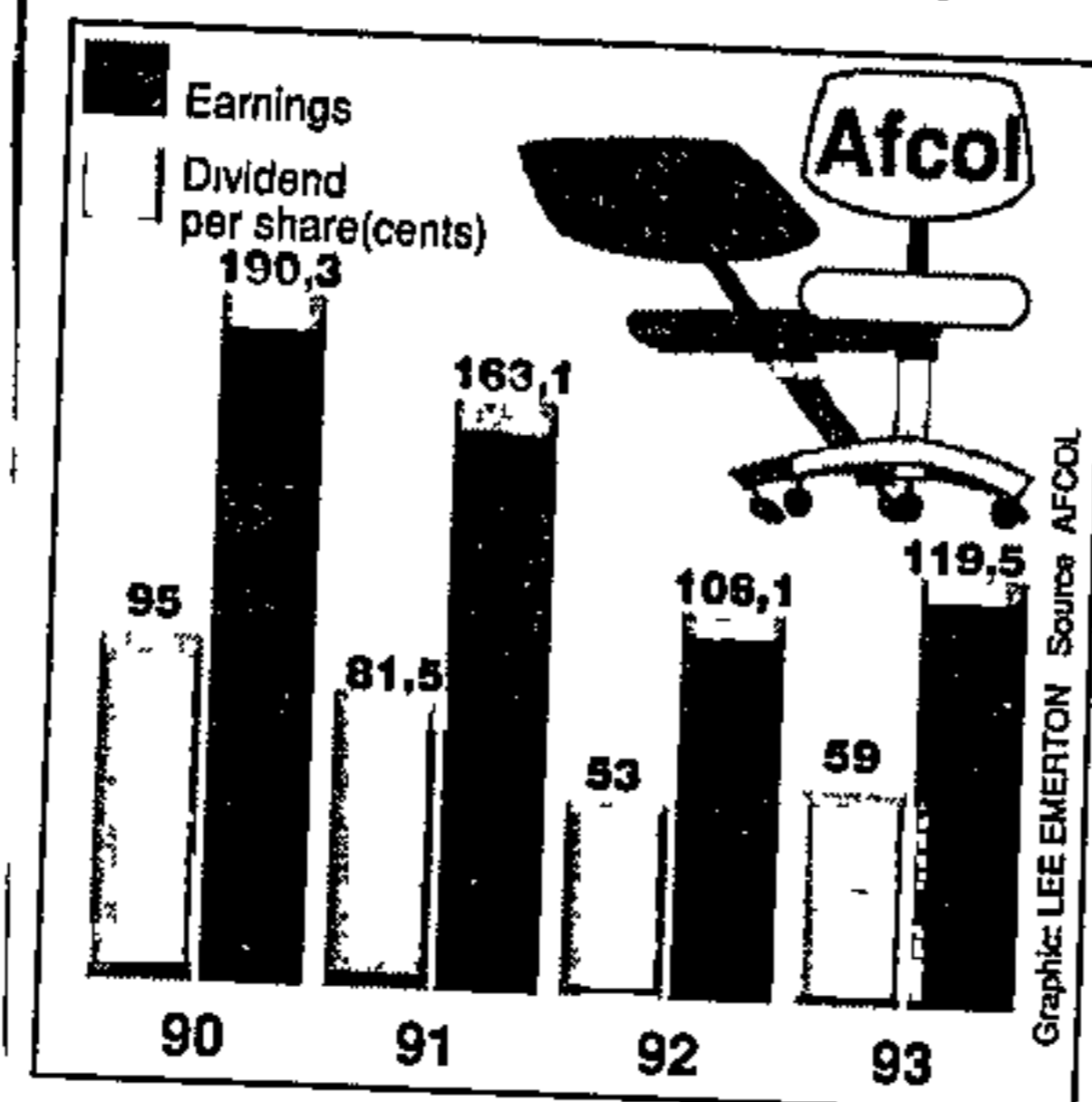
Managed operations' attributable earnings rose 40,8% to R21m, while those of associates dropped by 25,3% to R8,3m.

Van der Watt said the performance of the remaining equity accounted companies — excluding Spankor — was well up on the previous year.

Earnings were 12,6% higher at 119,5c (106,1c) a share.

A 21,8% higher final dividend of 33,5c was declared, to bring the full year dividend up by 12,3% to 59,5c (53c) a share.

Van der Watt said furniture demand would remain weak in the current year, but earnings should continue to increase due to measures taken over the past year to improve performance.



AMREL FM 14/5/93

Quality hasn't paid

That old cry "quality not quantity" hasn't paid off for furniture and footwear retailer Amrel over the past few years. Admittedly, that decision was made at the height of the last boom in the mid-Eighties, but its corol-

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FOX FM

14/5/93

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lary in the current recession has meant slower sales and earnings growth. In the year to March 1993, EPS plunged 74,3% to 43,8c (170,3c). Not surprisingly, the final dividend was passed.

Turnover (excluding the Boymans acquisition which added a further R206m) improved marginally to R1,05bn. And that was no small achievement given the difficult trading conditions, clearly reflected in the operating margin which slipped to 6,5% (8,3%). Reduced financing costs resulted in a 4,3% increase in pre-tax profit to R10,1m. But a tax provision of R5,2m (compared with a net tax credit of R6,1m in 1992) knocked profit after tax 69,4% to R4,8m.

A net extraordinary item of R30,4m reflects the costs of the restructuring of Tip Top Furnishers and the termination of other minor operations. MD Stan Berger says this was partly relieved by the favourable discount on the Boymans acquisition.

WORN SOLES

Year to March 31	1992	1993
Turnover (Rbn)	1,00	1,05
Operating income (Rm)	83,7	81,4
Attributable (Rm)	15,7	4,0
Earnings (c)	170,3	43,8
Dividends (c)	57,0	nil

Cash generated by operating activities of R80,7m was easily absorbed by the investment of R12,8m in Boymans, together with continuing store refurbishment expenditure and high financing costs. Consequently, borrowing increased 11% to R515,5m. Amrel received a long-term loan of R80m at market rates from holding company SA Brews. Financial director Bruce Sinclair says in the past these loans have been short-term. The astonishing gearing of 360% is partly the result of the decision to incorporate Amret-fin, a joint financing company, in the results. Net debtors are R5,25m, says Sinclair.

The results mask the improvement in the second half, in particular in furniture, the most important of three divisions and which contributes 55% to group turnover. Sales increased 8,6%, despite the five-month strike at Lubners. That compares with an 8% growth in industry turnover and reflects an improvement in market share for Amrel.

Footwear operations continue to do battle, losing market share. Contribution to sales was 24%. But Sinclair believes the remedial action taken in clearing out stocks and the closure of two minor factories will be reflected in an improved performance. Amrel's increased exposure in Boymans from 36% to 76%, following the underwriting of a rights issue, raised its contribution to 16%.

The company's short-term future is bleak, though it might be better in the long term, considering the measures taken. Berger concedes the interims are not likely to reflect an improvement and this suggests that it will be difficult for earnings growth to match inflation.

Marylou Greig

Rusfurn sale spells change

MARCIA KLEIN

THE sale of the Rusfurn group would significantly alter the playing fields in the furniture sector, according to analysts (188)

J D Group, which is believed to be interested in Rusfurn, could become the giant of the sector if it acquired a sizeable chunk of the group, they said

Analysts said there were few furniture companies with the means or backing to take over Rusfurn.

It would not benefit any company to take on the acquisition unless it did not pay more than the value of the store sites and the name of the chain. Rusfurn's debtors' book was huge, and it had lost market share in some of its divisions

But the potential for growth was substantial if the new owners could manage the debtors' book and the stock levels. The acquisition would increase buying power

Analysts said J D Group, with W & A and Trencor behind it, was the most aggressive in terms of wanting to expand. Analysts said J D Group was certainly interested in Russells, the up-market chain which was a significant player in the Rusfurn group.

Analysts said both Wooltru and Prefcor were interested in Dion. Dion would complement Game, and would give the Prefcor group the capacity to expand into the Transvaal. Wooltru's Makro and Dion would also have synergies between them.

It was unlikely Ellerin would be interested in Rusfurn, although it could buy stores in the western Cape, an area where it had room to expand

Afcol confident for coming year

BIDay 17/6/93

MARCIA KLEIN

MEASURES taken last year to improve furniture manufacturer Afcol's performance will see an increase in earnings in the coming year, says chairman Laurie van der Watt

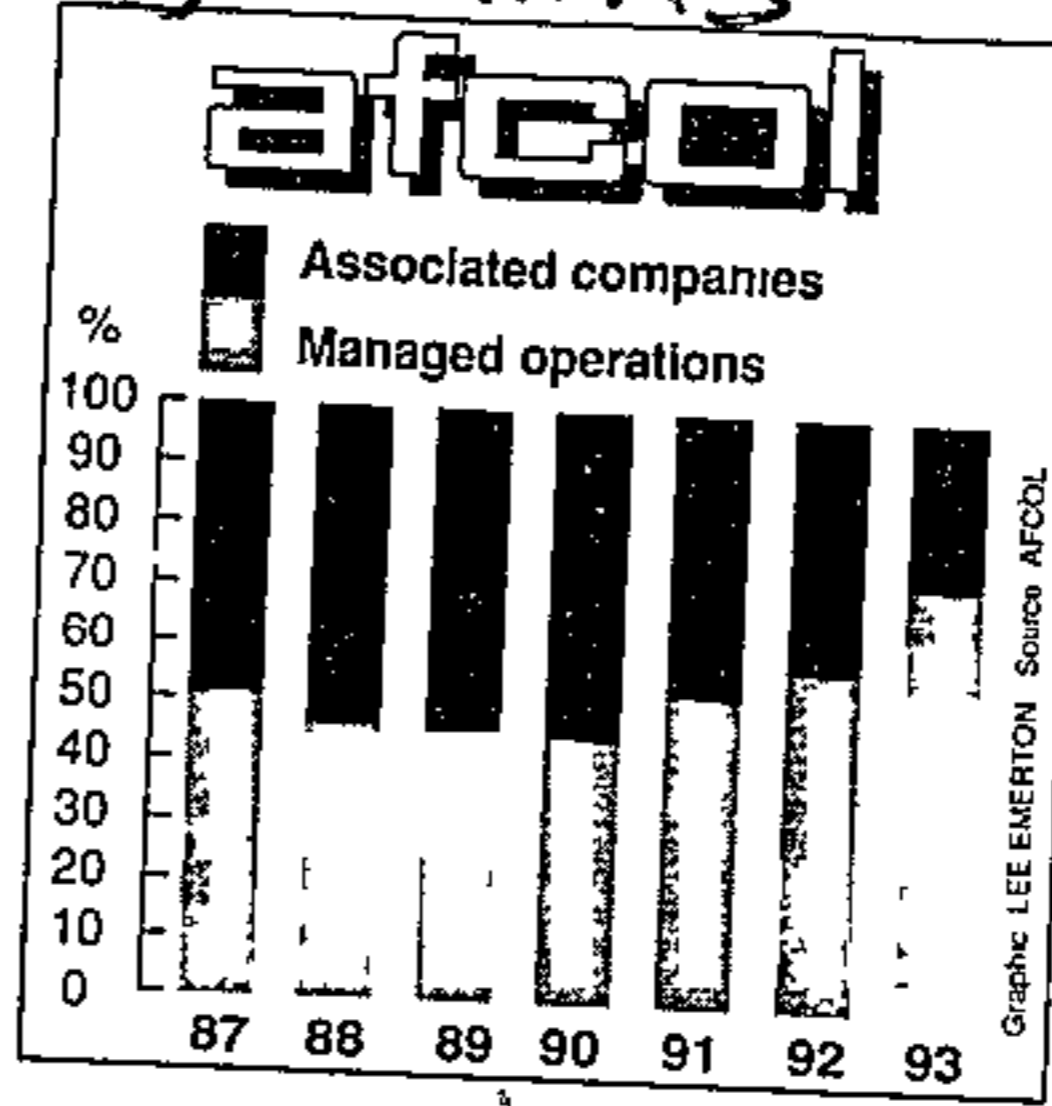
He said, in Afcol's annual review, that furniture would nevertheless remain weak for most of the year as growth in private consumption expenditure was not likely to become positive before late in the year

In the past year, real private consumption expenditure on durables plummeted by 7%, "leading to a further slackening in real demand in the furniture manufacturing industry". This led to fierce price competition, short-time working and layoffs

Against these conditions, as well as industrial action in most of its manufacturing operations, the group had therefore done well to hold turnover at R788,6m, just below the level of the previous year

Van der Watt said industry turnover declined, so Afcol had increased its market share. Exports improved 46% to R24,1m, and 18 Afcol factories were now exporting to 33 countries

Trading profit declined for the full year, but was held at last year's level in the second half following wide-ranging cost cutting measures, including the discontinuance of three manufacturing facilities



An R114,4m favourable swing in borrowings significantly reduced financing costs, enabling the group's managed operations to increase earnings by 41% to R21m of attributable profit. Managed operations, which represented 72% of attributable profit, had performed well

Group attributable profit rose by 13% to R29,3m, as equity accounted earnings declined to R8,3m (R11,1m) on the bottom line.

Equity accounted companies, including Romatex, Resinkem and Kalenbach-Hendler, performed much better than the previous year, with Romatex showing a 47% rise in attributable profit

But equity accounted associates contributed less to group earnings due to the R95m sale of Spankor at the beginning of the year

(188)

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Amrel 'does not expect real growth this year'

Blom 29/6/93

MARCIA KLEIN

FURNITURE, footwear, apparel and services group Amrel, whose earnings declined significantly in financial 1993, did not expect a meaningful resumption of growth in the coming year, the annual report said.

The SA Breweries subsidiary reported a 74,3% drop in earnings to 43,8c a share in the year to end-March after a substantial improvement in second-half trading. Turnover, excluding the effect of the Boymans acquisition, rose by 4,2% to R1,05bn.

MD Stan Berger said in the report that management could ensure that the group was equipped "to play the game", but SA's people and leaders would determine "the size and type of playing field".

Chairman Meyer Kahn said little improvement was expected in the first half. Beyond that, the obstacles to peaceful resolution had to be overcome "before a meaningful resumption in growth of sales and earnings can be contemplated".

Berger said the furniture division had turned in a creditable performance "during a period in which consumer confidence has been treated to a roller-coaster ride".

There had been little scope to significantly expand operations "with management's efforts clearly focused on achieving an acceptable return from existing assets and giving full cognisance to the group's already strained financial structure".

Furniture City experienced a turnaround, with sales up 30%. But the overhead structure still prevented it from contributing significantly to Amrel's earnings. Cape-based operation Crown Furnishers

started the year well, but could not sustain its performance. Geen & Richards, McNamee and Lubners performed "admirably" despite a five-month strike at Lubners.

Berger said management was cautiously optimistic about the coming year. The division expected a real increase in sales volumes, but might be hard pressed to improve significantly on its contribution to group earnings.

The footwear and apparel division reported comparative sales growth of 4%, falling short of the nominal sector growth of 10% and representing a further decline in market share.

The acquisition of a controlling interest in Boymans at the beginning of the year "has provided Amrel with the only glimmer of hope in this troubled market".

ABC and Cuthberts, which were sold to Sales House for R45,7m cash after the year-end, were affected by the competitive advantage gained by some of the major departmental stores (188).

Scotts experienced a harsh trading environment and greater emphasis had been placed on maintaining a narrower range of high volume, standard product lines. Although this strategy had met with some success, it was not enough to return the company "to a profitable footing".

The service division had a successful year. Although there was a real decline in sales income, attributable earnings rose by 63%, largely due to the performance of Early Bird.

FM 2/7/93

(188)

Activities: Makes furniture and household appliances

Control: SA Breweries 65,5%

Chairman: L van der Watt, Joint MDs T Eccles & K Roger-Lund

Capital structure: 25,5m ords Market capitalisation R223m

Share market: Price 875c Yields 6,8% on dividend, 13,6% on earnings, p e ratio, 7,3, cover, 2,0 12-month high, 900c, low, 480c

Trading volume last quarter, 438 000 shares

Year to March 31	'90	'91	'92	'93
ST debt (Rm)	2,7	2,3	2,5	2,7
LT debt (Rm)	96,7	92,8	107,3	0,4
Debt equity ratio	0,34	0,39	0,40	n/a
Shareholders interest	0,54	0,51	0,51	0,65
Int & leasing cover	3,4	2,8	2,2	7,6
Return on cap (%)	12,9	14,8	9,2	9,7
Turnover (Rm)	701	780	792	789
Pre-int profit (Rm)	58,4	64,2	49,8	46,1
Pre-int margin (%)	8,3	8,2	6,3	4,9
Earnings (c)	190,3	163,1	106,1	119,5
Dividends (c)	95	81,5	53	59,5
Tangible NAV (c)	1 160	980	1 095	1 157

ture maker its manufacturing operations encompass the entire range of furniture products — bedding, casegoods, kitchen and upholstery products and small appliances. It's hardly surprising it reflects the decline in real terms in private consumption expenditure. There are fewer jobs, there is less discretionary cash, people are scared — they are spending less and making do more.

That explains the marginal fall in Afcol's turnover and the reduction in the trading margin. Conditions are tough, competition is severe. The 12,7% increase in EPS and 6,5c increase in DPS is no small achievement.

However, an improvement in earnings and the ability to increase the dividend payment, laudable though these are, don't answer the question of where this group is going over the next few years.

Van der Watt describes the recession in terms of sombre desperation. It is the longest this century, he says. It has been accompanied by crippling interest rates, protest actions, stayaways and violence, these have ravaged the country, stripped the economy of growth, mauled confidence. This is emotive

AFCOL FM 2/7/93

(188)

A sombre perspective

Shareholders this year can review Afcol's results with something approaching equanimity. After two years of indifferent performance, it has achieved a healthy turnaround, thanks largely to a profound change in the balance sheet.

Last year's net borrowings of R110m have been converted into net cash of R4,7m. Chairman Laurie van der Watt, who is not slow to make use of an unusual opportunity to crow about a company which has given him a persistent headache for a few years, reveals this is due largely to the sale of Afcol's investment in Spankor.

That released a cash stream of R95m (and a profit of R51m), which Afcol added to its R51m cash flow from operations. This cash pile was used to pay a modest dividend of R13,4m, funding capex of R11,1m and retiring long-term debt of R107m.

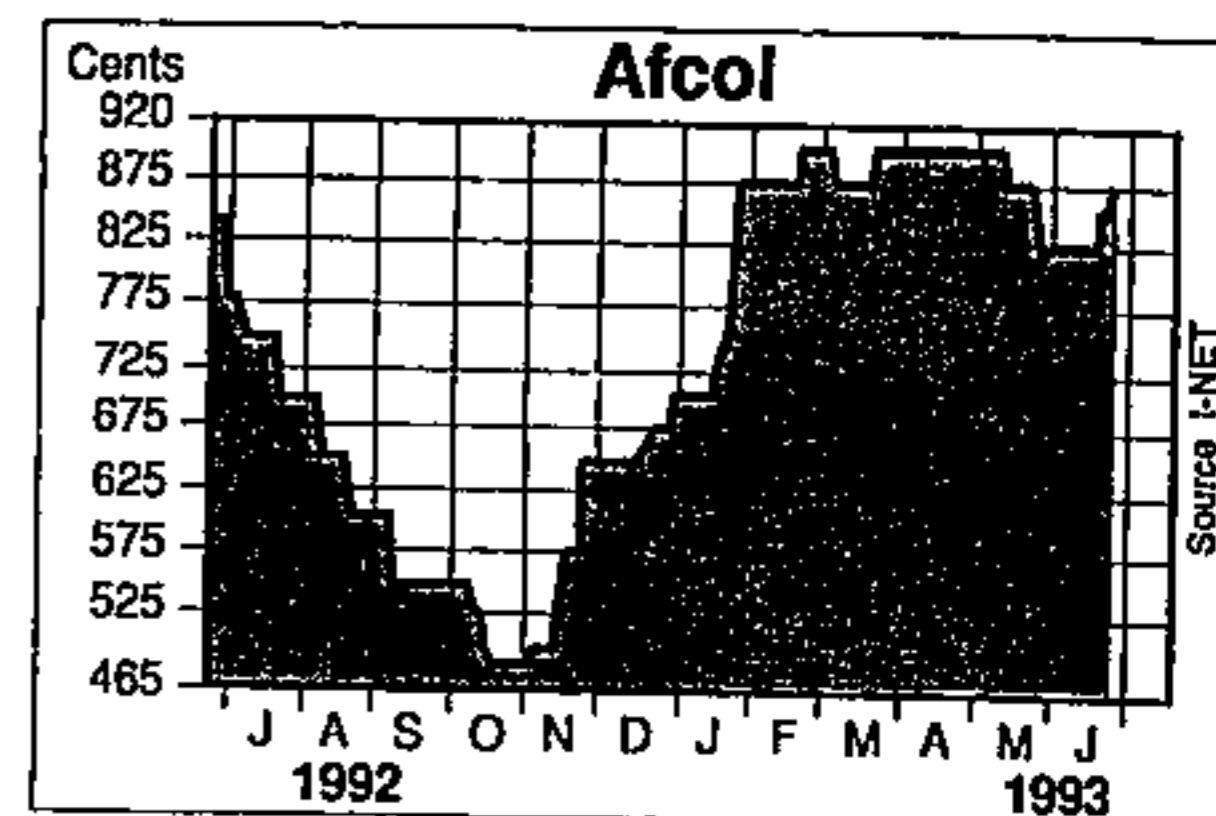
Afcol is the country's predominant furni-



Afcol's Van der Watt
things will turn

FM 2/7/93

(188)



language from a businessman whose stock in trade is the art of understatement.

What he is saying — though less bluntly — is that unless there is a marked improvement in the country's politics and in its social order group's such as Afcol will make their way only painfully and slowly. This must raise in the minds of shareholders issues such as whether it is worth persisting with investments in companies so transparently at the cutting edge of SA intransigence.

Van der Watt's answer will be that things will turn, that the group is trimmed down, lean, hardened and ready to respond with vigour when the economy improves.

No doubt these are true. However, he can hardly say anything other than express confidence that the economy will improve, his is an optimism founded rather more on hope than fact. Of course, we all pray he's right.

David Gleason

Agreement nears on Rusfurn deal

B/Day 6/7/92

MARCIA KLEIN

W & A, J D Group and Wooltru subsidiary Massmart were set to conclude a complex multimillion-rand deal to acquire the troubled Rusfurn furniture group, informed sources said yesterday.

They said the initial deal, between Rusfurn and W & A, would be struck this month. It would see W & A — aided by its new joint shareholder Trecor — acquire the entire Rusfurn group. The R1,4bn turnover group's major interests include Dion, Russells and Rudicks.

W & A would then sell the numerous furniture interests to its own furniture subsidiary J D Group, and would sell retailer Dion to Wooltru subsidiary Massmart.

It is believed that W & A would sell Dion to Massmart for cash, but the J D Group part of the deal could involve the issue of shares. According to one source, the terms of the deal were complex, but it appeared that W & A would walk away from the deal with a profit of about R45m.

Sources said it was still unclear what the purchase price would be, and what would be done about Rusfurn's significant debt.

The speculation follows more than two years of significant losses and much concern about the group's gearing and debt-

ors' provisions.

In financial 1991, Rusfurn reported it had gone R79,2m into the red after showing a profit of R92,9m in the previous year. At that time it announced a three-year recovery period. By the June 1992 year-end, its losses reached R135,9m. Since November last year, when the group issued a cautionary announcement, shareholders have been anxiously awaiting news of a change in control. But an announcement later that month said negotiations concerning a possible change of ownership were terminated, and that management had been restructured. Absa's Danie Cronjé took over as chairman of the group. (188)

In the six months to end-December, Rusfurn returned to profit, with attributable income of R5,6m from a loss of R28m in the previous year. Directors said although operating profit before interest was expected to improve, the high gearing would see it show an attributable loss after interest.

In May, Rusfurn issued a cautionary announcement, but no subsequent announcement has been forthcoming.

Furniture industry 'to become profitable'

DESPITE the tough economic environment, furniture manufacturers would still see a return to profitability in the year ahead, major furniture suppliers said yesterday

Dashing Office Furniture MD Don Bethell said the market had stabilised after a decline over the past 18 months. Companies had found they could not defer expenditure on office infrastructure indefinitely.

Leases were coming up for renewal and the "wait and see attitude" was changing to a situation where positive decisions were made about future investments, he said.

Bethell said last year's trading and profitability results were "very

8/Day 14/7/93
MZIWAKHE HLANGANI

good" considering some of its competitors were closing (R22)

The increased inquiries resulting from its business development drive had translated into increased proposals being made.

He said exports had added to the company's success during this period, reflecting a substantial increase over the previous year. Export growth was being planned for 1993/1994.

Its longer-term ongoing projects with institutional users placed it in good stead, he said.

Afcol furniture manufacturer chairman Laurie van der Watt said

despite the economic conditions, the group had done well to hold turnover at R788,6m — just below the level of the previous year.

He said Afcol had increased its market share while the industry's turnover had declined.

He said in the annual review that the furniture industry would remain weak for most of the year as growth in private consumption expenditure was not likely to become positive before the end of the year.

A spokesman for household furniture supplier Dextral said the group was doing well at a time when consumer spending had fallen due to the recession.

Rusfurn sale deal tied up

CT30/1/93 (188)
Own Correspondent

JOHANNESBURG — The troubled Rusfurn Group is to be sold, with its furniture interests going to W & A subsidiary JD Group and cash retailer Dion to Wooltru subsidiary Massmart.

Rusfurn, JD Group and Massmart announced yesterday that agreement had been reached for JD Group to acquire Rusfurn. In terms of the same agreement, Massmart would acquire the Dion business from Rusfurn.

The sketchy announcement was short on details of what the deal was worth or how exactly it would be structured.

Both Rusfurn and JD Group have warned shareholders to exercise caution in dealing in their shares.

Analysts said they would need to see details, particularly how much JD Group would pay and what would happen to Rusfurn's debt, before they could assess the deal.

However, one analyst said that ABSA, which holds the majority of Rusfurn's equity, would be now able to pass on its R400m exposure to Rusfurn to the JD Group.

Another commented that JD Group, and its parent W & A, would be pushed to take on Rusfurn's debt. But JD would not have gone ahead with the deal if this problem had not been resolved, he added.

Rusfurn, JD Group and Massmart said the deal was subject to several conditions precedent. These included approval by the boards of ABSA, JD and W & A, approval by the securities regulation panel and the JSE, consent by the major bank creditors of Rusfurn and shareholders' approval.

The deal will see the JD Group become the giant of the furniture sector. It will also enable Massmart, the holding company of cash wholesaler Makro, to enter the mass market cash retail business.

Today's announcement follows more than two years of losses for the R1,4bn turnover furniture group, as well as a fair amount of uncertainty about its future.

spired and it's clear the original deal was set on its collective head, though by whom will probably never be known

Market sources tell the *FM* the deal as originally conceived was that W&A was to have bought Rusfurn from Absa, sold Dion on to Wooltru for about R90m, and then injected Rusfurn into JD Group in which FS



Liebesman a long distance runner

Group holds about 50% Apparently, that would have left W&A with a neat profit of about R45m

Considering W&A's role would have been akin to that of a merchant bank providing corporate finance expertise and taking on little risk, someone clearly thought — and said — the profit element was unreasonable

Now it's said Rusfurn will be bought directly by JD Group which will on-sell Dion to Wooltru, still for about R90m An analyst says that's about R45m above Dion's NAV so the deal will put some cash back on to Rusfurn's pathetic balance sheet

However, the reverse of the coin is that at June 1992, the year of Rusfurn's loss of R136m, the company owed Absa about R400m in overdraft and the bank held a convertible debenture indebtedness of another R250m Clearly, something has to be done about these

On the face of it, it's unlikely JD Group chairman and MD David Sussman will be willing to take a debt obligation of that kind onto JD's balance sheet The betting is that he will have negotiated the write-off by Absa of all the convertible debentures and some of the overdraft That might leave JD Group carrying about R350m of Rusfurn debt and Absa with write-offs of R300m, sad for new CE Danie Cronje but better than piloting a runaway

If this deal goes through, it will make the enlarged JD Group the biggest furniture

retailer in the country The question is whether that really matters much Investors will probably wait a while before committing themselves They will want to see how Sussman goes about changing Rusfurn's management and its operating culture before consigning their cash to an uncertain venture (188)

Meanwhile, W&A doesn't go away empty-handed market talk is the company will collect R7,5m for its work as a go-between and facilitator

All the major participants ran a mile when contacted for comment Sussman said he didn't want to blot his copybook with Absa, Absa's Danie Brits referred the matter to Absa public relations who coughed, said they'd ring back — and didn't, Rusfurn's Jenkins and Gerst were unavailable, so was W&A's Jeff Liebesman So readers are warned this article is speculative David Gleason

RUSFURN *FM* 6/8/93

Approaching resolution

The corporate comings and goings on Rusfurn are enough to have left everyone bewildered, not least shareholders who have watched helpless over the last two years as their wealth has dissipated (188)

It seems finality about the hapless furniture group's future is on the verge of resolution It's a tale not without sudden twists and about-turns It's been one of those open secrets the market so delights in, that Wooltru's had covetous eyes for some time on Rusfurn's Dion chain Announcements which were to have been made never tran-

JD Group buys Rusfurn in R85m deal

Biscay 6/8/93

FURNITURE retailer JD Group is to acquire competitor Rusfurn in a R85m equity deal which will more than double its size.

It announced yesterday that it would acquire Rusfurn's entire equity — apart from R150m redeemable preference shares held by Absa — and Rusfurn would become a wholly owned JD Group subsidiary. Rusfurn would sell Dion to Wooltru subsidiary Massmart for R90,1m cash.

CE David Sussman also said he intended to recapitalise the business with a rights issue to raise a minimum of R75m. The proceeds would be loaned to Rusfurn.

The sale of Dion, the conversion of Absa's redeemable prefs into JD Group convertible redeemable prefs and the loan

MARCIA KLEIN

from JD Group would reduce Rusfurn's debt from R406m to R128m.

Sussman said after the acquisition JD Group would have a turnover of about R1,3bn and almost 600 stores. After the proposed rights offer and Rusfurn's consolidation, its gearing would be only 10,4%.

In terms of the proposed rights offer, JD Group's holding company W & A would subscribe for R12,5m, and renounce enough of its rights to enable Massmart to subscribe for R25m, or about 6% of JD Group's shares. A further amount of R37,5m or more would be offered to JD Group's other shareholders (188).

JD to acquire Rusfurn

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JD Group's turnover drops as unrest escalates

Biday 12/18/93

MARCIA KLEIN

FURNITURE retailer JD Group reported a 13% drop in earnings to 13,8c (15,8c) a share in the six months ended June as trading conditions nosedived in the face of escalating unrest

Although the group's R85m acquisition of Rusfurn, which transformed JD Group into the major player in the sector, was effective from May 31, its figures had not been consolidated as certain conditions had to be complied with

JD Group reported a marginal turnover rise to R200,9m (R193,8m), mainly because of the opening of 33 new branches. Chairman David Sussman said the first quarter had been satisfactory, but that the sharp rise in unrest since April had severely affected trading conditions

Joshua Doore and Bradlows reported "an interim-on-interim turnover decline in rand terms for the first time in the group's history"

Operating income rose sharply to R7,9m from R4,6m. Sussman said costs were controlled and the increase in expenses was limited to 5% on a like-for-like basis

Net finance costs of R2,7m, which compared with R1m interest re-

ceived previously, reflected slower collections and payments. Although the debtors book "moved out slightly", write-offs were only 1,53% (1,26%) of the gross debtors book, and arrears were contained at 9% (8%)

Attributable income was 12% lower at R4,9m (R5,6m), but the interim dividend was maintained at 4c a share

Sussman said the acquisition of Rusfurn would give JD Group "a substantial asset with significant growth potential at an attractive price"

It would acquire Rusfurn for R85m, settled by the issue of shares

Rusfurn would then sell Dion to Wooltru subsidiary Massmart for R90,1m cash (188)

The proceeds of a rights issue in JD Group — to raise a minimum of R75m — would be advanced to Rusfurn as a subordinated loan

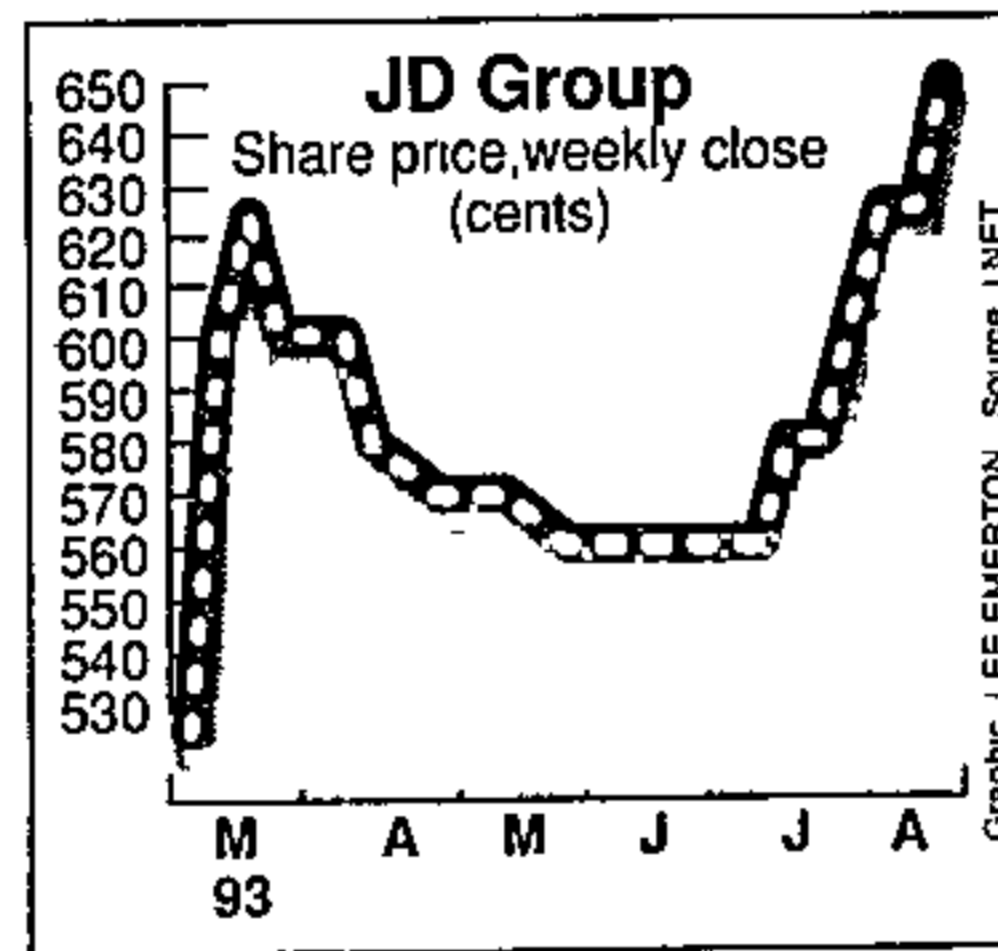
The sale of Rusfurn, the conversion of the R150m redeemable preference shares held by Absa into JD Group preference shares, and the loan from JD Group would reduce Rusfurn's debt from R406m to R128m

Sussman said the deal had been structured in a way that would reduce Rusfurn's debt and other risks

Plans for the restructuring and redirection of Rusfurn were already in place and Rusfurn had in recent months "made considerable progress in cleaning up its assets"

Its substantial turnaround potential and the synergistic and rationalisation benefits of the takeover placed JD Group in a position to maintain earnings in the full year

Sussman said this would be achieved on an enlarged share base arising from the acquisition and the proposed rights offer. Full-year results would also benefit from a traditionally better trading period in the second half



Sussman stands firm

Someone had to give ground in JD Group's takeover of Rusfurn. And, as we predicted, it wasn't JD chairman David Sussman.

He has pulled off a good deal for JD and, by extension, parent W&A. Terms are more complex than the architects suggest: essentially, JD is to acquire Rusfurn for R85m by making an offer to all Rusfurn shareholders, who may elect to convert into either JD ords or redeemable convertible prefs, though they may take no more than 50% in ords. Conversion is to be at R7,54, JD's NAV at the end of last year.

Dion Stores, wholly owned by Rusfurn, is being on-sold to Massmart, part of the Wooltru Group, for R90,1m cash — exactly the price the *FM* predicted. Sussman confirms the proceeds will immediately be injected into Rusfurn as a subordinated loan.

Even more interesting is what happens to Rusfurn's accumulated debt mountain. At R406m at the time of the transaction, it comprises convertible debentures and bank overdrafts. As we speculated, Sussman, who held most of the cards, wasn't about to be dragooned into a rescue operation for Absa.

Conversion of Absa's redeemable prefs along with JD's loan of R90m, provided courtesy of Wooltru, reduces debt to a more manageable R128m. However, to be fair to Absa, it now has the opportunity — if Sussman is successful — of seeing its involuntary investment in JD turn into a golden egg.

JD intends recapitalising through a rights issue of at least R75m. Part of the price Wooltru has to pay for Dion is to participate in this by taking up about R25m rights renounced by W&A. That will make Wooltru a 6% shareholder in the enlarged JD. Rusfurn's listing will be terminated, probably within a few months.

The view from Wooltru and Massmart, which has long coveted Dion's discount merchandising operation, must be that the acquisition has many synergies, in both advanced technologies and better trading margins than those in Massmart's wholesale food trading businesses.

Dion's NAV, as reported last week, is probably about R50m. On the face of it, Massmart paid over the odds, however, Dion's cash flow is excellent and its potential is regarded by Massmart's managers as unusually good. The premium is obviously considered worthwhile.

Of course, Wooltru's acknowledged problem is that it has too much cash. Dion — once it's operating again at full bore after years of being Rusfurn's milch cow — will be a major cash generator. That will only compound Wooltru's problem — a position which will earn the giant little sympathy.

An interesting aside is what Rusfurn might have got had it sold Dion years ago, when Wooltru first showed interest. A figure of R180m is one we keep stumbling over, though mention of it turns brave men pale.

Meanwhile, Sussman is faced with the problem of turning his hugely enlarged furniture group — SA's biggest — into a successful, profitable, operation. He may find that rather more difficult than putting the deal together, though he cheerfully says the tough part is behind him.

David Gleason & Marylou Greig

JD Group focuses on margins

ENLARGED furniture retailer JD Group would focus on improving stockturn and margins and work more closely with suppliers, executive chairman David Sussman said yesterday. **Biday**

JD Group acquired Rusfurn's furniture interests at end-July, giving the group an estimated market share of 25% and annual turnover of close to R1,5bn. **26/8/93**

JD Group, which owns Joshua Doore, Price 'n Pride, Bradlows and Score, acquired Rusfurn's Russells, Ruddicks, Giddy's Das Haus, Harmony, Montana, Wanda Frasers and Style & Value to become SA's largest furniture retail group with over 500 branches.

Sussman said the money needed to make the ailing Rusfurn viable had been invested prior to its acquisition and considerable progress had been made cleaning up its assets. The new head office structure would be finalised by the end of this week.

The synergies between the two groups

MARCIA KLEIN

would provide enormous cost-saving benefits. Sussman said the group would assess every store. Stores that made a positive contribution would remain open. Certain stores might be converted to become part of other chains. **(188)**

Sussman said the furniture industry had not been highly regarded by the investor because of its stockturns and margins. The industry could improve this perception by becoming more efficient. It needed to introduce just-in-time stock concepts, which the enlarged group could do.

Most advertised products were low margin, eroding the manufacturing base. Manufacturers were major employers of the industry's customers, so it was up to the retailer to ensure manufacturers remained profitable. To promote job creation, the industry had to avoid imports where it could.

Dividend lifted to 24,5c

Creditable performance from McCarthy Group

Star 30/8/93

RESULTS for the year to June are gratifying, says CE Terry Rosenberg

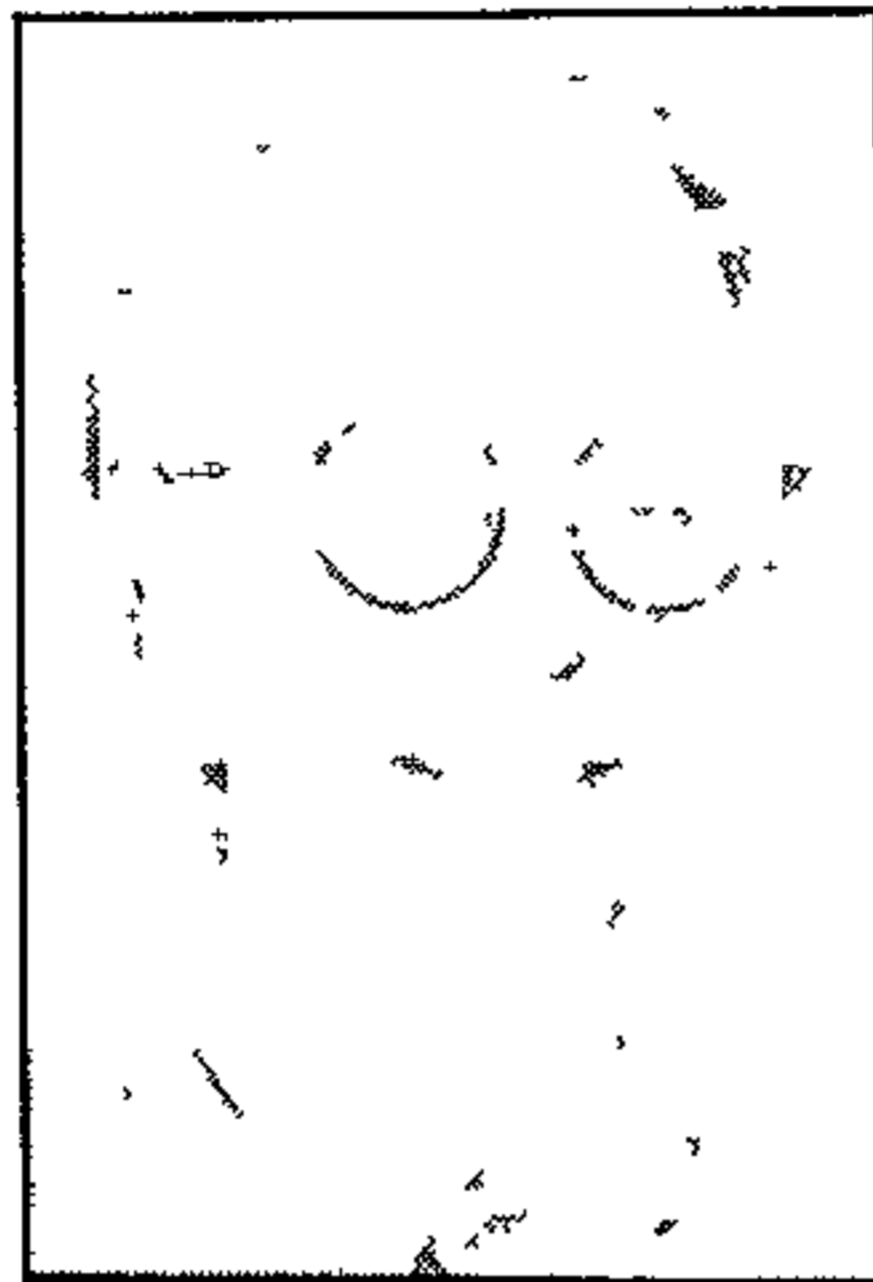
■ BY STEPHEN CRANSTON

In the first year since the merger of motor dealer McCarthy and furniture retailer Prefcor, earnings per share of McCarthy Retail on a pro forma basis rose by 5,8 percent to 57,6c and those of its pyramid McCarthy Group by a similar percentage to 76,3c

CE Terry Rosenberg says results for the year to June are gratifying, given the difficult circumstances prevailing in the durable and semi-durable markets

The McCarthy Group dividend has risen from 21c to 24,5c, though the dividend of McCarthy Retail, previously Prefcor, fell from 30c to 19c

Rosenberg says, however, that McCarthy Retail shareholders have received the added benefit of enhanced stability in convertible debentures



Rosenberg... group should benefit from the trend towards buying down

ture interest payments as a result of the increased profit base

McCarthy Motor Holdings' sales of new units fell by one percent. But the division held earnings to the previous year's level

Its share of the new-vehicle market fell from 13,7 percent to 13,1 percent, largely as a result of the Toyota strike at the beginning of the year,

poor supplies from Volkswagen for three months and the disposal of two operations

Rosenberg says the group should benefit from the trend towards buying down. Several ranges have been introduced to cater for the trend, including the Nissan Sentra, Toyota Camry, Mazda 626, the new Volkswagen Golf and the new Honda Ballade. McCarthy has a strong share of all these manufacturers

In Prefcor, two operations performed below budget. Game Discount World, in which five outlets opened during the year, saw its trading fall off after the assassination of Chris Hanu

But Rosenberg is confident the Game formula will work well, once normal trading patterns resume

Savells Transvaal had a bad year for management-related reasons, but there were a number of closures and subsequent write-offs

Prefcor's operating income fell by 9,4 percent, with satisfactory performances from the six other divisions, including Beares and clothing chain

Bee Gee

The three-year store opening programme in the furniture division ended in April

Earnings were improved by a R12,2 million release of the deferred tax provision following the reduction in the rate of corporate tax from 48 percent to 40 percent

The tax bill fell from a pro forma R90,3 million to R44,0 million and net income rose from R84,3 million to R89,2 million

Asset management improved and net current assets fell from R153 million to R129 million

Gearing fell from 24,8 percent to 19,3 percent

Rosenberg says the merger was in the interest of both sets of shareholders

McCarthy Group shareholders have seen significant increases in earnings and dividends, while Prefcor's now have a far stronger balance sheet and a springboard for assured long-term growth

The McCarthy Retail senior convertible debentures have firmed from 480c before the merger to 670c now

(188)

McCarthy merger is 'starting to bear fruit'

By Day 13/9/93

MARCIA KLEIN

THE merger of the McCarthy motor group and furniture and retail group Prefcor to form McCarthy Retail was beginning to bear fruit, CE Terry Rosenberg said at the weekend

He said numerous synergies had already been established. The group was merging the McCarthy and Prefcor computer departments, and this would generate a R7m saving this financial year.

The group had also established a zero-based budgeting exercise. "We have been aggressive in the cost area. Inflation is coming off, so our expenses have to grow at a lower rate," he said.

The group's maiden results to end-June reflected a 12% earnings rise to 48.2c (42.9c) a share, as a lower tax rate offset the effect of weak trading conditions.

Recently the McCarthy Group and McCarthy Retail shares had gained ground. McCarthy Retail's share gained 23% over the past month to close on Friday at 320c.

Although McCarthy Group lost 20c or 4.6% on Friday to close at 410c, the share was nearer its yearly high of 475c than its December low of 275c.

Rosenberg said there had been market acceptance of the results, but the group would need to report solid results over a period before it was significantly re-rated.

McCarthy Retail was working on its gearing, which would improve the quality of its earnings. At the June year-end, gearing had fallen to 19% from 25%.

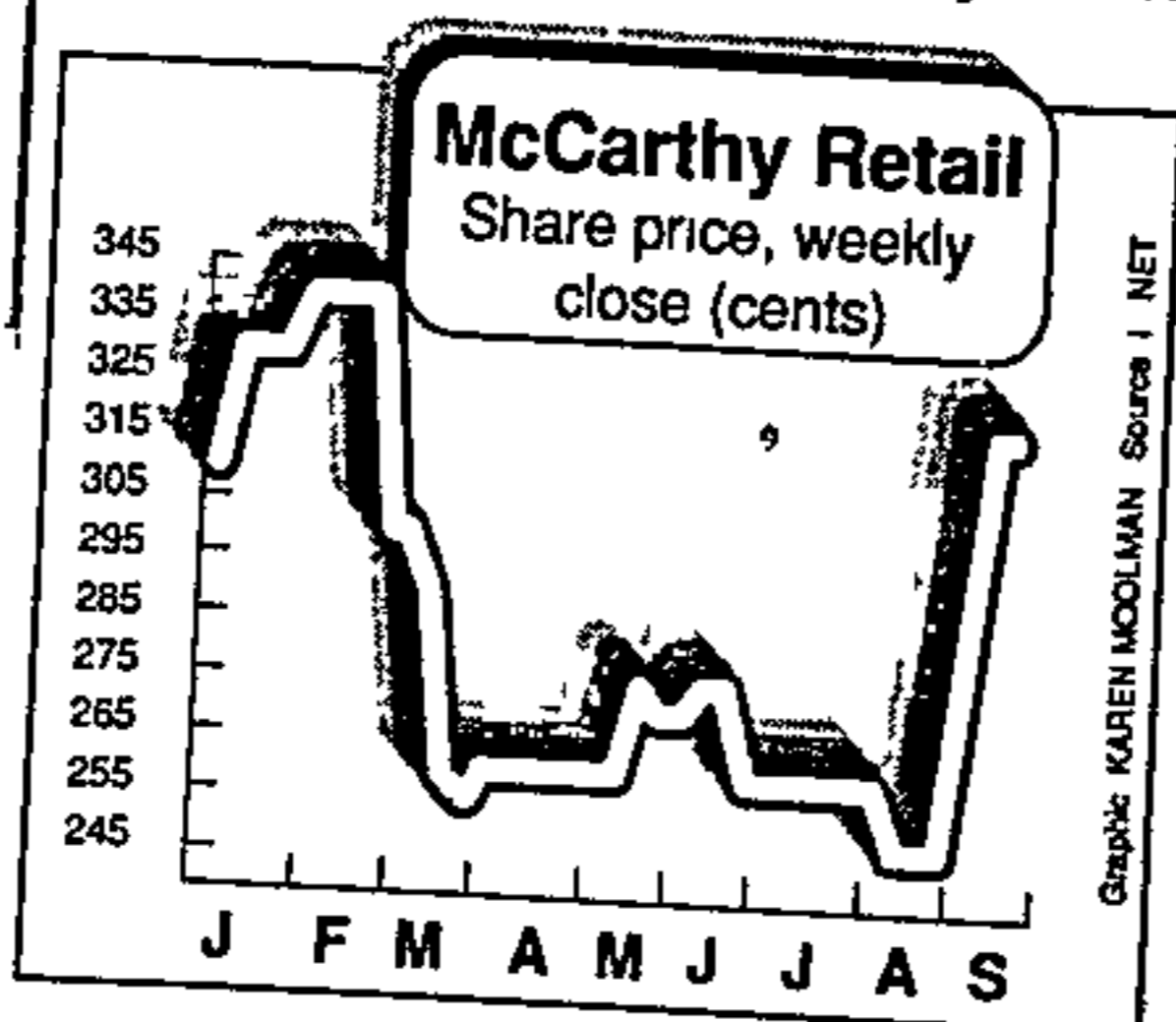
Commenting on divisional performances, Rosenberg said last year McCarthy had acquired Cape Nissan and BMW dealers Auto Deutsche, and Tygerberg BMW, and Burchmore's had been expanded into Cape Town and Durban.

Rosenberg said last year was the first time in the group's history that used car turnover had exceeded R1bn.

Budget Rent-a-Car had settled down and turned around, and it had increased market share. Yamaha had a good year, and the group was looking at expanding its product range. McCarthy had also expanded in the UK, and now had four dealerships.

Although the past two months had been encouraging for McCarthy's business, Rosenberg said it was too early to say that an upward trend had been established.

In the Prefcor side of the business, the store expansion programme was virtually complete. The furniture division had opened 60 stores in 30 months, with nine closures. The group was growing the Bonus Building Supplies chain, and would add another six stores to the eight-store chain.



Graphic: KAREN MOOLMAN Source: I. NET

July furniture sales show significant improvement

Star 14/9/93

BY STEPHEN CRANSTON

There was real growth in furniture sales in July, the second month of improvement after the disastrous performance in April and May

Sales figures released by the Retail Liaison Committee show that total sales of furniture appliances, audio and television sets increased by 13,2 percent in July — a real growth of 3,2 percent.

All items showed positive growth except audio equipment, which has not sold well since April

The figures represent a significant turnaround from May's 6,7 percent growth, in the wake of Chris Ham's assassination and the increased unrest.

Ellerines chairman Eric Ellerine says that the recovery has been localised, with the Witwatersrand, Vaal Triangle and parts of Natal still affected by violence. Bad-debt patterns have retrogressed slightly in

the same areas.

"It is too early to talk of a recovery, although we have seen a bottoming out in many areas," he says (188)

Amrei MD Stan Berger warns that the increase is off a low base, as trading in the previous July had been devastated by unrest in the wake of the Boipatong massacre

He says that some retailers were effectively buying sales by offering to sell furniture without deposits

Frans Jordaan, executive director of the Furniture Traders Association, says short-term prospects appear somewhat brighter, but that it's too early to predict an upswing. Historically, sales have been healthier in the second half of the year

Cash chains, of which Dion, Game and Pick 'n Pay Hypermarkets are the best-known, are still struggling. Their sales fell by 0,1 percent during the month

Feeling the icy chill

Activities: Retail furniture (30)
Control: Directors 43% (1992: 64%)
Chairman: E J Theron (88)
Capital structure: 12, 311 ords Market capitalisation R2,7m

Share market: Price 27c Yields 13,6% on dividend; 27,2% on earnings, p/e ratio, 3,7, cover, 2 12-month high, 25c; low, 18c Trading volume last quarter, 88 000 shares

Year to February 28	'90	'91	'92	'93
ST debt (Rm)	0,1	1,3	1,4	0,7
LT debt (Rm)	1,4	1,3	0,1	0,1
Debt equity ratio	0,84	0,67	0,27	0,11
Shareholders' interest	24	32	33	29
Int & leasing cover	10,1	n/a	n/a	n/a
Return on cap (%)	10,1	13,2	8,6	5,8
Turnover (Rm)	31,1	41,6	44,9	49,9
Pre-int profit (Rm)	1,1	1,8	1,2	1,0
Pre-int margin (%)	8,1	4,3	2,7	1,9
Earnings (c)	7,1	7,6	7,0	6,0
Dividends (c)	3,1	3,6	3,5	3,0
Tangible NAV (c)	30,1	34,1	36,8	38,7

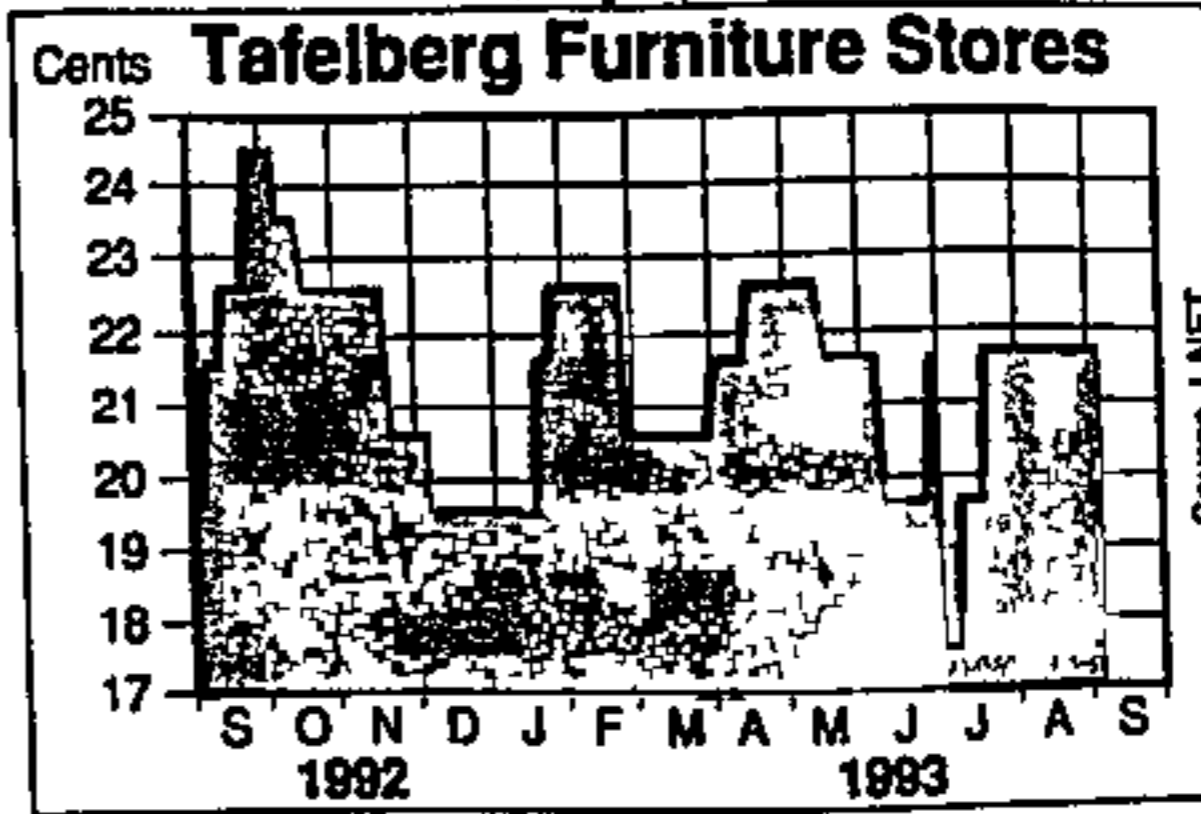
As surely as all Cape Townians feel the icy winter South-easter when it reaches land from the frozen Polar cap, this Cape-based furniture retailer felt the chill of the prevailing trade wind in financial 1993.

Tafelberg is one of the few so-called furniture retailers that operate almost entirely on cash. Its stock comprises household furniture, electrical appliances and sophisticated audio and television equipment which it markets to middle-upper income groups. It did well to increase turnover by 9% when the market was shrinking. It retained its market share despite selling out for cash. But it did so at a large cost.

Again, margin suffered (it has been steadily deteriorating over the past four years) and pre-interest profit fell by a fifth — partly because cash generated by operations was lower, partly because about R500 000 more was spent on fixed assets and net interest received fell even though interest-bearing debt was reduced.

Stock, financed by creditors, increased by R2m, resulting in a slower stock turn of 4 (1992 4,4). Yet chairman Eugene Theron is undaunted by trading conditions. He is proceeding with the expansion of facilities that will involve capital raising of another R2m, to be funded, he says, by profit arising from additional turnover generated from the enlarged sales area.

Over the past five years, Tafelberg has grown turnover at a compound 14% a year,



slightly below average inflation of about 15%. That's not bad compared with the way the furniture industry has fared. But pre-interest profit has fallen at a compound 13,4% a year and EPS have dropped by 5,1%. That is hardly a trend to encourage investment in the share. (88) (30)

This organisation has three outlets strategically sited in Bellville, Paarl and Cape Town and has developed a loyal customer base which, in the hands of a larger group, could be greater than the goodwill reflected in the present p/e. Its net worth is considerably above the share price. So it could offer a takeover target.

Theron says that, for internal planning, it's being assumed 1994 EPS is unlikely to exceed that of 1993. Even with another set of indifferent results on the cards, any predatory action should boost the share price. Otherwise, the share is unlikely to be rerated soon.

Gerald Hirshon

JD Group 'not buying Profurn'

BIDAY

23/9/93

THE sale of Protea Furnishers (Profurn) was on the cards, but JD Group was not necessarily the buyer, industry sources said yesterday

They were responding to a report that JD Group was "well advanced" with plans to take over Profurn from the liquidator of Supreme Holdings

Sources said yesterday that it was clear that Profurn would be sold JD Group, Ellerine, Prefcor and other investors were believed to have shown an interest However, sources said detailed negotiations had not yet

MARCIA KLEIN

taken place

Profurn was of acquisitional interest because of its presence in neighbouring countries It had stores in Botswana and Lesotho, as well as some of the TBVC states In the six months ending June, earnings were up 50% to 0,3c a share

If JD Group were to acquire Profurn, the deal would follow the recent acquisition of the massive Rusfurn furniture group

(188)

High tax provision dents Barnetts' performance

FURNITURE group Barnetts has reported a 14% drop in earnings to 10,7c (12,5c) a share in the year ending June as a high tax provision offset a good pre-tax performance.

Chairman and MD Myron Lewkowski said results were satisfactory, despite the unstable sociopolitical situation. This could be attributed to "our strategic expansion into the neighbouring states" Barnetts closed three non-performing stores in SA, and opened six in prime sites in neighbouring territories.

The 38% rise in turnover to R87,9m (R63,6m) was largely due to the new stores. Operating income rose 27% to R4,4m (R3,5m) as the operating margin was affected by the start-up costs and "tighter trading conditions".

Finance costs were up 49% to R1,7m (R1,1m). Gearing rose to 48% (27%), and interest cover dropped to 2,6 (3,1) times. Net income before tax was 16%

MARCIA KLEIN

higher at R2,7m (R2,4m). But a significant increase in taxation — with full provision for current and deferred tax — saw income after tax decline by 14% to R1,5m (R1,7m).

A 29% lower interim dividend of 2,5c (3,5c) a share was declared.

Lewkowski said the reduction in the tax rate and the resultant reversal in the deferred tax provision had been reflected as a R1,5m extraordinary item.

Had the deferred tax adjustment been included in the tax charge, earnings would have risen by 11c to 21,7c a share.

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Ellerine bucks the trend to boost earnings 27%

BIDEN 5/10/93

MARCIA KLEIN

ELLERINE Holdings has overcome depressed conditions in the furniture retail sector to report a 27% rise in earnings to 88,9c (70,2c) a share in the year ending August

The results, which take into account a 10-for-1 share split in April, partly reflect the 60% earnings rise in the first half of the low base of the previous year, when the company was beset by labour problems.

Ellerine reported a 29% jump in sales to R757,7m from R588,2m. Chairman and MD Eric Ellerine said price increases on consumer durables had averaged 8% for the year, well below the inflation rate.

The increase in operating profit was

curbed to R114,6m (R97,8m) after additional debtors' provisions. Ellerine said these were prudent, and not a result of higher bad debts.

Net interest paid rose to R5,5m (R2,2m), resulting in a 14% rise in pre-tax profit to R109,1m (R95,6m). But the lower company tax rate led to sharply improved profit after tax at R64,1m (R50,7m).

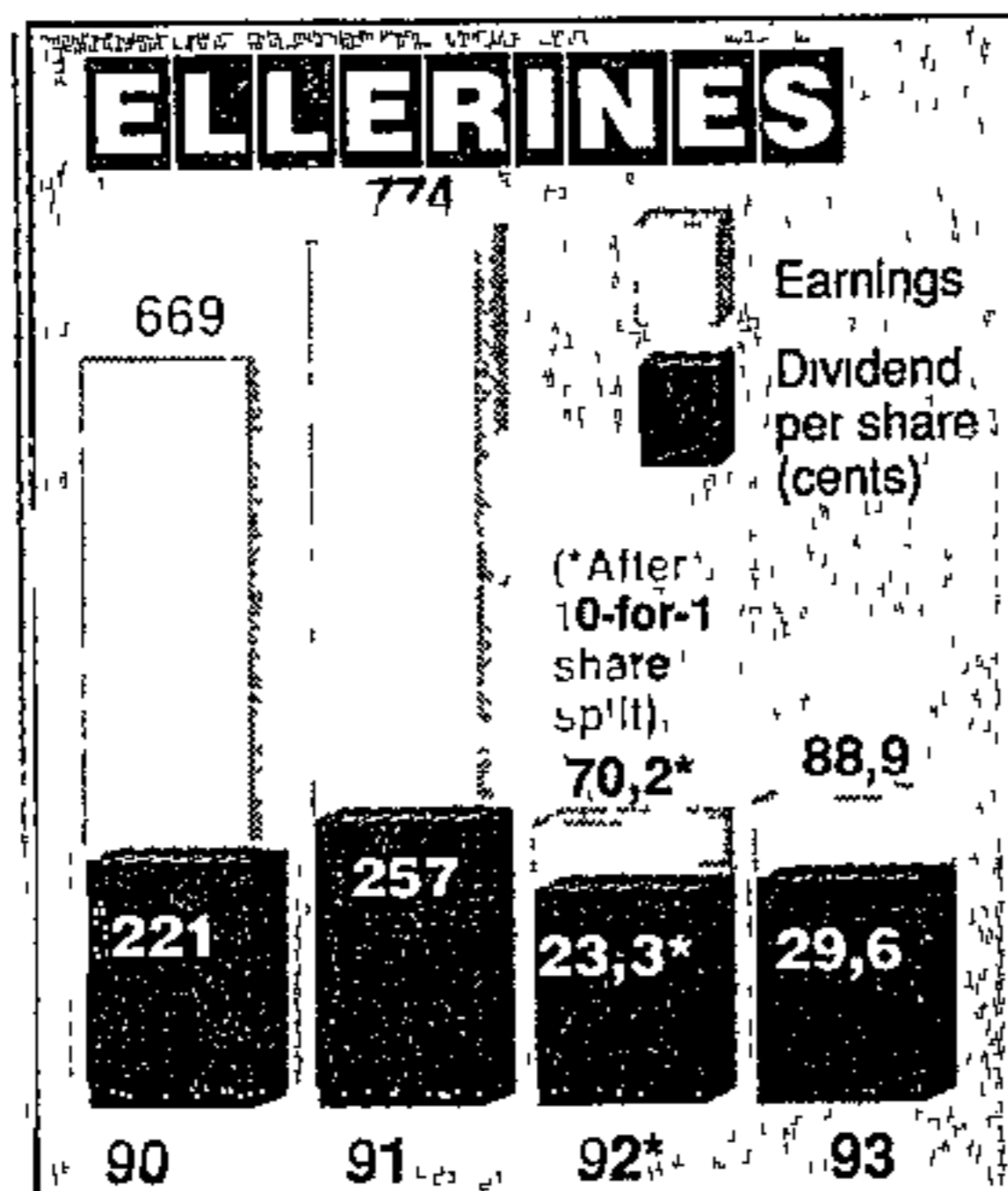
Attributable profit was 27% higher at R63,8m (R50,4m). An extraordinary item of R12,2m reflected an adjustment to the deferred tax provisions resulting from the reduction in the tax rate. A final dividend of 16c a share was declared, bringing the full year payout to 29,6c (23,3c) a share.

Ellerine said the balance sheet remained "extremely strong". Gearing was "a very comfortable 23%". The company had no gearing two years ago.

Ellerine said borrowings could increase, given the security of "a big daddy" in cash-flush parent Malbak.

He believed the results had been achieved because Ellerine was a focused organisation, in touch with its customers, with a conservative management style. It had spent millions of rands each year on training. Its asset management was good, deferred tax was provided for in full, and all debtors were on balance sheet.

He was optimistic that Ellerine would continue to show real growth. During the year, Ellerine increased its stores by 17 to bring the total to 371 stores.





Ellerine smoothing out earnings

though he concedes this year has been an earnings smoothing exercise

EPS rose 27% to 88,9c, helped by a lower corporate tax rate which more than offset the rise in net interest paid to R5,5m (R2,2m)

This goes some way to explaining the underlying excellence of the business share-

ORGANIC GROWTH

Year to August 31	1992	1993
Turnover (Rm) .. .	588,2	757,7
Operating income (Rm) .	97,8	114,6
Attributable (Rm) ...	50,4	63,8
Earnings (c)	70,2*	88,9
Dividends (c)	23,3*	29,6

* On basis of number of shares after 10-for-1 split

holder wealth is steadily increased (though investors don't get to see the cash) and an important hidden cushion enables it to ride out the long, bad years

Gearing increased to 23% (18%) — the result of store expansion, says Ellerine. Though he cautions it may go higher, Ellerine says he looks to other methods of finance only if gearing nears 46%. The debtors' book is funded entirely internally, without an off-balance sheet finance company

Ellerine also provides fully for deferred tax, some R84m on the balance sheet. Unlike competitors, it didn't award itself a credit from the deferred tax provision (R12,2m) but has treated it as an extraordinary item below the line — true conservatism

Admittedly, results for the year partly reflect the 60% earnings rise in the first half — off a low base the previous year when the group was plagued with labour problems. That suggests marginal growth in the second half. Nevertheless, Ellerine looks well placed to take market share from more cash-strapped competitors. With the group cushioned by its reserves, analysts believe real earnings growth of at least 4% can be achieved in 1994

Ellerine is regarded as the top performer

and yardstick in its sector. Trading at 800c and on a p/e of nine, the stock is not unduly demanding. Tradeability is limited, so opportunities to increase exposure to the stock should be taken

Marylou Greig

ELLERINE
FM 8/10/93
Tucking away reserves

Few companies have been fortunate enough to elude sizing down during the recession. One is Ellerine, blue chip of the furniture sector, which continues to defy gravity by expanding with gusto — 5% a year. It does this not by acquisition but organically — another achievement in trying conditions

Strong focus in its traditional middle- to lower-income group market resulted in opening 17 stores during financial 1993, making a total of 371. Chairman/MD Eric Ellerine hopes the number will top 400 by mid-1995

In those circumstances it's not surprising sales for the year to August were up 29% to R758m. The increase in operating profit was not as great — 17% to R115m — distorted by a 2,5% increase in debtors' provisions, which Ellerine says isn't a consequence of higher bad debts but merely "prudent"

The book is a fascinating area of the business. Its value after write-offs is around R620m. Provisions for unearned finance charges and doubtful debts of R180m (1992 R163m) left net debtors of R440m (188)

But confusion reigns when attempts are made to quantify the amount channelled into reserves. Analysts believe operating income could have been understated by as much as R15m. Is this correct? Ellerine isn't telling,

Afcol nets 34% earnings fillip

From MARCIA KLEIN

188

JOHANNESBURG — Furniture manufacturer Afcol yesterday reported a 34% earnings rise to 69,6c (51,9c) a share in the six months to end-September as depressed conditions in the furniture industry were offset by strict financial controls

Chairman Laurie Van der Watt said yesterday that Afcol had lifted turnover 11% to R433,8m (R391,7m). A 35% higher interim dividend of 35c (26c) a share was declared, in line with company policy of distributing a twice covered dividend.

The higher turnover, coupled with productivity measures taken last year, enabled the SA Breweries company to report a 21% rise in trading profit to R20,9m (R17,3m).

Financing costs were cut to R1,3m (R3,3m) on the back of a substantial reduction in borrowings. Pre-tax profit was 26% up at R23,3m (R18,5m). Profit after taxation but before associates was 18% higher at R15,8m (R13,4m).

A "pleasing improvement" from associates particularly Romatex, had resulted in a 35% profit hike after tax to R17,6m (R13m). Attributable earnings rose 34% to R17,1m from R12,7m previously. Both managed operations and associates showed similar good growth, and contributed R11,5m and R5,6m respectively.

"Relentless attention" to working capital management and cash generated from trading had enabled Afcol to show a R30,8m favourable change in borrowings, and had brought about a net cash position of R3,7m.

Yesterday the share rose 25c or 2,3% to close at a new high of R10,75. The share has been rerated since it traded at a yearly low of 480c at this time last year.

Tight controls enable Afcol to overcome market slump

Biday 4/11/93

FURNITURE manufacturer Afcol yesterday reported a 34% earnings rise to 69,6c (51,9c) a share in the six months to end-September as depressed conditions in the furniture industry were offset by strict financial controls

The results are in line with March year-end forecasts of chairman Laurie van der Watt that measures taken in financial 1993 would produce an increase in earnings.

Van der Watt said yesterday that Afcol had lifted turnover 11% to R433,8m (R391,7m). A 35% higher interim dividend of 35c (26c) a share was declared, in line with company policy of distributing a twice covered dividend

The higher turnover, coupled with productivity measures taken last year, enabled the SA Breweries company to report a 21% rise in trading profit to R20,9m (R17,3m). Van der Watt said overheads had been tightly controlled and certain plants had been shifted or merged.

Financing costs were cut to R1,3m (R3,3m) on the back of a substantial reduction in borrowings. Pre-tax profit was 26% up at R23,3m (R18,5m). Profit after tax-

MARCIA KLEIN

ation but before associates was 18% higher at R15,8m (R13,4m) (188)

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"Relentless attention" to working capital management and cash generated from trading had enabled Afcol to show a R30,8m favourable change in borrowings, and had brought about a net cash position of R3,7m. Full year earnings would be higher than the previous year, but growth would not necessarily be at the same rate as that achieved in the first half.

Yesterday the share rose 25c or 2,3% to close at a new high of R10,75. The share has been rerated since it traded at a yearly low of 480c at this time last year. Analysts said Afcol results had been much better than expectations. Many had revised their SAB forecasts upwards by about 1%

ELLERINE

Fm 19/11/93

Expansion helps boost sales

Activities: Retail furniture and appliances predominantly on HP, through Ellerines, Town Talk, Royal Furnishers, Oxford, Rhein Gold and Furn City chains in SA, the Homelands, Swaziland, Botswana, Lesotho and Namibia

Control: Malbak 59,5%

Chairman & MD: E Ellerine

Capital structure: 71,8m ords Market capitalisation R789m

Share market: Price 1 100c Yields 2,7% on dividend, 8,1% on earnings, p e ratio, 12,4, cover, 3,0 12-month high, 1 000c, low, 480c

Trading volume last quarter, 147 000 shares

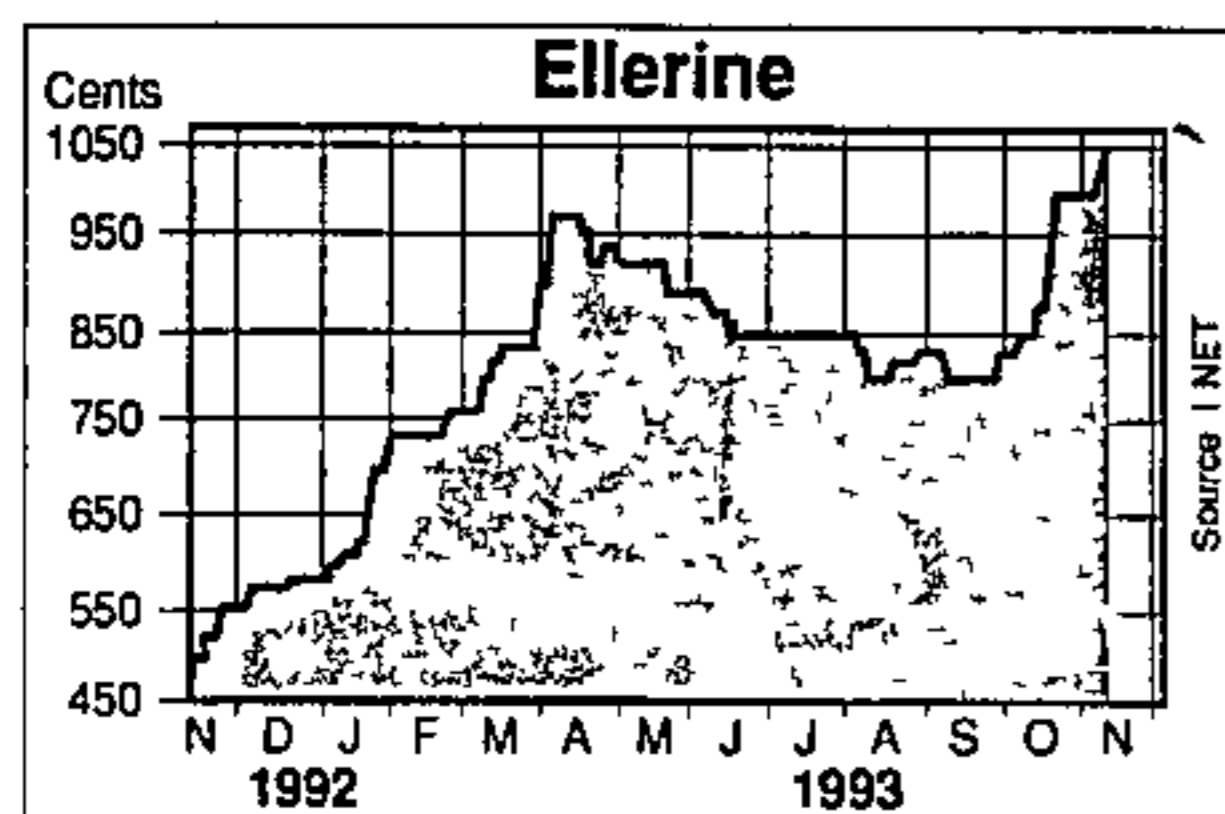
Year to August 31	'90	'91	'92	'93
ST debt (Rm)	—	22,9	43,5	71,9
Debt equity ratio	—	0,10	0,17	0,23
Shareholders interest	0,54	0,53	0,54	0,54
Return on cap (%)	25,5	24,6	20,2	19,7
Turnover (Rm)	483	592	588	758
Pre-int profit (Rm)	87,1	104,8	97,8	114,6
Pre-int margin (%)	18,0	17,7	16,6	16,1
Earnings (c)	66,9	77,4	70,2	88,9
Dividends (c)	22,1	25,7	23,3	29,6
Tangible NAV (c)	258	313	360	436

Economic statistics leave little doubt of the existence of a hostile operating environment, particularly for companies that sell durable goods. With growth in GCE estimated at a negative 0,5% for 1993 (positive growth of 0,5% last year and 5,2% in 1991), it is not surprising that for most companies the recession has resulted in the sizing down of operations

But for Ellerine, blue chip of the furniture sector, it has been a time of 5% annual growth in trading area — not by acquisition, but organically. And this has placed it in the enviable position of being able to smooth earnings growth. In the year to August EPS increased 27% to 88,9c — the important hidden earnings cushion enables Ellerine to ride out the long, tough years

Strong focus in its traditional middle- to lower-income group market led to the opening of 17 stores during the past financial year, bringing the total to 371. Management hopes this figure will reach 400 by mid-1995

Expansion helped boost sales, up 29% to R758m, but the effects were not as great at operating level, where figures were distorted by a 2,5% increase in the debtors' provision — a consequence not of higher bad debts,



Ellerine's Ellerine .. prudent accounting

says chairman and MD Eric Ellerine, but merely prudent accounting. Pre-interest profit increased 17% to R115m, though analysts believe operating income could have been understated by as much as R15m

The lower corporate tax rate more than offset the rise in net interest paid to R5,5m (R2,2m). Admittedly, results for the year partly reflect the 60% earnings rise in the first half — off a low base the previous year when the group was plagued with labour problems. This suggests marginal growth in the second half

Gearing increased to 23% (1992 18%). The rise in interest-bearing debt to R71,9m (R43,5m) reflects the store expansion programme. Ellerine cautions it may go higher, but says management will only look to other methods of finance if gearing nears 46%. Now, unlike most of its competitors, Ellerine funds its debtors' book entirely internally, without an off-balance sheet finance company

Deferred tax of about R84m on the balance sheet is provided in full and, true to form — the group is known for its conservative accounting — the R12,2m adjustment of deferred tax arising from the lower tax rate is treated below the line as an extraordinary item.

The compound annual return of 60% over the past four years suggests Ellerine is well placed to take market share from cash-strapped competitors. Management's prudent approach and the benefit of its reserves, make achievement of a goal of real earnings growth of at least 4% in 1994 look possible

Regarded as a top performer and yardstick in its sector, the counter stands on a p e of 12,4

Though probably fully priced for now, its limited tradeability suggests it is a stock worth accumulating

Marylou Greig

(188) (50)

KUDU GRANITE

Fm 19/11/93

Clearing hurdles

Activities: Granite quarrying and marketing

Control: Destag 53,6%

Chairman: J W Houghton, MD P J du Toit

Capital structure: 38,9m ords Market capitalisation R31,1m

Share market: Price 80c Yields 5,0% on dividend, 14,6% on earnings, p e ratio, 6,8; cover, 2,9 12-month high, 80c, low, 50c

Trading volume last quarter, 90 000 shares

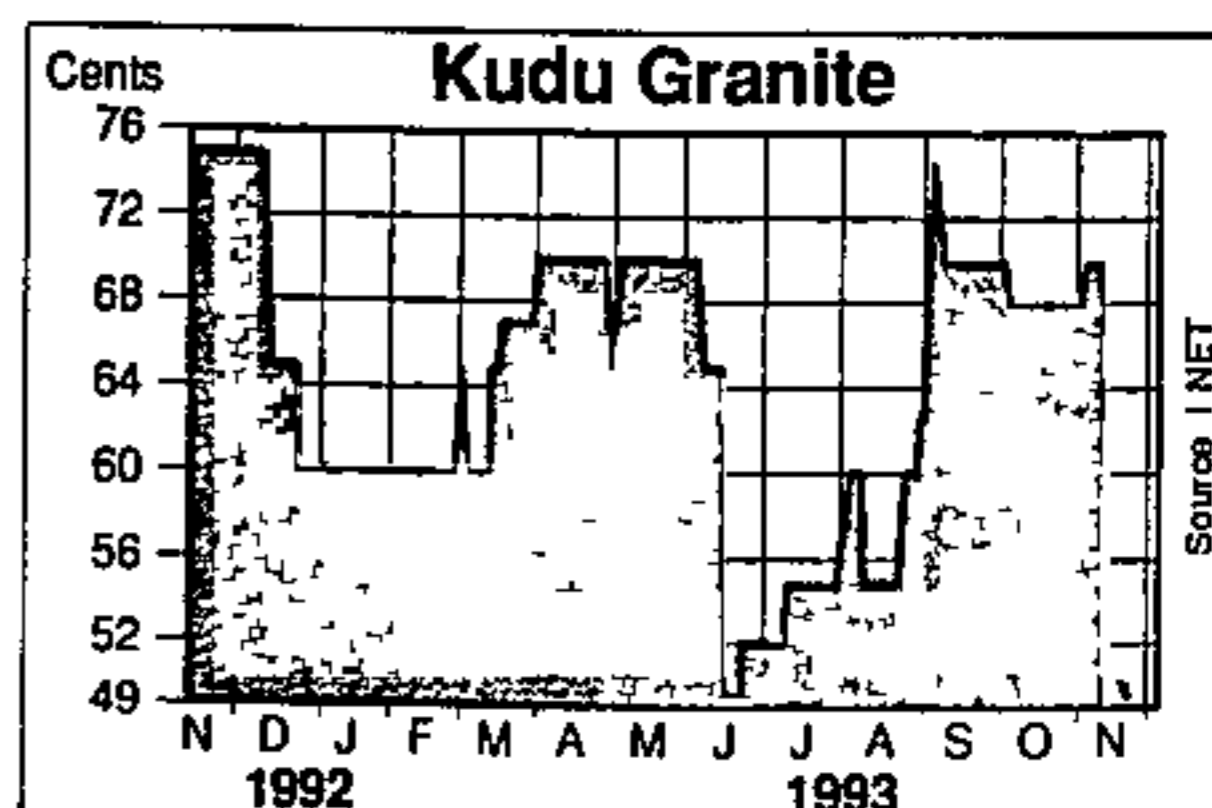
Year to June 30	'90	'91	'92	'93
Debt				
Short-term (Rm)	6,7	15,2	31,9	17,2
Long-term (Rm)	6,0	5,3	5,8	1,9
Turnover (Rm) ...	35,7	39,1	60,6	101,2
Operating profit (Rm)	9,8	3,4	8,2	13,8
Taxed profit (Rm)	7,8	0,7	3,7	5,1
Earnings (c)	50,1	3,2	15,3	11,7
Dividends (c)	16,0	—	4,0	4,0

For a group that has turned in a solid performance in an industry which is supposed to be turning around after two years of recession, some of the comments made by chairman John Houghton and MD Peet du Toit are surprisingly negative

Consider this "The world commodity markets remain depressed, those associated with the construction industry more so than others. The relative price stability that has prevailed in respect of southern African materials appears to be under threat as the producers compete for a smaller market"

That jibes somewhat with what Fred Keeley, chairman of market leader Kelgran, had to say just last month, when his interim figures were released. Keeley reckons the recession of the past few years is coming to an end

"There are encouraging signs in most traditional markets of increased activity, both in the construction and monumental industries. Additionally, the lifting of international sanctions against SA will have a positive effect on future group results, allowing the



P.T.O →

BARNETTS
FM 26/11/93
For jobbers only

Activities: Retail furniture to middle and lower income groups, trading as Barnetts and ABC

Control: Directors 43%

Executive chairman: M M Lewkowski, MD B Pillay

Capital structure: 13,8m ords Market capitalisation R4,8m

Share market: Price 35c Yields 7,1% on dividend, 30,6% on earnings, p e ratio, 3,3, cover, 4,3 12-month high, 50c, low, 25c

Trading volume last quarter, 85 000 shares

Year to June 30	'90	'91	'92	'93
ST debt (Rm)	7,9	5,0	3,3	8,2
LT debt (Rm)	1,4	0,8	1,8	2,1
Debt equity ratio	0,57	0,20	0,25	0,33
Shareholders interest	0,38	0,41	0,40	0,36
Int & leasing cover	2,3	2,7	3,1	2,6
Return on cap (%)	10,6	10,2	6,8	6,6
Turnover (Rm)	50,0	52,7	63,6	87,9
Pre-int profit (Rm)	4,6	4,4	3,2	3,9
Pre-int margin (%)	9,1	8,3	5,0	4,5
Earnings (c)	9,9	13,9	12,6	10,7
Dividends (c)	—	2,5	3,5	2,5
Tangible NAV (c)	122	128	135	155

(188) ~~(20)~~

A 38% rise in turnover and a 14% dip in earnings seem to attest to a collapse of margins but the picture is not all that bad. Pre-tax profit rose by almost R400 000 but, with the exhaustion of assessed losses, the effective tax rate leapt from 26% to 46%. Moreover, almost all that is a deferred tax provision and so no drain on cash flow

Quality of earnings

Barnetts provides fully for deferred tax, hence the quality of earnings is higher than for some competitors. It also took the deferred tax gain from the reduction in the corporate tax rate, equal to about 11c a

COMPANIES

FM 26/11/93

(188)

the results "satisfactory" in the circumstances, mainly thanks to strategic expansion into neighbouring States

At the halfway stage, six-month EPS rose from 7,5c to 8,7c and the interim report hoped for an increase in annual earnings. But second-half earnings seem to have been only 2c, against 5c in the second half of the previous year, though that in part reflects a higher tax charge

Nonperforming stores

Three nonperforming stores in SA were closed and six others opened in neighbouring territories, with a further three (two in Botswana and one in Bophuthatswana) planned by end-December. No further expansion is projected this year

Lewkowski says store openings pushed up stocks and thus borrowings (which rose for the first time in three years) and interest paid

The preliminary report said opening costs also hit margins. The 37% rise in stocks is almost exactly in line with turnover, but financial ratios, though still reasonable, did deteriorate slightly

The report cites neither the number nor the location of stores, an omission all the more regrettable in view of the growing importance of business outside SA. Oddly, more information was given in the preliminary statement, which said there are 33 stores in SA, six in Bophuthatswana and nine

in "neighbouring territories" (presumably mainly Botswana)

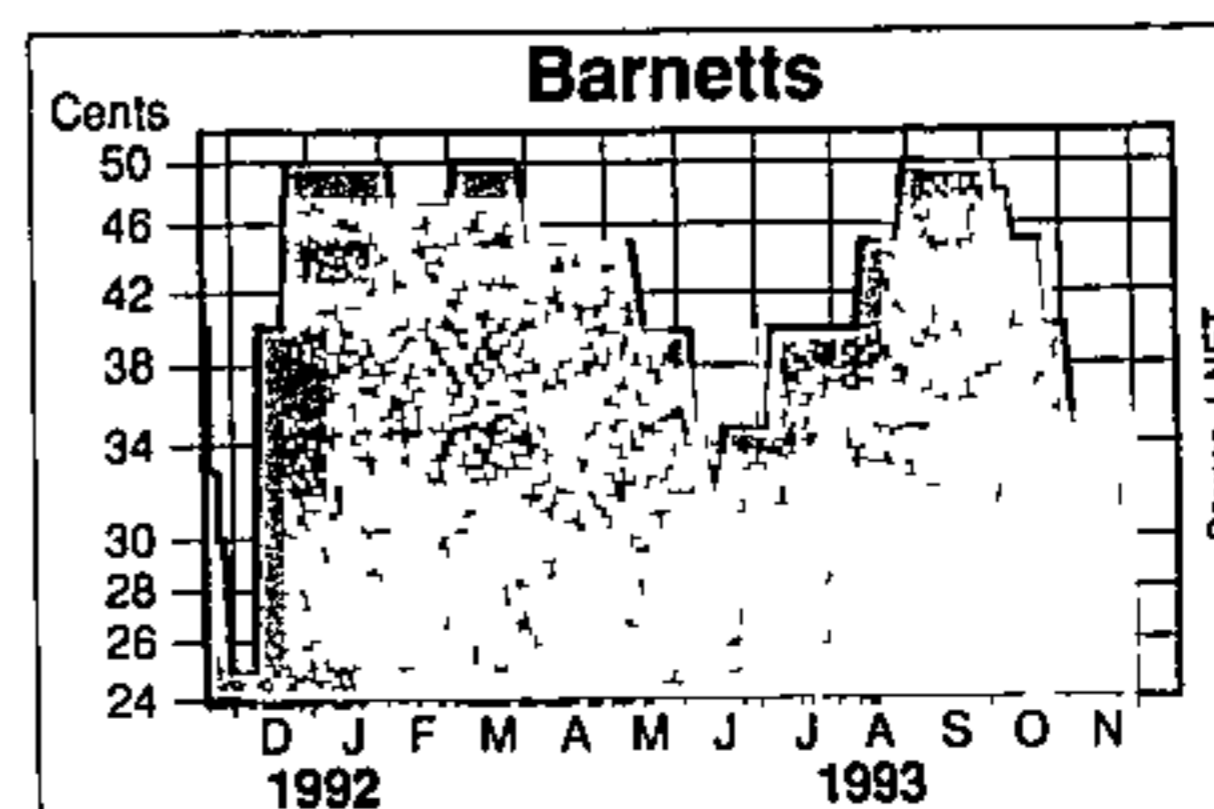
In the present uncertainties, Lewkowski finds it impossible to make any meaningful comment on the outlook for this year, though he hopes the "increased focus of the management team" and tighter controls being put in place will go a long way to counter the negative environment

The earnings and dividend record is erratic — dividends have gone up three times and down three times in the past six years — and, by coincidence, the 35c share price is what it was when the *FM* reviewed the 1991 and 1992 annual reports

This hardly suggests the share has been a rewarding investment, except to short-term jobbers

Looking purely at the 1993 figures, it might appear undervalued but any rerating is unlikely until a more consistent record is established

Michael Coulson



Furniture sales uptick seen

Business Staff

FURNITURE sales will increase, at best, by two to three percent in real terms in 1994, says Frans Jordaan, executive director of the Furniture Traders' Association

Mr Jordaan says the outlook for the first quarter of 1994 is uncertain

Once the April election is over, a clearer buying pattern should emerge

A fall in the Bank rate would give consumers increased disposable income

The furniture industry's fortunes fluctuated this year. There was positive growth in January, zero growth in February and positive growth in March

After zero growth in April, there was negative growth in May — probably in reaction to the Chris Hanu murder

After a positive upsurge in June, July and August in September, a gross negative growth figure was recorded. October flash figures indicate positive growth once again

November and December are traditionally the best months for the furniture industry and sales are usually

buoyant

188 ARG 30/11/93
■ Significant business contacts were made at South Africa's first trade show in the huge West Africa market which has a population of 310 million, the organisers say.

The recent four-day show was held in Abidjan, capital of the Ivory Coast

A spokesman said businessmen from Ghana, Mali, Senegal, Chad, Niger, Togo and Cameroon visited the exhibition by 85 South Africa companies

Large trade delegations from Benin, Senegal, Nigeria and Burkina Faso also attended

On display were mining and metallurgy equipment, telephone, television and satellite communications products, engineering products and a wide variety of domestic appliances, along with clothes, food, confectionery and wine

The organisers, Exhibition Management Services, said products on display were so popular that one exhibitor sold all his samples of refrigerators, deep-freezers, stoves, laundry appliances and vacuum cleaners

Investor snaps up Profurn for R18-m

MARC HASENFUSS

Business Staff

188
ARL 4/12/93

A GERMAN investor Claas Duan this week snapped up a controlling stake in Protea Furnishers (Profurn) for R18 million — a deal that has some interesting implications for 7 500 aggrieved investors in the liquidated Supreme Group

Mr Duan, who is also the controlling shareholder in Cape Town-based furniture and

sports retailer Morkels, paid the market price of 10c a share for the 50,1 percent holding

The shares were bought from Profurn's holding companies Supreme Holdings and Supreme Investment Holdings — both of which are now in liquidation

The Duan deal means less of a Hobson's choice for Supreme investors. Liquidators have offered ex-debenture and preference shareholders a choice of

taking up shares in Profurn proportional to their investment in Supreme or a liquidation dividend in cash

The new controlling shareholder should swing Supreme investors in favour of letting their "fortunes" ride with Profurn, but the tight economic circumstances could well see many opting for a cash payout — even if the liquidation dividend is measly

Shareholders Association

chairman Issy Goldberg urges Supreme investors to accept an offer of Profurn shares in lieu of the cash payout — that he estimates might realise only 10-15c in the rand

■ Coopers & Lybrand, joint liquidators of the Supreme Group, said this week that debenture holders, preference shareholders and creditors could see the first distribution of dividends by April next year

Furniture stores predict rosy profits next year

MARCIA KLEIN

FURNITURE retailers are expecting 1994 to be a good year for sales and profits.

The leading players in the sector, JD Group and Ellerine, said that they expected strong sales during Christmas and no upsets in the year ahead.

Analysts said lower interest rates, a general upturn in world and local economies and improving consumer confidence were likely to boost furniture sales in the coming year. But they warned that there could be a hiccup in demand in the run-up to the elections. 13/12/93

The shake-up in the industry following JD Group's acquisition of Rusfurn and the more recent acquisition by Morkels owner Daun et Cie of Protea Furnishers had significantly reduced the number of players in the sector. This would allow for synergies between companies which had previously been competitors.

An analyst said the deals would see the industry shed

a significant amount of fat. However, Furniture Traders' Association executive director Frans Jordaan was more guarded about the coming year. He said recently that the furniture industry faced a challenging 1994 and predictions were that it would not be a boom year. (188)

He said furniture retailers hoped to increase sales by 2%-3% in real terms. Growth is traditionally 4%. The outlook for the first quarter was uncertain, but a clearer buying pattern would emerge after the election.

January and March sales this year showed good growth, while February and April were flat. Sales were down in May.

There was an upsurge in June, July and August, but September's sales were lower than the in the year-earlier month. Sales picked up again in October and the outlook for the Christmas season was bullish.

Math Ash knocked by tough conditions

BIDON 15/12/93 (188)

OFFICE furniture group Mathieson & Ashley's (Math Ash) losses widened to 27,5c (6,5c) a share in the 15 months to end-September as depressed economic conditions in the industry continued.

Results, which are compared with the 12 months to end-June 1992, reflect a change in year-end to September.

Directors said conditions in the local and international office furniture industry had remained extremely depressed.

Reduced industry volumes and continued price pressure had resulted from cut-backs and deferrals of capital expenditure, and greater white collar retrenchment.

Math Ash estimated that industry sales volumes had been reduced 30% in real terms in the past four years, and a number of suppliers had left the market or downsized.

Turnover of R189,5m for the 15-month period, against R145,7m for the 12 months to end-June 1992, was reported. Directors said turnover was up 3,6% against a comparable period.

This growth was largely from the expansion

MARCIA KLEIN

of office supplies chain OfficeMart, and from new sales generated in Hong Kong. Turnover in the core furniture activities decreased 3%.

Pre-tax loss of R6,4m (loss of R2,8m) was reported for the 15-month period and attributable loss of R3,2m (R741 000).

Math Ash's gearing improved to 31,5% (37,5%) on the back of reduced levels of interest-bearing debt.

Directors said the focus on continually improving working capital management would be maintained in the year ahead.

Profitability for the next six-month period, which included the traditionally worst months of December and January, was expected to be poor. But there were indications of "a probable improvement in profitability" in the second half.

Math Ash would focus on reducing its overall cost structure, and improving operating margins and its balance sheet.

Vestacor, which holds 76,2% of Math Ash, reported a loss of 37,1c (12,1c) a share for the period.