

## **Seardel reports loss in earnings**

Clothing and textile manufacturer Seardel on Friday, 15 May 2009, reported that its diluted headline loss per share for the nine-month period ended 31 March 2009 was at 45.6 cents, compared with a loss of 110.8 cents per share reported for the year ended 30 June 2008.

Revenue for the period was at R2,883 billion compared to R3,868 billion for the full year to 30 June 2008.

Loss for the period was at R284,6 million compared to a loss of R184,1 million for the year ended June 2008.

Seardel pointed out that its financial year-end had been changed from 30 June to 31 March to fall in line with its holding company Hosken Consolidated Investments Limited (HCI).

"The period under review was significant in the life of Seardel," the group said.

It said that as reported on in the June 2008 annual financial statements, the pressures brought to bear on the group resulted in it breaching its funding covenants.

Seardel said that in order to save itself from almost inevitable liquidation, the group required a recapitalisation.

A rights issue was concluded on 27 October 2008, which saw HCI become the controlling shareholder with a 71% shareholding.

Seardel said that since HCI had taken control, significant changes had been made to the senior management ranks and the board had been reconstituted.

Seardel also said that it had commenced with an extensive restructuring programme.

Looking ahead, Seardel said that it recognised that there were no quick fixes to a group of this size and that losses are anticipated until the benefits of turnaround come to fruition.

"Indeed, given the estimated R165 million of costs relating to the closure of the Spinning, Weaving, Finishing and Denim divisions, the group will almost certainly record a further loss for the 12 months to March 31 2010," it said.

It added that a significant amount of work was still required to be done to effect a turnaround and it remained pragmatic in its views of the industry and the current economic climate.

"However, we are pleased with the progress made to date and remain optimistic that a turnaround will be achieved," it said.

Shares in Seardel closed unchanged at 38 cents.

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