Edgars Stores Limited

ANNUAL REPORT 2013

CONTENTS


Edgars - Borrowdale

Overview

Edgars Stores Limited is a limited company incorporated and domiciled in Zimbabwe whose shares are publicly traded. Our core business is the retailing of clothing, footwear, textiles and accessories. Through our credit and cash stores we aim to supply our customers with value for money by providing quality merchandise for the family at competitive prices. We are Zimbabwe's market leaders in this field and it is our resolve to remain so.

Strategic Business Units

Our Group is organized into two strategic business units: retailing and manufacturing.

Retailing

We retail our products through the following established brands:

Edgars: providing quality, fashion and convenient shopping at competitive prices to the whole family in the middle to upper-income groups. The brand offers fashion merchandise, with no compromise on quality, at competitive prices for the whole family. We offer competitive credit to our customers. Our pleasant, convenient stores offer our customers a superior shopping experience.

Jet: this brand combines clothing as well as items sold by general dealers:- white goods, kitchenware, hardware and a variety of other goods. It provides quality, value and commercial fashion with compelling opening price points at very competitive prices to the whole family in the lower to middle income group. Our stores offer pleasant, economical shopping environments, laid out for self service; with assisted service available if needed.

Manufacturing

Carousel (Private) Limited is our manufacturing business unit. Situated in Bulawayo, it produces a wide range of denim, ladies, children's and gents casual wear that it supplies to our retail divisions as well as to other retailers.

Our Business Philosophy

Our business is retailing. Through credit and cash stores we aim to supply quality products. We aim to be Zimbabwe's undisputed market leader in the clothing and footwear retail business offering quality, value and superior customer service in pleasant shopping environments. Retailing is people oriented and our existence and continued success is dependent on our ability to satisfy our customers' needs and value expectations.

We endeavour to appeal to a broad spectrum of consumers, catering in a professional manner to their needs. Our staff deliver a wide selection of quality products that are competitively priced with courtesy and professionalism.

Our goal is to earn our shareholders optimum returns on invested capital through steady profit growth and astute asset management. We are committed to honesty and integrity in all relationships with suppliers of goods and services. We are demanding, but fair, and evaluate our suppliers on the basis of quality, price and service. We recognise our role in society and support worthwhile projects, particularly of a charitable or conservation nature.

Management Philosophy

Participative management lies at the heart of this strategy, which relies on the building of employee partnerships at every level to foster mutual trust and to encourage people to think always about how they can do things better. The demands of our business are such that success will only come from the dedication of our employees. The Group will continue to have its operating decisions made at the appropriate operating levels of the business.

Mission Statement

The Edgars Group's mission is to create and enhance stakeholder value. We will deal with our stakeholders as follows:

Customers	We will be the retailer of choice providing memorable shopping experiences.
Employees	We want to be regarded as the preferred equal opportunity employer offering competitive working conditions that help us attract, develop and retain creative, skilled people who are highly motivated.
Investors	We will deliver economic value through sustained real earnings growth achieved through deliberate market dominance of Zimbabwe's clothing and footwear retail sector.
Suppliers	We aim to achieve synergies through win-win partnerships based on honesty and integrity.
Community	We will be a socially responsible and caring corporate citizen committed to the highest standards of professionalism and ethical behaviour.

STONE HARBOUR
ESTABLISHED 1997

GROUP FINANCIAL HIGHLIGHTS

	2013 $000	2012 $000	Change %
Group Summary			
Retail sales revenue	64 762	60 165	8
Earnings attributable to ordinary shareholders	4 238	3 798	12
Cash inflow from operating activities	3 573	1 094	227
Total assets	43 412	44 041	(1)
Market capitalisation	34 961	23 012	52
Ordinary share performance (cents per share)			
Earnings			
Basic	1.68	1.53	10
Diluted	1.63	1.48	10
Net equity	5.65	4.09	38
Market price	12.00	8.00	50
Financial statistics			
Trading profit as % of retail sales	11.8	13.2	(11)
Return on ordinary shareholders equity	25.7	32.3	(20)
Liquidity ratios			
Current ratio	2.8	2.5	9
Borrowing times covered by stock and debtors	2.1	1.5	37

Prospects

Our main focus is on improving our customers' experience in our stores and with our brands. Through the relaunch of our Edgars Club, we will give our customers added value. We have increased our account type offerings to include the option of a 12 months to pay account in the Edgars chain. Greater leverage will be placed on our external partners for sourcing merchandise, which will lead to delivering quality merchandise at the right price. We will continue to seek and exploit opportunities to achieve profitable growth for the business group and firmly believe this is possible.

Edgars - Borrowdale

Executive Directors

Linda Masterson (58)
FCIS
Group Managing Director
Joined the company in 1988
Appointed to the Board in 1991
Appointed Group Managing Director in April 2010

Vusumuzi Mpofu (46)
ACMA, FCIS, RP Acc (Z)
Group Operations Director
Joined the company in 2000
Appointed to the Board in 2008

Zebhediah Vella (56)
BA Hons.
Accountancy and Economics
Group Manufacturing Director
Joined the company in 1989
Appointed to the Board in 1999

James B. Galloway (54)
C.A.(Z)
Group Finance Director & Company Secretary
Joined the company in 2011
Appointed to the Board in 2012

Non-Executive Directors

Themba N. Sibanda • (59)
B.Acc (Z), C.A. (Z)
Chairman
Appointed to the Board in 2003

*Canaan F. Dube • * (57)*
LLB (Hons), LLB, MBA
Appointed to the Board in 2004

*Dr. Leonard L. Tsumba • * (70)*
Phd, M.A, BSBA
Appointed to the Board in 2006

Raymond Mlotshwa (63)
BA
Joined the company in 1981
Appointed to the Board in 1998
Appointed Group Managing Director in September 1999
Retired in March 2010
Appointed non-executive director in April 2010

• Member of the Remuneration Committee
*Member of the Audit Committeee

Edgars - Borrowdale

The group's footprint was increased through the opening of 9 new outlets during the year to close the year with 49 stores. The performance of our business is largely dependent upon the level of formal sector employment and its capacity to obtain credit. During 2013 these indicators shrank. Many businesses are closed, are in arrears in paying salaries and wages, and are not paying salary increases or bonuses. These factors, amongst others, negatively impacted our December sales which were lower than expected. This resulted in us not achieving the budget as anticipated in our promise made at mid-year. Profit after tax of $4 238 188 is 12% above last year.

The group has benefited immensely from the long term cheaper finance which was facilitated at group level.

RETAIL OPERATIONS

The Edgars chain grew sales by 5% to $51,4m (FY 2012 $48,8m). This represents 80% of group retail sales (2012:81%) of which 72% were credit sales (2012:71%). At year end, the chain traded out of 26 outlets (2012:24) with a gross trading area of 26 572 m^2 (2012:26020 m^2). The trading density was $2 459 (2012: $ 2 378). Chain trading profitability was 21% (2012:20%).

The Jet chain results were disappointing. Sales increased by 17% to $12,9m (2012:$11,1m) but the chain profit decreased by 40% to $522 527 from $869 224. This decrease in profit is partly attributable to startup costs associated with the opening of the new branches. The chain traded out of 23 outlets at year end, having opened another 4 stores since July (1 Kariba, 3 Harare). The gross trading area at year end was 11 125 m^2 (2012:8 337). Trading density was $1 436 (2012:$1 607). The immediate focus in this chain is on cost control and product assortment improvement in terms of range and price.

MANUFACTURING

Profit for the year before interest and tax was $376 680 versus a loss in 2012 of $280 525, a significant turnaround of $657 205.

CREDIT MANAGEMENT

The number of debtors accounts grew to 197 932 (2012:181 581), an increase of 9%. Average handovers were 0,3% and 1,4% of lagged debtors and credit sales respectively. Provision for doubtful debts was 2,2% (2012:1,64%) of total debtors which stood at $24 557 535 at year end. We are happy with the quality and performance of our book, which consists of customers who have 6 month payment terms.

CAPITAL EXPENDITURE

$1,8m was spent on new stores and refurbishments. The major capital expenditure project in the coming year is an upgrade of our IT systems, which form the backbone of our business, to a fully integrated system which will enable us to better serve and interact with our customers, suppliers, bankers and other stakeholders.

OUTLOOK

The main focus is on improving customers' experience in our stores and with our brands. Through various initiatives that we are currently finalising, we will be giving our customers more value and wider choice. Greater leverage is being placed on partners for sourcing merchandise which will lead to greater desirability of assortments, more fashion and less price. While the outlook for 2014 could be more promising, we will continue to seek and exploit opportunities to achieve profitable growth for the group in the medium term. We have identified opportunities to make this happen.

DIVIDEND

The company is still not in a position to declare a dividend. There is a backlog of capital expenditure projects to be embarked on and the level of debt is still too high.

APPRECIATION

We are grateful to management, staff and other key stakeholders for their efforts and support of the business.

T.N Sibanda
CHAIRMAN
6 March 2014

The Board of Directors accepts accountability for the transparent governance of Edgars Stores Limited. Governance of the Group is managed and monitored by a unitary Board of Directors, assisted by committees of the Board. The Directors believe that they have applied and complied with the principles incorporated in the principles for Corporate Governance in Zimbabwe – Manual of Best Practice, Code of Corporate Practices and Conduct as set out in the King Report. The Board's responsibilities are well defined and adhered to. The Board's primary responsibilities, based on a predetermined assessment of materiality include amongst others:

- evaluating and reviewing the Group's strategic direction;
- identifying, considering and reviewing key risk areas and relevant responses as well as key performance indicators;
- monitoring investment decisions;
- considering significant financial matters;
- reviewing the performance of executive management against business plans, budgets and industry standards;
- monitoring the stewardship of the Group;
- ensuring that a comprehensive system of policies and procedures is operational;
- ensuring ethical behaviours and compliance with relevant laws and regulations, audit and accounting principles and the Group's internal governing documents and codes of conduct;
- and evaluating on a regular basis economic, political, social and legal issues, as well as any other relevant external matters that may influence or affect the development of the business or the interests of the share owners and, if appropriate taking external expert advice.

It should be noted that, when terminology such as “ensure” or “review” are used to describe the duties of the Board or its Committees, it does not mean the Board or Committee Members actually get involved in the detailed activities. Rather, members of the Board or Committee rely on reports from management and the internal and external auditors and then obtain their own desired levels of comfort and assurance through query and discussion.

The Board

The size of the Board is dictated by the Articles of Association, which permit a maximum of twelve directors. Currently the Board is chaired by an independent non-executive director Mr. TN. Sibanda and consists of five executive and four non-executive directors.

The names and credentials of the directors in office at 31 December 2013 are detailed on page 5. Non-executive directors introduce an independent view to matters under consideration and add to the breadth and depth of experience of the Board. All the non-executive directors are considered to be independent in character and judgment. Adequate directors' and officers' insurance cover has been purchased by the company to meet any material claims against directors. No claims under the relevant policy were lodged during the year under review.

Board meetings are held at least quarterly and whenever else circumstances necessitate. Directors are invited to add items to the agendas for Board meetings. Details of meetings held during the 2013 financial year and attendance at each are contained below.

Board Attendance	March 2013	June 2013	Sept 2013	Nov 2013
T N Sibanda*	✓	✓	✓	✓
C F Dube*	✓	✓	✓	✓
L L Tsumba*	✓	✓	✓	✓
R Mlotshwa*	✓	✓	✓	✓
L Masterson	✓	✓	✓	✓
Z Vella	✓	✓	✓	✓
V Mpofu	✓	✓	✓	✓
J B Galloway	✓	✓	✓	✓

Key: *Non-Executive Director ✓ - attended x - did not attend

Board Committees

Specific responsibilities have been delegated to Board Committees with defined terms of reference. The current Board Committees are:

Audit Committee

The Audit Committee continuously evaluates the Group's exposure and response to significant risk, reviews the appropriateness and adequacy of the systems of internal financial and operational control; reviews and evaluates accounting policies and financial information issued to the public, ensures effective communication between directors, management, internal and external auditors, reviews the performance of the internal and external auditors, recommends the appointment of the external auditors and determines their fees.

The Audit Committee comprises two non-executive directors whose details are provided on page 5. Mr. C. Dube chairs the Committee and the other member is Dr. L.L. Tsumba. The Group Managing Director and Group Finance Director are required to attend all meetings of the Committee as invitees. The External Auditors and Head of Group Internal Audit also attend the meetings.

Remuneration Committee

This Committee's function is to approve a broad remuneration strategy for the Group and to ensure that directors and senior executives are adequately remunerated for their contribution to operating and financial performance, in terms of base pay as well as short and long-term incentives.

Attendance at Board Committee meetings was as follows:

Audit Committee	March 2013	May 2013	Sept 2013	Nov 2013
C.F. Dube*	✓	•	✓	✓
L.L. Tsumba*	✓	•	✓	✓
L.Masterson	✓	•	✓	✓

Remuneration Committee	March 2013	May 2013	Sept 2013	Nov 2013
T.N. Sibanda*	✓	•	✓	•
C.F. Dube*	✓	•	✓	•
L.L. Tsumba*	✓	•	✓	•

*Non-Executive Director • no meeting ✓ - attended x - did not attend

Accountability and Audit

The Board of Directors is responsible for the Group's system of internal control. Responsibility for the adequacy, extent and operations of these systems is delegated to the executive directors. To fulfill this responsibility, management maintains accounting records and has developed, and continues to maintain, appropriate systems of internal control. The Directors report that the Group's internal controls and systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements, to safeguard, verify and maintain accountability of its assets and to detect and minimize fraud, potential liability, loss and material misstatement, while complying with applicable laws and regulations.

The systems of internal control are based on established organisational structures together with written policies and procedures, including budgetary and forecasting disciplines and the comparison of actual results against these budgets and forecasts. The Directors have satisfied themselves that these systems and procedures are implemented, maintained and monitored by appropriately trained personnel with suitable segregation of authority, duties and reporting lines and, where appropriate, by the comprehensive use of advanced computer hardware and software technologies.

Directors and employees are required to maintain the highest ethical standards as outlined in the Group's Code of Ethics, to ensure that business practices are conducted in a manner which in all reasonable circumstances is above reproach. The effectiveness of the systems of internal control in operation is monitored continually through reviews and reports from senior executives and the internal and external auditors.

Internal Audit

The Edgars Group Internal Audit operates in terms of the Audit Committee's approved charter to provide management with an independent, objective consultancy and assurance service that reviews matters relating to control, risk management, corporate governance and operational efficiency. The committee's responsibility is to independently assess and appraise the systems of internal control and the policies and procedures of the Group, in order to monitor how adequate and effective they are in ensuring the achievement of organisational objectives, the relevance, reliability and integrity of management and financial information, whether resources are being used economically, effectively and efficiently, the safeguarding of assets, compliance with relevant policies, procedures, laws and regulations; and prevention of waste, extravagance and fraud.

The Internal Audit Department reports fundamentally directly to the Audit Committee and administratively to the Group Financial Director. Significant reports are copied to the Group Managing Director as well as to the Chairman of the Audit Committee and there is regular two-way communication between the Group Managing Director and the Head of Group Internal Audit.

All Edgars business operations and support functions are subject to an internal audit. The Audit Committee approves the annual audit plans, which are based on an annual Group Risk Assessment. Internal audits are conducted according to the professional standards of the Institute of Internal Auditors. The Group Internal Audit also facilitates the management of risk in order to maintain a high profile of the Group's risk management process without assuming responsibility for risk management; this being the responsibility of the Board. Group Internal Audit also conducts independent investigations in cases of fraud. Edgars is a member of Tip-Offs Anonymous, a hotline managed by Deloitte, which allows tip-off callers' confidentiality and anonymity on reporting matters.

External Audit

The External Auditors provide an independent assessment of the Group's systems of internal financial control and express an independent opinion on the Group Financial Statements. An external audit offers reasonable but not absolute assurance on financial results.

Collaboration exists between internal and external auditors to ensure better audit coverage.

The Audit Committee reviews the external auditor's audit plan, without infringing on their independence and rights, to ensure that areas of significant concern are covered. In addition, the Audit Committee reviews ongoing ratios between fees for audit versus those for other professional services rendered by external auditors.

Employee Relationships

The Group has its operating decisions made at the appropriate levels. Participative management lies at the heart of this strategy, which relies on the building of employee partnerships at every level to foster mutual trust and encourages people to always think about how they can improve things. We strive to liberate initiative and energy in our people, as they are the ones who make the difference in our performance.

Employment Equity

The Group has employment policies, which we believe are appropriate to the business and the market in which we trade. They are designed to attract, motivate and retain quality staff at all levels. Equal employment opportunities are offered without discrimination.

Edgars - L. Takawira Bulawayo

Public Shareowners

The principles of balanced reporting, understandability, openness and substance over form are the foundation for communication to the public and shareowners. Positive and negative aspects of both financial and non-financial information are provided. Edgars meets regularly with institutional shareowners and investment analysts and makes presentations to investors and analysts bi-annually, after the release of results.

Ethical Behaviour

The Group's Core Values are:

Superior customer service
Integrity
People
Performance and
Professionalism

The Code of Ethics clearly outlines the Group's Vision, Mission, Values and Code of Conduct. All employees including senior management, executives and directors, are expected to act in line with the Code of Ethics at all times. Failure to do so results in disciplinary action. Employees with access to confidential information are prohibited from disclosing it to outsiders and from trading in Edgars shares during the closed periods around year end and half-year reporting, until 48 hours after the results are published, as well as during any periods when the Group has issued a cautionary trading statement to shareowners.

Financial Reporting

The Group Financial Statements for the year ended 31 December 2013 incorporate the results for the fifty-two weeks ended 4 January 2014. In preparing these Financial Statements, the same accounting principles and methods of computation are applied as in prior periods.

No event material to the understanding of this report has occurred between the financial year-end and the date of this report.

Directors' Responsibilities

The Directors are ultimately responsible for the preparation of the Group Financial Statements and related financial information that fairly present the state of affairs and the results of the Group.

Auditors' Responsibilities

The external auditors are responsible for independently auditing and reporting on these Group Financial Statements in conformity with International Standards on Auditing.

These financial statements have been approved by the Board of Directors and are signed on their behalf by:

T N Sibanda

Non-Executive Chairman

L Masterson

Group Managing Director

On 6 March 2014

Ernst & Young
Chartered Accountants (Zimbabwe)
Derry House
Cnr Fife Street/ 6th Avenue
P O Box 437
Bulawayo
Zimbabwe

Tel: +263 9 76111
Fax: +263 9 72359
www.ey.com

Building a better working world

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

EDGARS STORES LIMITED

We have audited the accompanying consolidated and company financial statements of Edgars Stores Limited as set out on pages 11 to 45, which comprise the statements of financial position as at 31 December 2013, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The Directors' are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act (Chapter 24:03) and the relevant statutory instruments (SI 33/99 and SI 62/96) and for such internal controls as the directors' determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and company financial statements present fairly, in all material respects, the financial position of Edgars Stores Limited as at 31 December 2013, its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion, the financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03) and the relevant Statutory Instruments (SI 33/99 and SI 62/96).

ERNST & YOUNG

CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS

BULAWAYO
11 MARCH 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

GROUP 2013 $	GROUP 2012 $		Notes	COMPANY 2013 $	COMPANY 2012 $
67 749 408	62 576 258	Revenue	6	67 365 426	62 320 946
64 761 574	60 165 194	Sale of merchandise	6	64 377 591	59 909 882
(33 734 141)	(31 786 056)	Cost of sales		(34 994 958)	(32 401 672)
31 027 432	28 379 138	Gross profit		29 382 633	27 508 210
139 794	40 077	Other gains and losses	7	137 632	46 808
(9 981)	(440 199)	Debt collection costs	8	(9 981)	(440 199)
(11 840 943)	(10 023 470)	Store expenses		(11 840 943)	(10 023 470)
(11 672 317)	(10 009 245)	Other operating expenses		(10 362 901)	(8 774 585)
7 643 985	7 946 302	Trading profit	9	7 306 440	8 316 765
36 205	53 585	Finance income	9	36 180	53 551
(1 734 876)	(2 705 059)	Finance costs	9	(1 685 891)	(2 657 581)
5 945 315	5 294 828	Profit before tax		5 656 729	5 712 735
(1 707 126)	(1 497 237)	Income tax expense	11	(1 467 693)	(1 497 237)
4 238 188	3 797 591	Profit for the year		4 189 037	4 215 498
-	-	Other comprehensive income for the year (net of tax)		-	-
4 238 188	3 797 591	Total comprehensive income for the year		4 189 037	4 215 498
		Earnings per ordinary share	12		
1.68	1.53	Basic (cents per share)		1.66	1.70
1.63	1.48	Diluted (cents per share)		1.61	1.65

As at 31 December 2013

GROUP 2013 $	GROUP 2012 $		Notes	COMPANY 2013 $	COMPANY 2012 $
		ASSETS			
		Non-current assets			
-	-	Interest in subsidiaries		4 872 566	4 383 442
7 124 993	5 406 146	Property, plant and equipment	14	6 415 222	4 831 139
334 210	573 644	Deferred tax asset	15	-	-
151 667	146 667	Intangible asset	16	151 667	146 667
7 610 871	6 126 456	Total non-current assets		11 439 456	9 361 247
		Current assets			
11 208 534	9 565 517	Inventories	17	7 908 984	6 902 505
23 679 486	23 344 145	Trade and other receivables	18	23 407 024	22 928 164
6 960	256 736	Taxation	22	6 960	256 736
906 326	4 747 774	Cash and bank balances		866 699	4 733 424
35 801 306	37 914 171	Total current assets		32 189 666	34 820 828
43 412 176	44 040 626	**TOTAL ASSETS**		43 629 123	44 182 075
		EQUITY AND LIABILITIES			
		Capital and reserves			
251 184	154 181	Issued capital	20	251 184	154 181
2 472 685	2 290 615	Reserves	20	1 859 847	1 584 749
13 737 442	9 321 010	Retained earnings		14 932 187	10 657 936
16 461 311	11 765 806	Total capital and reserves		17 043 219	12 396 866
		Non-current liabilities			
3 107 710	3 005 855	Deferred tax liabilities	15	3 107 710	3 005 855
10 877 348	14 321 139	Long term loans	23	10 800 000	14 155 458
13 985 058	17 326 994	Total non-current liabilities		13 907 710	17 161 313
		Current liabilities			
7 323 253	7 916 972	Trade and other payables	21	7 155 140	8 121 842
5 642 555	7 030 854	Interest bearing loans and borrowings	23	5 523 054	6 502 054
12 965 808	14 947 826	Total current liabilities		12 678 195	14 623 897
26 950 866	32 274 820	Total liabilities		26 585 904	31 785 209
43 412 176	44 040 626	**TOTAL EQUITY AND LIABILITIES**		43 629 123	44 182 075
5.65	4.09	Net equity per share (cents)		6.03	4.38
		Gearing:			
0.95	1.41	- Gross		0.91	1.28
(0.49)	(0.57)	- Net		(0.47)	(0.56)

For the year ended 31 December 2013

	Issued capital and premium $	Equity-settled employee benefits reserve $	Revaluation reserve $	Change in functional currency reserve $	Retained earnings $	Total $
Group						
Balance 1 January 2012	79 825	237 089	1 022 569	928 907	5 523 419	7 791 809
Total comprehensive income for the period	-	-	-	-	3 797 591	3 797 591
Profit for the period	-	-	-	-	3 797 591	3 797 591
Other comprehensive income	-	-	-	-	-	-
Exercise of share options	74 356	-	-	-	-	74 356
Recognition of share-based payments	-	102 052	-	-	-	102 052
Balance at 31 December 2012	154 181	339 141	1 022 569	928 906	9 321 010	11 765 807
Transfer on disposal of property, plant and equipment	-	-	-	(178 244)	178 244	-
Total comprehensive income for the period	-	-	-	-	4 238 188	4 238 188
Profit for the period	-	-	-	-	4 238 188	4 238 188
Other comprehensive income	-	-	-	-	-	-
Exercise of share options	97 003	-	-	-	-	97 003
Recognition of share-based payments	-	360 314	-	-	-	360 314
Balance at 31 December 2013	251 184	699 455	1 022 569	750 662	13 737 442	16 461 312
Company						
Balance 1 January 2012	79 825	237 089	824 676	420 932	6 442 438	8 004 960
Total comprehensive income for the period	-	-	-	-	4 215 498	4 215 498
Profit for the period	-	-	-	-	4 215 498	4 215 498
Other comprehensive income	-	-	-	-	-	-
Exercise of share options	74 356	-	-	-	-	74 356
Recognition of share based payments	-	102 052	-	-	-	102 052
Balance at 31 December 2012	154 181	339 141	824 676	420 932	10 657 936	12 396 8666
Transfer on disposal of property, plant and equipment	-	-	-	(85 215)	85 215	-
Total comprehensive income for the period	-	-	-	-	4 189 037	4 189 037
Profit for the period	-	-	-	-	4 189 037	4 189 037
Other comprehensive income	-	-	-	-	-	-
Exercise of share options	97 003	-	-	-	-	97 003
Recognition of share based payments	-	360 314	-	-	-	360 314
Balance at 31 December 2013	251 184	699 455	824 676	335 717	14 932 187	17 043 219

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

GROUP 2013 $	GROUP 2012 $		Notes	COMPANY 2013 $	COMPANY 2012 $
		Cash flows from operating activities			
7 643 985	7 946 302	Trading profit		7 306 440	8 316 765
		Adjusted for:			
2 236 376	1 708 440	Non cash items	**13.1**	2 080 239	1 535 039
(3 498 796)	(5 003 878)	Movements in working capital	**13.2**	(3 862 279)	(5 045 889)
6 381 566	4 650 863	Cash generated from operations		5 524 401	4 805 915
(1 692 428)	(2 553 766)	Finance costs paid		(1 643 443)	(2 506 288)
(1 116 062)	(1 002 933)	Taxation paid	**13.3**	(1 116 062)	(1 002 933)
3 573 075	1 094 164	Cash inflow from operating activities		2 764 896	1 296 694
		Cash flows from investing activities			
(2 665 034)	(2 188 927)	Purchase of property, plant and equipment		(2 362 411)	(2 007 997)
28 390	215 464	Proceeds from disposal of property, plant and equipment		11 062	215 464
-	(160 000)	Purchase of intangible assets		-	(160 000)
(78 997)	-	Purchase consideration on business combination	**5**	(78 997)	-
36 205	48 166	Finance income received		36 180	48 166
(2 679 436)	(2 085 297)	Net cash used in investing activities		(2 394 166)	(1 904 367)
		Cash flows from financing activities			
97 003	74 356	Proceeds from issue of equity shares		97 003	74 356
2 165 542	43 296 681	Proceeds from borrowings		2 165 542	42 296 681
(6 997 631)	(37 948 693)	Repayment of borrowings		(6 500 000)	(37 339 614)
(4 735 087)	5 422 344	Net cash flows (used in) / generated from financing activities		(4 237 456)	5 031 423
(3 841 447)	4 431 212	**Net (decrease) / increase in cash and cash equivalents**		(3 866 725)	4 423 752
4 747 774	316 562	Cash and cash equivalents at the beginning of the period		4 733 424	309 672
906 326	4 747 774	Cash and cash equivalents at the end of the period		866 698	4 733 424

For the year ended 31 December 2013

1. Corporate Information

Edgars Stores Limited (the Group) is a limited company incorporated and domiciled in Zimbabwe and whose shares are publicly traded. The Group manufactures clothing, which it distributes and sells together with footwear, textiles, accessories and general dealer items through a network of stores in Zimbabwe.

The consolidated financial statements of the Group for the year ended 31 December 2013 were authorized for issue in accordance with a resolution of the directors on 6 March 2014.

The Group's results are consolidated into Edcon Holdings (Pty) Ltd (South Africa). Information on other related party relationships of the Group is provided in Note 30.

2. Financial Reporting

2.1 Basis of Preparation

The consolidated financial statements are prepared in accordance with the going concern and historical cost bases except where otherwise indicated. The accounting policies are applied consistently throughout the Group. The consolidated financial statements are presented in United States Dollar (USD) and all values are rounded to the nearest dollar except where otherwise stated.

Statement of compliance

The financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS), promulgated by the International Accounting Standards Board (IASB) which includes standards and interpretations approved by the IASB as well as International Accounting Standards Board (IASB) and Standing Interpretations Committee (SIC) interpretations issued under previous constitutions.

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of Edgars Stores Limited and its subsidiaries as at 31 December 2013. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

Exposure, or rights, to variable returns from its involvement with the investee, and

The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

The contractual arrangement with the other vote holders of the investee

Rights arising from other contractual arrangements

The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of Comprehensive income and statement of financial position from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences, recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Summary of significant accounting policies

2.3.1 Foreign currency translation

The Group's consolidated financial statements are presented in United States Dollars, which is the Group's functional currency. It is the currency of the primary economic environment in which the Group operates. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange ruling at the reporting date. All differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign

currency are translated using the exchange rates as at dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

2.3.2 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 *Financial Instruments: Recognition and Measurement*, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

The distinction of whether an acquired set of assets and activities constitute a business purchase or an asset acquisition may require judgment. In making this judgment, management considers if the acquired set of assets and activities constitute an integrated set of activities and assets, capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or other economic benefits directly to owners.

2.3.3 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, including discounts, rebates and excluding value-added taxes and duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognized.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Commission income

Funeral insurance providers are charged a commission on collection of premiums on their behalf. Commission income is recognised as revenue when the premium is collected.

Interest income

For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income.

2.3.4 Taxes

Current income tax

Income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date in Zimbabwe. Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit and loss.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
Deferred tax relating to items recognised directly in

equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit and loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and deferred taxes relate to the same taxable entity and the same taxation authority.

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax (VAT) except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.3.5. Pensions and other post-employment benefits

The Group pension scheme is a defined contribution scheme. The cost of retirement benefit is determined by the level of contribution made in terms of the rules. Employer contributions are recognised in profit or loss as they fall due. The Group also participates in the National Social Security Authority pension scheme as required by legislation.

The cost of retirement benefit applicable to the National Social Security Authority Scheme is determined by the systematic recognition of legislated contributions and is recognised in profit or loss.

2.3.6. Share-based payment transactions

Equity-settled transactions

The cost of equity-settled transactions with employees for awards granted is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model, further details of which are given in Note 10.4.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of comprehensive income expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. Further details are given in Note 12.

2.3.7 Financial instruments – initial recognition and subsequent measurement

a) Financial assets

i) Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets as appropriate. The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus directly attributable transaction costs except in the case of financial assets classified as at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. The Group's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables.

At the reporting date there were no held-to-maturity investments, available-for-sale financial assets, derivatives or hedging instruments.

ii) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. The EIR amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in other operating expenses.

iii) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

iv) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assessed them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. The interest income is recorded as part of finance income in profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been

transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other operating expenses in the statement of comprehensive income.

b) Financial liabilities

i) Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdraft and loans and borrowings.

ii) Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statement of comprehensive income.

iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.3.8 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in other capital reserves.

2.3.9 Property, plant and equipment

Items of property, plant and equipment are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in the profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

All repair and maintenance costs are recognised in profit or loss as incurred.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the remaining estimated useful life of the asset. The useful lives of each category are as follows:

Buildings 40 years
Furniture 5-10 years
Fixtures and fittings 5-10 years
Computer equipment 5-10 years
Computer software 5-10 years
Plant and machinery 5-10 years
Leasehold Improvements The lease period or shorter periods as may be determined
Motor vehicles 5-7 years

An item of property, plant and equipment and any significant part initially recognized is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end, and adjusted prospectively, if appropriate. Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

2.3.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit and loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss when the asset is derecognised.

2.3.11 Leases

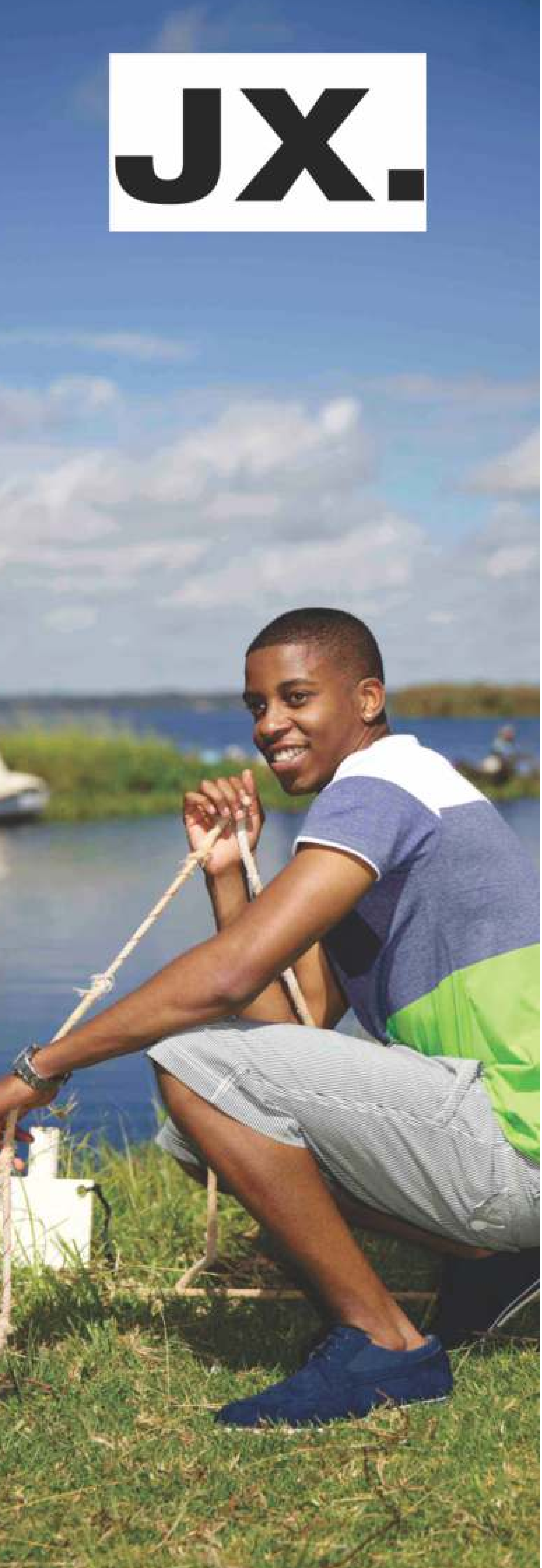
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Group as a lessee

Operating leases are leases that do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item. Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals are expensed as incurred.

Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised



over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.3.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.3.13 Inventories

Inventories are valued at the lower of cost and net realisable value on a FIFO basis. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials - average purchase cost

Finished goods and work in progress - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Merchandise - average cost

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.3.14 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above. Overdrafts are disclosed under borrowings and do not form part of cash and cash equivalents.

2.3.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

2.3.16 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-current asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows after the fifth year. Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in those expenses categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in assumption used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount in which case the reversal is treated as a revaluation increase.

2.3.17 Fair value measurement

The Group measures non-financial assets such as property, plant and equipment at fair value at reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 28.3.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.3.18 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

Expected to be realised or intended to be sold or consumed in the normal operating cycle

Held primarily for the purpose of trading

Expected to be realised within twelve months after the reporting period, or

Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

It is expected to be settled in the normal operating cycle

It is held primarily for the purpose of trading

It is due to be settled within twelve months after the reporting period, or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the

reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.4 Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group applied, for the first time, certain standards and amendments to IFRS. The nature and the impact of each new standard and amendments is described below:

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in OCI. Items that will be reclassified ('recycled') to profit or loss at a future point in time (e.g., net loss or gain on AFS financial assets) have to be presented separately from items that will not be reclassified (e.g., revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

IAS 1 Clarification of the requirement for comparative information (Amendment)

These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments affect presentation only and have no impact on the Group's financial position or performance.

IAS 19 Post employee benefits (Amendment)

IAS 19 (Revised 2011) changes, amongst other things, the accounting for defined benefit plans. Key changes that are applicable to the Group include the following:

- Termination benefits will be recognised at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognised under IAS 37 –Provisions, Contingent Liabilities and Contingent Assets.
- The distinction between short-term and other long-term employee benefits will be based on expected timing of settlement rather than the employee's entitlement to the benefits.

The Group considered the above changes when accounting for termination benefits and short term and long term employee benefits and there was no significant impact on its financial statements.

IAS 27 Separate Financial Statements (as revised in 2011)

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The amendment did not impact the accounting in the company's separate financial statements.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment had no impact on the Group as the Group does not have any investments in associates or joint ventures.

IFRS 10 *Consolidated Financial Statements* and IAS 27 *Separate Financial Statements*

The Group adopted IFRS 10 in the current year. The application of IFRS 10 has not affected the accounting for the Group's Interest in the equity shares of Carousel (Private) Limited, or the consolidation of the Edgars Employee Share Trust Company and the Zimedgroup Employee Trust.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 and SIC-13. Joint control under IFRS 11 is defined as the contractually agreed sharing of control of an arrangement, which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control. The reference to 'control' in 'joint control' refers to the definition of 'control' in IFRS 10.

IFRS 11 also changes the accounting for joint arrangements by moving from three categories under IAS 31 to the following two categories:

Joint operation — An arrangement in which the parties with joint control have rights to the assets and obligations for the liabilities relating to that arrangement. Joint operations are accounted for by showing the party's interest in the assets, liabilities, revenues and expenses, and/or its relative share of jointly controlled assets, liabilities, revenue and expenses, if any.

Joint venture — An arrangement in which the parties with joint control have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity accounting method.

The option to account for joint ventures (as newly defined) using proportionate consolidation has been removed. Under this new classification, the structure of the joint arrangement is not the only factor considered when classifying the joint arrangement as either a joint operation or a joint venture, which is a change from IAS 31. Under IFRS 11, parties are required to considered whether a separate vehicle exists and, if so, the legal form of the separate vehicle, the contractual terms and conditions, and other facts and circumstances.

This standard had no impact on the Group as it is not party to any joint arrangements.

IFRS 12 Disclosure of Interest in Other Entities

IFRS 12 includes all the disclosures that were previously required relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities as well as a number of new disclosures. An entity is now required to disclose the judgments made to determine whether it controls another entity. Refer to Note 3.1.1.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS.

IFRS 13 defines fair value as an exit price. Application of IFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 24.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36 Impairment of Assets

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. The Group has early adopted these amendments to IAS 36 in the current period since the amended/additional disclosures provide useful information as intended by the IASB. Accordingly these amendments have been considered while making disclosures for impairment of non-financial assets. These amendments would continue to be considered for future disclosures.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

3.1 Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

3.1.1 Consolidation of structured entities

The Group has consolidated in the group results of the Edgars Employee Share Trust Company and the Zimedgroup Employee Trust which have a shareholding in the Company. The substance of the relationship between the company and these entities has been assessed and judgment made that they are controlled entities, based on the representation of management within them.

3.1.2 Revenue measurement

Revenue from the sale of goods is measured at the consideration received or receivable even though the inflow of cash and cash equivalents is deferred. The difference between the fair value and the nominal amount is not recognised as interest revenue due to the inability in determining an imputed rate of interest due to the following factors:

- There is no similar instrument of an issuer with a similar credit rating,
- The credit sales price and cash sales price are equal.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group.

3.2.1 Revaluation of property, plant and equipment

Land, buildings, plant and equipment are stated at revaluation less accumulated depreciation. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ from its carrying amount. Professional valuers carried out revaluation of property in 2011.

3.2.2 Useful lives and residual values of property, plant and equipment

Property, plant and equipment is depreciated over its useful life taking into account residual values where appropriate. The actual useful lives of the assets and residual values are assessed at each reporting date and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining useful life of the asset and projected disposal values. See Note 14.

3.2.3 Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 10.4.

3.2.4 Taxes

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and interpretations of tax regulations by the responsible tax authority.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits. Further details on deferred taxes are disclosed in Note 15.

3.2.5 Specific provision for impairment of trade receivables

The Group calculates this provision as being the trade receivables in arrears at the reporting date. The figure is arrived at after taking into consideration the performance of the debtors' book and has proved adequate based on past experience. Further details are provided in Note 18.

3.3 Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the consolidated financial statements are listed below.

This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

IFRS 9 *Financial Instruments*

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. Furthermore, the Group does not apply hedge accounting. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Group, since none of the entities in the Group would qualify to be an investment entity under IFRS 10.

IAS 32 *Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32*

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Group. No such offsetting arrangements are in place.

IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Group does not expect that IFRIC 21 will have material financial impact in future financial statements, as no such levies are charged to the Group.

IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39*

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Group.

Improvements to IFRSs

In December 2013, the IASB issued two cycles of Annual Improvements to IFRSs that contain changes to 9 standards. The amendments are effective from 1 July 2014 either prospectively or retrospectively. A summary of each amendment is described below:

IFRS 2 Share based payment (Amendments to Definitions relating to vesting conditions)

Performance conditions and service conditions are defined in order to clarify various issues. The issues relate to performance conditions which must contain a service condition and a performance target which must be met while the counterparty renders service. The amendment also clarifies that a performance target may relate to the operations of an entity or to those of an entity in the same group. The improvement is not expected to have an impact on the Group as the current scheme does not contain performance conditions.

IFRS 3 Business Combinations (Accounting for contingent consideration in a business combination)

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls

within the scope of IFRS 9 Financial Instruments. This has no impact on past business combinations as no contingent considerations were included in the acquisitions.

FRS 8 Operating Segments (Aggregation of operating segments and Reconciliation of the total of the reportable segment assets to the entity's total assets)

Aggregation of operating segments

Operating segments may be combined/aggregated if they are consistent with the core principle of the standard, if the segments have similar economic characteristics and if they are similar in other qualitative respects. If they are combined, the entity must disclose the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

Reconciliation of the total of the reportable segment assets to the entity's total assets

The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group's disclosures will not be affected by these amendments as the reporting segments do not have similar economic characteristics.

IFRS 13 Fair Value Measurement (Short term receivables and payables)

The IASB clarified in the Basis for Conclusions that short term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. This is effective immediately. This amendment has impact on the Group as the proposed treatment is consistent with the Group's current treatment.

IAS 16 Property, plant and equipment and IAS 38 Impairment (Revaluation method-proportionate restatement of accumulated depreciation)

The amendment clarifies that revaluation can be performed by adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying amount and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value The amendment also clarified that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount of the asset (i.e., gross carrying amount – accumulated depreciation/amortisation = carrying amount).

The amendment to IAS 16.35(b) and IAS 38.80(b) clarifies that the accumulated depreciation/amortisation is eliminated so that the gross carrying amount and carrying amount equal the market value.

These amendments will have an impact on the Group in the event that an impairment of property, plant and equipment is realised.

IAS 24 Related party disclosures (Key management personnel)

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The Group's disclosures will not be affected by this amendment as the Group does not utilize a management entity.

IFRS 3 Business Combinations (Scope for joint ventures)

The amendment clarifies that joint arrangements are outside the scope of IFRS 3, not just joint ventures and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The Group is not party to any joint ventures therefore no foreseen impact on the Group's financial statements.

IFRS 13 Fair value measurement (Portfolio exception)

The amendment clarifies that the portfolio exception in IFRS 13 can be applied to financial assets, financial liabilities and other contracts.

IAS 40 Investment property (Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying investment property or owner occupied property)

The description of ancillary services in IAS 40 differentiates between investment property and owner occupied property. IFRS 3 is used to determine if the transaction is the purchase of an asset or a business combination.

4. Segment Information

4.1 Reportable segments

For management purposes, the Group is organised into business units based on their products and services and has three reportable segments as follows:

Edgars Chain
Jet Chain
Manufacturing (consisting of Carousel Manufacturing)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The Group only has operations in Zimbabwe and all revenue from external customers is attributed to the entity's country of domicile. There has been no revenue from a significant external customer (more than 10%) in the current and prior year.

4.2 Segment revenues and results

2013	Edgars	Jet	Mnfg	Corporate	Total Segments	Adjustments & Eliminations	Consolidated
Revenue							
External customers	54 367 791	12 997 635	383 982	-	67 749 408	-	67 749 408
Inter-segments	-	-	5 387 200	-	5 387 200	(5 387 200)	-
Total revenue	54 367 791	12 997 635	5 771 182	-	73 136 608	(5 387 200)	67 749 408
Results							
Depreciation & amortisation	(268 247)	(110 053)	(153 988)	(400 157)	(932 445)	-	(932 445)
Taxation expense	-	-	(239 433)	(1 467 693	(1 707 126)	-	(1 707 126
Finance cost	-	-	(48 985)	(1 685 891)	(1 734 876)	-	(1 734 876
Finance income	-	-	25	36 180	36 205	-	36 205
Segment profit / (loss)	12 591 343	522 527	341 905	(5 811 790)	7 643 985	-	7 643 985
Total assets	31 388 455	3 873 776	4 879 824	8 362 530	48 504 585	(5 092 409)	43 412 176
Total liabilities	(2 896 018)	(488 671)	(5 422 614)	(23 201 214)	(32 043 277)	5 092 409	(26 950 866)
Capital expenditure	1 156 305	789 244	295 614	407 317	2 648 480	-	2 648 480

5. Business combinations

Acquisitions in 2013

Acquisition of assets of Catt's Beaute Bulawayo

On 1 November 2013, the Group acquired the operations of Catt's Beaute Bulawayo. The Group acquired the operations as it enabled the establishment of an Edgars branch at the Bradfield Zonkizizwe Shopping Complex, thereby increasing the customer base for cosmetics and jewellery.

No interest in Catt's Beaute equity was acquired. Based on criteria set in Note 2.3.2, management has concluded that the purchase of Catt's Beaute constituted a business acquisition and has accordingly accounted for the transaction as a business combination.

Assets acquired and liabilities assumed

The fair values of the identifiable assets of Catt's Beaute as at date of acquisition were:

	$
Assets	
Property, plant and equipment	33 997
Inventories	114 679
Total identifiable assets	148 676
Liabilities	
Trade payables	(114 679)
Total net identifiable assets	33 997
Goodwill acquired	45 000
Purchase consideration transferred (cash flow on acquisition)	78 997

This acquisition resulted in the Group acquiring the right to lease the premises within the prime Zonkizizwe Shopping Centre. Additionally, the Catt's Bulawayo cash customer base was acquired as there is no other retailer of the same nature within the city.

Revenue profit or loss of acquiree since acquisition date:

Revenue	22 329
Profit before tax	2 880

Group revenue and profit or loss if the business combination had occurred at the beginning of the year:

Revenue	68 077 079
Profit before tax	5 997 435

		GROUP		COMPANY	
		2013 $	2012 $	2013 $	2012 $
6	**Revenue**				
	The following is an analysis of the Group's revenue for the year (excluding investment revenue)				
	Sale of merchandise	64 761 574	60 165 194	64 377 591	59 909 882
	Retail sales	64 377 591	59 909 882	64 377 591	59 909 882
	Manufacturing sales to third parties local sales	383 982	255 312	-	-
	Late payment charges	2 730 575	2 142 266	2 730 575	2 142 266
	Funeral Insurance commission	257 260	268 798	257 260	268 798
		67 749 408	62 576 258	67 365 426	62 320 946
7	**Other gains and losses**				
	(Loss)/ gain on disposal of property, plant & equipment	(16 899)	100 219	(20 355)	100 219
	Net foreign exchange gains/(losses)	156 693	(60 142)	157 987	(53 411)
		139 794	40 077	137 632	46 808
8	**Debt collection costs**				
	Late payment charges	2 730 575	2 142 266	2 730 575	2 142 266
	Debt collection costs	(2 740 556)	(2 582 465)	(2 740 556)	(2 582 465)
		(9 982)	(440 199)	(9 982)	(440 199)
9	**Trading profit**				
	Trading profit for the period has been arrived at after charging /(crediting):				
9.1	**Auditors remuneration:**				
	Audit Fees	114 268	152 870	114 268	152 870
	Fees for consulting & other services	50 593	24 193	50 593	24 193
		164 861	177 063	164 861	177 063
9.2	**Depreciation expense**				
	Depreciation of property, plant and equipment	892 445	648 163	738 457	468 340
	Amortisation expense				
	Amortisation of intangible assets	40 000	13 333	40 000	13 333
9.3	**Operating lease expenses:**				
	Land and buildings :				
	Minimum lease payments	3 699 550	3 186 327	3 699 550	3 186 327
	Contingent rents	324 948	370 066	324 948	370 066
	Sublease receipts	(98 435)	(94 855)	(232 007)	(228 427)
		3 926 063	3 461 538	3 792 491	3 327 966
	Disclosures on leases have been provided in Note 25				
9.4	**Fees payable**				
	Managerial, technical, administrative and secretarial fees paid outside the Group	371 751	296 501	366 190	291 262
	Outsourcing of IT	97 511	100 754	97 511	100 754
		469 262	397 255	463 700	392 016
9.5	**Finance income**				
	Finance income from short term deposits	36 205	53 585	36 180	53 551
9.6	**Finance costs**				
	Interest on debt and borrowings	1 734 876	2 705 059	1 685 891	2 657 581

	GROUP		COMPANY	
	2013 $	2012 $	2013 $	2012 $

10 Directors and employees

10.1 Employees

The Group employed 854 (2012-789) permanent employees of which 537 (2012 - 502) were employed in retailing and 317(2012 - 287) in the manufacturing division.

The aggregate remuneration and associated cost of permanent and casual employees including directors was:

	GROUP 2013 $	GROUP 2012 $	COMPANY 2013 $	COMPANY 2012 $
Salaries and wages	11 279 344	9 300 808	10 761 682	8 904 260
Pension contributions	977 577	831 149	812 997	682 390
Medical aid contributions	412 514	323 897	359 154	268 541
	12 669 434	10 455 854	11 933 834	9 855 192

Permanent employees of the Group belong to various medical aid schemes run by independent medical aid societies

10.2 Directors' emoluments

	GROUP 2013 $	GROUP 2012 $	COMPANY 2013 $	COMPANY 2012 $
Non executive directors :				
- Fees	89 369	78 225	89 369	78 225
Executive directors :-				
Remuneration	890 453	822 438	890 453	822 438
- Retirement and medical aid benefits	107 525	106 033	107 525	106 033
	1 087 346	1 006 696	1 087 346	1 006 696

10.3 Pension funds

The Group's operating companies and all employees contribute to both of the following pension funds:

Edgars Pension Fund

The Edgars Pension Fund is a defined contribution fund and provides pensions and other associated benefits for all employees on the permanent staff of the Group, their spouses and dependents. Member contributions to the fund are set at 5% whilst the employer rate is set at 15% of monthly pensionable salaries, less the amount of the employer's contributions to the National Social Security Authority. Employer contributions are charged against trading profit. The Fund is governed by legislation in the Pension and Provident Funds Act, Chapter 24:09

National Social Security Authority Scheme

The Group's obligations under the scheme are limited to specific contributions legislated from time to time and as promulgated under the National Social Security Authority Act, Chapter 17:04. These are 3.5% of pensionable monthly emoluments for each employee up to a maximum salary of $700 per month.

Contributions to the aforementioned funds charged against trading profit:

	GROUP 2013 $	GROUP 2012 $	COMPANY 2013 $	COMPANY 2012 $
Edgars Pension Fund	797 143	738 013	677 671	621 733
National Social Security Authority	180 434	93 136	135 327	60 617
	977 577	831 149	812 997	682 390

10.4 Equity-settled share based payments

Employee share option scheme

The Group has a share based compensation scheme for executives and senior employees. The following shares have been set aside for this plan, as approved by share holders at previous annual general meetings.

Resolution date	**Shares Set**
29 May 2007	15 000 000
10June 2010	16 000 000
	31 000 000

Directors were authorised to grant options from shares set aside at their discretion.
Each employee share option converts into one ordinary share of Edgars Stores Limited on exercise. The options carry neither rights to dividends nor voting rights. Options must be exercised within 10 years of grant date but can only be exercised from the 2nd anniversary upon which a third can be exercised every year thereafter. Share options vest in full during the fourth year after grant date. The exercise price is determined as the mid-market price on the date the options were granted. The option is exercisable provided that the participant has remained in the Group's employ until the option vests. An exception is made where termination of employment is as a result of death or retirement. In such an event, options may be taken up and must be paid for within twelve months of such an event. In the event of a resignation, options which have vested may be taken up and paid for before expiration of notice period being served.

The following share-based payment arrangements were in existence during the current and prior years:

Shares set aside	**Number**	**Grant Date**	**Expiry Date**	**Exercise price cents**
Option series				
1 Issued 29 June 2007	4 300 000	29/06/2007	28/6/2017	1.40
2 Issued 10 June 2008	5 350 000	10/06/2008	09/6/2018	0.30
3 Issued 9 July 2009	4 300 000	09/07/2009	08/7/2019	3.50
4 Issued 20 March 2010	1 050 000	20/03/2010	19/3/2020	3.50
5 Issued 11 June 2010	4 150 000	11/06/2010	10/6/2020	3.00
6 Issued 29 March 2011	4 233 333	29/03/2011	28/3/2021	8.80
7 Issued 14 March 2012	4 655 500	14/03/2012	13/3/2022	8.50
8 Issued 15 March 2013	4 550 000	15/03/2013	15/03/2023	12.19

There have been no cancellations or modifications to any of the plans during 2013 and 2012.

The fair value at grant date was determined by applying the Black Scholes Option Pricing Model. Options granted prior to the change in functional currency were treated as if the grant date was the change in functional currency date. The vesting period was determined as being that period remaining until vesting conditions have been met.

	29/06/2007 Series 1	**10/06/2007 Series 2**	**9/07/2009 Series 3**	**20/03/2010 Series 4**	**11/06/2010 Series 5**	**29/03/2011 Series 6**	**14/03/2012 Series 7**	**15/03/2013 Series 8**
Weighted average fair value of options granted (cents)	0.74	0.22	3.47	3.47	2.98	7.22	1.87	6.67
The following key assumptions were made:								
Expected volatility	260.0%	260.0%	260.0%	260.0%	260.0%	127.30%	15%	42%
Risk free interest rate	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	3.0%	17.0%
Expected dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expected life (years)	2.416	3.416	4.000	4.000	4.000	4.000	4.000	4.000

Movements in the year
The following table illustrates movement in the number (no.) and weighted average exercise prices (WAEP) of and movements in share options during the year.

	2013 No	**2013 WAEP**	**2012 No**	**2012 WAEP**
Outstanding at 1 January	17 343 502	5.60	18 366 670	3.80
Granted during the year	4 550 000	12.19	4 655 500	8.50
Forfeited during the year	-	-	(758 334)	6.70
Exercised during the year	(3 695 333)	2.60	(4 920 334)	1.60
Outstanding at 31 December	18 198 169	7.90	17 343 502	5.60
Exercisable at 31 December	5 664 557	-	5 276 335	-

The expense recognised for employee services in this period was $360 314 (2012 - $102 052). The equity-settled employee benefits reserve has been credited. Volatility was estimated using the movement in the Edgars share on the Zimbabwe Stock Exchange during the period. It is the Group policy that employees who have access to price sensitive information should not deal in shares or exercise share options for the periods from half-year and year-end to forty-eight hours after publication of the results respectively and during any closed periods during which the company is trading under a cautionary announcement.

	GROUP		COMPANY	
	2013 $	2012 $	2013 $	2012 $

11 Taxes

11.1 Taxes recognised in profit or loss

	2013 $	2012 $	2013 $	2012 $
Current tax in respect of the current year:				
-withholding tax	(3 489)	(1 337)	(3 489)	(1 337)
-capital gains tax reversed	-	625	-	625
-normal tax	(1 362 348)	(857 441)	(1 362 348)	(857 441)
Deferred tax relating to the origination and reversal of temporary differences	(341 289)	(639 085)	(101 855)	(639 085)
Total tax charge	(1 707 126)	(1 497 238)	(1 467 693)	(1 497 237)

The charge for the year can be reconciled to the accounting profit as follows:

	2013 $	2012 $	2013 $	2012 $
Profit before tax:	5 945 314	5 294 828	5 656 729	5 712 736
Tax calculated at 25.75% (inclusive of AIDS levy)	(1 530 918)	(1 363 418)	(1 456 608)	(1 471 029)
Effect of revenue exempt from taxation	9 323	13 798	9 316	13 789
Effect of expenses which are not deductible	(133 289)	(108 173)	(20 401)	(39 997)
Unrecognised deferred tax in respect of manufacturing losses	(52 241)	(39 444)	-	-
Tax charge recognised in profit or loss	(1 707 126)	(1 497 237)	(1 467 693)	(1 497 237)

12 Earnings per share

12.1 Weighted average number of ordinary shares (basic)

	2013	2012	2013	2012
Issued ordinary shares at the beginning of the period	287 645	282 725	287 645	282 725
Effect of treasury shares	(36 475)	(36 475)	(36 475)	(36 475)
Effect of share options excercised	1 109	1 502	1 109	1 502
Weighted average number of ordinary shares used in calculating earnings per share	252 279	247 752	252 279	247 752

12.2 Weighted average number of ordinary shares (diluted)

	2013	2012	2013	2012
Weighted average number of ordinary shares (basic)	252 279	247 752	252 279	247 752
Effect of share options on issue	7 562	8 354	7 562	8 354
Weighted average number of ordinary shares (diluted)	259 841	256 106	259 841	256 106

12.3 Attributable basis

	$	$	$	$
Profit attributable to ordinary shareholders	4 238 188	3 797 591	4 189 037	4 215 498
Adjustments to basic earnings	-	-	-	-
Profit adjusted for cost of dilutive instruments	4 238 188	3 797 591	4 189 037	4 215 498
Basic earnings per share (cents)	1.68	1.53	1.66	1.70
Diluted earnings per share (cents)	1.63	1.48	1.61	1.65

	GROUP 2013 $	GROUP 2012 $	COMPANY 2013 $	COMPANY 2012 $
13 Cash flow				
13.1 Non-cash items				
Share based payments	360 314	102 052	360 314	102 052
Depreciation	892 445	648 163	738 457	468 340
Inventory write-down	790 959	1 124 934	790 959	1 124 934
Amortisation of intangible asset	40 000	13 333	40 000	13 333
Net profit / (loss) on disposal of property, plant & equipment (Note 7)	16 899	(100 219)	20 355	(100 219)
Decrease in provisions	-	(75 306)	-	(75 306)
Provision for doubtful debts	135 760	(4 518)	130 155	1 905
	2 236 376	1 708 440	2 080 239	1 535 039
13.2 Working capital requirements				
Increase in inventories	(2 433 976)	(1 840 198)	(1 797 437)	(1 992 301)
Increase in accounts receivable	(471 100)	(3 825 070)	(609 015)	(3 868 043)
(Decrease) / increase in accounts payable	(593 719)	661 390	(966 702)	(3 832 255)
Net movement in balances with group companies	-	-	(489 124)	4 646 710
	(3 498 796)	(5 003 878)	(3 862 279)	(5 045 889)
13.3 Taxation paid				
Taxation liability at the beginning of the year	256 736	111 955	256 736	111 955
Current taxation provided (Note 11.1)	(1 365 838)	(858 153)	(1 365 838)	(858 153)
Taxation prepayment at the end of the year	(6 960)	(256 736)	(6 960)	(256 736)
	(1 116 062)	(1 002 933)	(1 116 062)	(1 002 933)
14 Property, plant and equipment				
Cost	6 422 538	3 967 782	6 014 173	3 759 084
Valuation	2 845 101	2 845 101	1 953 419	1 953 419
Accumulated depreciation and impairment	(2 142 646)	(1 406 737)	(1 552 370)	(881 364)
	7 124 993	5 406 146	6 415 222	4 831 139

	GROUP				COMPANY			
	Land & Buildings $	Plant & Equipment $	Furniture Fittings & Vehicles $	Total $	Land & Buildings $	Plant & Equipment $	Furniture Fittings Vehicles $	Total $
Cost or valuation								
Balance at 1 January 2012	1 292 000	1 049 239	2 512 753	4 853 992	1 292 000	206 327	2 437 340	3 935 666
Additions	20 249	361 613	1 807 065	2 188 927	20 249	195 000	1 792 748	2 007 997
Disposals	-	(927)	(229 109)	(230 036)	-	(927)	(230 235)	(231 162)
Balance at 31 December 2012	1 312 249	1 409 925	4 090 709	6 812 883	1 312 249	400 400	3 999 853	5 712 501
Additions	-	356 135	2 258 348	2 614 483	-	83 913	2 157 196	2 241 109
Acquisition of a business (Note 5)	-	-	33 997	33 997	-	-	114 679	114 679
Disposals	-	(103 782)	(89 942)	(193 724)	-	(12 033)	(88 665)	(100 698)
Balance at 31 December 2013	1 312 249	1 662 278	6 293 112	9 267 639	1 312 249	472 280	6 183 063	7 967 591
Accumulated depreciation or impairment								
Balance at 1 January 2012	-	(351 848)	(513 632)	(865 480)	-	(41 952)	(477 977)	(519 929)
Eliminated on disposal of assets	-	756	106 150	106 906	-	756	106 150	106 906
Current year expense	(32 049)	(194 828)	(421 286)	(648 163)	(32 049)	(33 821)	(402 470)	(468 340)
Balance at 31 December 2012	(32 049)	(545 920)	(828 768)	(1 406 737)	(32 049)	(75 017)	(774 297)	(881 363)
Eliminated on disposal of assets	-	88 493	68 043	156 536	-	2 970	64 480	67 450
Current year expense	(32 257)	(183 028)	(677 160)	(892 445)	(32 257)	(48 870)	(657 330)	(738 457)
Balance at 31 December 2013	(64 306)	(640 455)	(1 437 885)	(2 142 646)	(64 306)	(120 917)	(1 367 147)	(1 552 370)
Net carrying amount								
31 December 2013	1 247 943	1 021 823	4 855 227	7 124 993	1 247 943	351 363	4 815 916	6 415 222
31 December 2012	1 280 200	864 005	3 261 941	5 406 146	1 280 200	325 383	3 225 556	4 831 138

14.1 Property, plant and equipment carried at fair value

The fair value of property, plant and equipment was determined by independent valuers and experts as detailed below. No revaluation was carried out in the current year as the carrying amounts approximate the fair values of the assets.

Land and buildings

As at 31 December 2011, fair values of the properties was determined by using the market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. The fair values are based on valuations performed by an accredited and independent valuer.

Significant unobservable valuation input:	Range
Price per square metre	$0.5 to $1.5

Significant increases/ (decreases) in estimated price per square metre in isolation would result in a significantly higher/(lower) fair value.

Plant and machinery

An independent professional valuation of the Group's plant and machinery was performed on 9 January 2010 to determine the fair value. The valuation was done on a depreciated replacement cost basis.

Furniture, fittings and vehicles

Office and retail equipment was revalued with the use of a consultant on 5 December 2009 on a depreciated replacement cost basis

Description of valuation techniques used and key inputs to valuation on plant, equipment, furniture, fittings and vehicles:

	Valuation technique	Significant unobservable inputs
Plant, equipment, furniture, fittings and vehicles	Depreciated replacement cost	Gross replacement cost for similar assets Remaining useful life Residual value

Fair value hierarchy disclosures for property, plant and equipment have been provided in Note 24

.

14.2 Property, plant and equipment was revalued with the use of a consultant on 5 December 2009 on a replacement cost basis.

	GROUP		COMPANY	
	2013	2012	2013	2012
	$	$	$	$
Cost	6 422 538	3 967 782	6 014 174	3 759 084
Accumulated depreciation	(1 145 154)	(707 465)	(794 515)	(496 602)
Net carrying amount	5 277 384	3 260 317	5 219 659	3 262 482

15 Deferred tax balances

GROUP

	Opening balance Jan 2012 $	Recognised in profit or loss $	Recognised directly in other comprehensive income $	Closing balance 31 Dec 2012 $	Recognised in profit or loss $	Recognised directly in other comprehensive income $	Closing balance 31 Dec 2013 $
Temporary differences							
Property, plant and equipment	(628 394)	(133 518)	-	(761 912)	(80 458)	-	(842 370)
Provisions	(22 645)	(23 729)	-	(46 374)	46 509	-	136
Section 18 installment allowances	(1 723 357)	(527 099)	-	(2 250 456)	(59 843)	-	(2 310 299)
Other	(124 795)	45 261	-	(79 534)	(1 288)	-	(80 821)
	(2 499 190)	(639 085)	-	(3 138 275)	(95 080)	-	(3 233 354)
Tax losses and credits							
Tax losses	706 064	-	-	706 064	(246 209)	-	459 855
	(1 793 126)	(639 085)	-	(2 432 211)	(341 289)	-	(2 773 499)

	COMPANY						
	Opening balance Jan 2012 $	Recognised in profit or loss $	Recognised directly in other comprehensive income $	Closing balance 31 Dec 2012 $	Recognised in profit or loss $	Recognised directly in other comprehensive income $	Closing balance 31 Dec 2013 $
Temporary differences							
Property, plant and equipment	(477 674)	(133 518)	-	(611 193)	(90 670)	-	(701 862)
Provisions	27 003	(23 729)	-	3 275	49 970	-	53 245
Section 18 installment allowances	(1 725 010)	(527 099)	-	(2 252 108)	(59 868)	-	(2 311 976)
Other	(191 090)	45 261	-	(145 829)	(1 288)	-	(147 116)
	(2 366 771)	(639 085)	-	(3 005 855)	(101 855)	-	(3 107 710)
Tax losses and credits							
Tax losses	-	-	-	-	-	-	-
	(2 366 771)	(639 085)	-	(3 005 855)	(101 855)	-	(3 107 710)

	GROUP		COMPANY	
	2013 $	2012 $	2013 $	2012 $
15 Deferred tax balances (continued)				
Reflected in the statement of financial position as follows:				
Deferred tax asset	334 210	573 644	-	-
Deferred tax liability	(3 107 710)	(3 005 855)	(3 107 710)	(3 005 855)
Deferred tax (liabilities) / assets	(2 773 449)	(2 432 211)	(3 107 710)	(3 005 855)

The deferred tax asset has been recognised to the extent to which future taxable income will be available against which the temporary differences can be utilised before expiry. The existence of future taxable income is supported by:

- Confirmed order book to support forecast sales
- Development of new lines of clothing to attract new customers and improve product mix

Unrecognised tax losses amount to $487 942 (2012- $514 252)

16 Intangible assets

	GROUP AND COMPANY		
	Restraint of trade $	Goodwill $	Total $
Cost at 1 January 2012	-	-	-
Purchased during year 2012	160 000	-	160 000
Cost at 31 December 2012	160 000	-	160 000
Acquired through business acquisition	-	45 000	45 000
Cost at 31 December 2013	160 000	45 000	205 000
Accumulated amortisation at 1 January 2012	-	-	-
Amortisation	(13 333)	-	(13 333)
Accumulated amortisation at 31 December 2012	(13 333)	-	(13 333)
Amortisation	(40 000)	-	(40 000)
Accumulated amortisation at 31 December 2013	(53 333)	-	(53 333)
Carrying amount at 31 December 2013	106 667	45 000	151 667
Carrying amount at 31 December 2012	146 667	-	146 667

The intangible asset relates to a restraint of trade and has a useful life of 4 years and as at year end has a remaining amortisation period of 2.67years (2012- 3.67 years).

Impairment testing of goodwill

The Group performed its annual impairment test in December 2013 and no impairment was recognised.

	GROUP		COMPANY	
	2013 $	2012 $	2013 $	2012 $
17 Inventories				
Raw materials	1 758 072	1 467 267	-	-
Work in progress	161 177	88 473	-	-
Goods in transit	371 816	324 462	-	-
Merchandise	8 605 233	7 308 350	7 714 567	6 631 810
Consumable stores	312 236	376 965	194 416	270 695
	11 208 534	9 565 517	7 908 984	6 902 505

Refer note 23.3 for inventories pledged as security for borrowings and loans. The amount of write-down of inventories recognised as an expense in the Group is $790 959 (2012 - $1 124 934), which is recognised in cost of sales

	GROUP 2013 $	GROUP 2012 $	COMPANY 2013 $	COMPANY 2012 $
18 Trade and other receivables				
Trade accounts receivable	23 637 261	22 838 799	23 551 960	22 823 943
Less: - Specific provision for impairment of receivables	(512 230)	(376 470)	(506 625)	(376 470)
Other accounts receivable	554 455	881 816	361 689	480 690
	23 679 486	23 344 145	23 407 024	22 928 164
The movement in the provision for impairment is as follows:				
Opening balance	(376 470)	(380 988)	(376 470)	(374 565)
(Increase) / decrease in provision	(135 760)	4 518	(130 155)	(1 905)
Closing balance	(512 230)	(376 470)	(506 625)	(376 470)

Refer Note 23.3 for accounts receivables pledged as security for borrowings and loans.
The average credit period on sales of goods is 210 days (2012 - 210 days). No interest is charged on trade receivables as long as the installment due is paid. Late payment interest is charged at 4% per month on the outstanding balance. The Group has recognised an impairment against all trade receivables based on the arrears records at the end of the period. Before accepting any new customer, the Group uses a robust credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed regularly.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

Other accounts receivable consist of payments in advance and amounts receivable from staff.

	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
19 Assets classified as held-for-sale				
Buildings	-	10 227	-	10 227

In the prior year, the Group decided to dispose of former store managers' houses in small towns. The sales were reversed in 2012.

	GROUP 2013 $	GROUP 2012 $	COMPANY 2013 $	COMPANY 2012 $
20 EQUITY				
20.1 SHARE CAPITAL				
Authorised ordinary share capital 400 000 000 ordinary shares of $0.0001 each	40 000	40 000	40 000	40 000

20.1.1 Issued ordinary shares and premium	Number of shares 000s	Share capital $	Share premium $	Issued capital total $
Balance at 1 January 2012	282 725	28 273	51 553	79 825
Exercise of share options	4 920	492	73 864	74 356
Balance at 31 December 2012	287 645	28 765	125 417	154 181
Exercise of share options	3 695	370	96 633	97 003
Balance at 31 December 2013	291 341	29 134	222 050	251 184

Fully paid ordinary shares, carry one vote per share and carry a right to dividends.
Included in shares are shares held by special purpose entities - Zimedgroup Employee Trust (35 950 445 shares) and Edgars Employee Share Trust Company (524 150 shares).

In relation to the remaining 108 659 367 unissued shares, 100 000 000 are under the control of the Directors for an unlimited period, subject to the limitations contained in section 183 of the Companies Act (Chapter 24:03) and the balance of 8 659 367 are under the control of the shareholders in a general meeting.

	GROUP 2013 $	GROUP 2012 $	COMPANY 2013 $	COMPANY 2012 $
20.2 Other reserves				
Equity-settled employee benefits reserve	(699 454)	(339 141)	(699 454)	(339 141)
Change in functional currency reserve	(750 661)	(928 905)	(335 717)	(420 932)
Revaluation reserve	(1 022 570)	(1 022 570)	(824 677)	(824 677)
	(2 472 685)	(2 290 615)	(1 859 847)	(1 584 749)

Nature and purpose of reserves

Revaluation reserve

The revaluation reserve is used to record increases in the fair value of property, plant and equipment and decreases to the extent that such decreases relate to an increase on the same asset previously recognised inequity.

Change in functional currency reserve

This arose as a result of change in functional currency from the Zimbabwe Dollar to the United States Dollar. It represents the residual equity in existence as at the date of the change over and has been designated as a non-distributable reserve.

Equity -settled employee benefits reserve

The equity-settled employee benefits reserve is used to record the value of equity settled share-based payment transactions provided to employees, including key management personnel, as part of their remuneration.

	GROUP 2013 $	GROUP 2012 $	COMPANY 2013 $	COMPANY 2012 $
21 Trade and other payables, and provisions				
Trade accounts payable	3 776 573	4 654 470	3 720 076	5 052 315
Sundry accounts payable and accrued expenses	3 546 680	3 262 502	3 435 065	3 069 527
	7 323 253	7 916 972	7 155 140	8 121 842

Trade and other payables are interest-free. Payment terms range from 30 days to 120 days.

	GROUP 2013 $	GROUP 2012 $	COMPANY 2013 $	COMPANY 2012 $
22 Current tax (assets)/ liabilities				
Normal tax	(6 960)	(256 736)	(6 960)	(256 736)
23 Interest bearing loans and borrowings				
Bank overdrafts	423 054	2 055	423 054	2 055
Bills discounted	1 500 000	2 900 000	1 500 000	2 900 000
Loans	14 596 849	18 449 938	14 400 000	17 755 458
	16 519 903	21 351 993	16 323 054	20 657 512
Less long-term portion of loan disclosed under non-current liabilities	(10 877 348)	(14 321 139)	(10 800 000)	(14 155 458)
Current portion	5 642 555	7 030 854	5 523 054	6 502 054
23.1 Unsecured – at amortised cost				
Bank overdrafts	378	2 055	378	2 055
Bills discounted	-	2 900 000	-	2 900 000
	378	2 902 055	378	2 902 055
23.2 Secured – at amortised cost				
Bank overdrafts	422 676	-	422 676	-
Bills discounted	1 500 000	-	1 500 000	-
Loans	14 596 849	18 449 938	14 400 000	17 755 458
	16 519 525	18 449 938	16 322 676	17 755 458
	16 519 903	21 351 993	16 323 054	20 657 512

23.3 Summary of borrowing arrangements
(i) Secured with an external guarantee, (from the parent company), Notorial General Covering Bond, Negative Pledge over assets and cession of debtors book.
(ii)The weighted average effective interest rate on all the borrowings is 9.79% (2012-10.17%) per annum
(iii) Tenures range between 90 days and 4 years

24 Fair value measurement
The following table provides the fair value measurement hierarchy of the Group's assets and liabilities measured at fair value.

Quantitive disclosures fair value measurement hierarchy for assets as at 31 December 2013:

	Fair value measurement using				
	Date of valuation	Total	Quoted prices in active mrkts (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		$	$	$	$
Assets measured at fair value:					
Land and buildings	31 December 2011	1 247 943	-	-	1 247 943
Plant and machinery	9 January 2010	1 021 823	-	-	1 021 823
Furniture, fittings & vehicles	5 December 2009	4 855 227	-	-	4 855 227

Disclosure on property, plant and equipment carried at fair value has been provided in Note 14.1

25 Leases
The Group has entered into commercial property leases in its property portfolio. The commercial property leases typically have lease terms between one and five years and include clauses to enable periodical upward revision of the rental charges according to prevailing market conditions. Rentals relate to leasing of premises and consist of basic rentals and turnover contingent rentals in the case of store premises. Sublease arrangements are operating lease arrangements where space which is excess to requirements has been sublet to third parties.

Future minimum rentals payable under operating leases as at 31 December are as follows:

	GROUP		COMPANY	
	2013	2012	2013	2012
	$	$	$	$
Within one year	2 574 735	2 585 589	2 574 735	2 585 589
After one year but not more than five years	3 311 080	3 750 462	3 311 080	3 750 462
More than five years		-	-	-
-				
	5 885 815	6 336 050	5 885 815	6 336 050

26 Future capital expenditure
Commitments for capital expenditure not provided for in the financial statements are as follows:

Authorised and contracted for	167 564	257 439	167 564	257 439
Authorised but not yet contracted for	2 627 261	4 664 526	2 224 661	4 686 886
	2 794 825	4 921 965	2 392 225	4 944 325

All expenditure is to be financed from existing cash resources and the utilisation of authorised borrowing facilities.

27 Contingent liabilities
There are no guarantees. There is no litigation, current or pending which is likely to have a material adverse effect on the Group.

28 Financial risk management, objectives and policies
Financial risk management is carried out at Group level and covers risks to both the Group and Company. The Group's principal financial liabilities comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finances for the Group's operations. The Group has trade and other receivables and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.
The Group's senior management oversees the management of these risks. The Treasury and Audit Committees both play a role by continuously evaluating the Group's exposure and response to significant risk.

28 Financial risk management, objectives and policies *(continued)*

Taking an acceptable level of risk is considered core to doing business. The Group therefore analyses, evaluates, accepts and manages risk to achieve an appropriate balance between risk and return, at the same time minimising potential adverse effects to the business.

The Board of Directors reviews and agrees policies for each of the risks, which are summarized below.

28.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity risk

.

Financial instruments affected by market risk include borrowings and deposits. The objective of the treasury committee and financial services department is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The amount at risk is a function of the magnitude and direction of interest rate changes and the size and maturity structure of the mismatch position. Significant factors in managing the risk. Include the frequency, volatility and direction of rate of changes, the size of the interest-sensitive position and the basis for re-pricing at rollover dates. The Group's exposure to the risk of changes in market interest rates relates primarily to its medium to long-term debt obligations. Currently the Group's risks in this area are minimal as the bulk of interest bearing loans and borrowings are medium term and at a rate of interest which is in line with the current trend in interest rates in the current economic environment.

Of the total interest bearing loans and borrowings, $14,400,000 relates to a loan from Barclays Bank. The interest on this loan is variable, the sensitivity of which has been disclosed below. The remaining interest bearings loans are at a fixed rate of interest. These are short term borrowings (with a tenure of less than three months), the carrying amount therefore approximates the future value

.

Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on interest-bearing debt. The interest rate sensitivity is applied on an effective rate of 8.74% (2012 - 8.81%)

2013	Adjusted interest	Future interest at current rate	Impact on profit or loss gain/(loss)	Tax effect	Impact on equity gain/(loss)
All figures in US$					
If interest rate goes up by 2% to 10.74%	3 287 312	2 675 312	(612 000)	(157 590)	(454 410)
If interest rate goes down by 2% to 6.74%	2 063 312	2 675 312	612 000	157 590	454 410

2012	Adjusted interest	Future interest at current rate	Impact on profit or loss gain/(loss)	Tax effect	Impact on equity gain/(loss)
All figures in US$					
If interest rate goes up by 2% to 10.81%	5 105 363	4 160 363	(945 000)	(243 338)	(701 663)
If interest rate goes down by 2% to 6.81%	3 125 363	4 160 363	945 000	243 338	701 663

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency).

The carrying amount of foreign currency denominated monetary assets and liabilities at the reporting date for Group and Company were:

	2013 South African Rand	2012 South African Rand
Foreign denominated balances		
Assets		
Cash and cash equivalents	1 267 376	125 354
Liabilities		
Trade payables	(4 410 086)	(1 146 205)
Total net position	(3 142 710)	(1 020 852)
Impact of US$ strengthening by 10% - gain/(loss) in US$		
Impact on profit before tax	28 570	10 918
Impact of US$ strengthening by 10% - gain/(loss) in US$		
Impact on profit before tax	(34 919)	(13 344)
There is no impact on equity		

28.1 Market risk *(continued)*

Price risk

Price risk is the probability of loss occurring from adverse movement in the market price. The Group is not exposed to significant price risk. No listed investments are held and commodity price risk is minimal.

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables and cash deposits).

•Credit risk relating to cash deposits: The Group deposits cash with banks with high credit scoring. In addition the majority of these banks loaned money to the Group, the borrowed amount exceeding our deposits. The maximum exposure to credit risk is equal to the carrying amounts disclosed in the Statement of Financial Position.

•Credit risk relating to trade receivables: The concentration of credit risk is limited due to the customer base being large and unrelated. Before accepting any new customer, the Group uses a robust credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed regularly. The maximum exposure to credit risk is shown in Note 18.

As at 31 December, the ageing analysis of trade receivables for Group and Company (Company receivables are not materially different from Group) is as follows:

	Total net $	Neither past due nor impaired	Past due but not impaired <30 days	Past due but not impaired 30+ days
2013	23 125 031	18 384 399	3 468 755	1 271 877
2012	22 462 329	18 688 658	2 852 716	920 955

Management has reviewed the credit quality of the balances in the "neither past due nor impaired" category and is satisfied that none of the debtors are likely to default. This view is supported by the trends and continuous assessment of key debtors ratios.

28.2 Liquidity risk

The Group manages the liquidity risk by ensuring that there is adequate capacity in the form of facilities and that there is capacity for these facilities.

	2013 $	2012 $
Un-utilised banking facilities:		
Total banking and loan facilities	30 600 000	34 600 000
Actual interest bearing debt (note 23)	(16 519 903)	(21 351 993)
Un-utilised banking facilities	14 080 097	13 248 007

Reserve capacity:

The aggregate amount of the Group's year-end interest-bearing debt is limited to an amount determined in terms of the Company's Articles of Association. This limit is calculated as the aggregate of shareholders' equity, inventories and debtors.

	2013	2012
Maximum permissible interest bearing debt	51 349 334	44 675 473
Actual interest bearing debt (note 23)	(16 519 903)	(21 351 993)
	34 829 431	23 323 480
Cash and cash equivalents	906 326	4 747 774
Unutilised borrowing capacity	35 735 756	28 071 254

The table below summarises the maturity profile of the Group and Company's financial liabilities based on contractual undiscounted payments

		On demand	< 3mths	3-12 mths	1-5years	Total
	2013					
Interest bearing loans and borrowings		423 054	2 751 237	3 635 272	12 353 975	19 163 538
Trade and other payables		-	7 323 253	-	-	7 323 253
		423 054	10 074 490	3 635 272	12 353 975	26 486 791
	2012					
Interest bearing loans and borrowings		2 055	3 212 461	4 962 675	17 029 239	25 206 430
Trade and other payables		-	7 916 972	-	-	7 916 972
		2 055	11 129 433	4 962 675	17 029 239	33 123 402

28.3 Fair value of financial instruments

The estimated net fair values have been determined as at 31 December 2013, using available marketing information and appropriate valuation methodologies, and are not necessarily indicative of the amounts that the group could realise in the normal course of business.

Liquid resources and trade accounts receivable, Investments and loans:

The carrying amount reported in the statement of financial position approximate fair values due to their short term nature.

Interest bearing debt:

The carrying amount of interest bearing debt approximates its fair value as the fixed interest rate did not vary significantly from the market rates at year end.

28.4 Management of Capital

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or return capital to shareholders or issue new shares.

The Group manages equity and borrowings as capital. The amount of capital as at 31 December 2013 was $ 32 981 214 (2012 : $33 117 801).

The Group monitors capital on the basis of the gearing ratio and level of borrowings and this is calculated as net interest-bearing debt, reduced by cash and cash equivalents, divided by shareholder's equity. During 2013, the Group's strategy was to maintain a net gearing ratio of below 1. As at 31 December 2013 the net gearing was -0.48 (2012: -0.57)

29 Interests of directors in share capital

The interests, direct and indirect of the Directors in office at 31 December 2013 and at the date of this report aggregated as to beneficial interest and non-beneficial interest are as follows :

Directors Name	Beneficial	Non-beneficial
R Mlotshwa	4 000	100
C F Dube	-	100
V Mpofu	5 000	100
L Masterson	1 857 799	100
S Ndlovu	-	100
T N Sibanda	-	100
L L Tsumba	-	100
Z Vella	-	100
Nominees	-	300
	1 866 799	1 100

No changes in Directors' shareholdings have occurred between the financial year end and 16 April 2014. During the course of the period, no Director of the company had any material interest in any contract of significance with the company or any of its subsidiaries which would have given rise to a related conflict of interest.

	2013 $	2012 $
30 Related party disclosures (Group & Company)		
Compensation of key management personnel of the Group		
Short-term employee benefits	1 450 655	1 401 021
Post-employment pension and medical benefits	197 469	149 559
Share-based payment transactions	360 314	102 052
Total compensation paid to key management personnel	2 008 437	1 652 632

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

Related party relationships exist between the Group, fellow subsidiaries and the holding company. All purchasing and selling transactions are concluded at arm's length. All intra-group balances, income and expenses, unrealised gains and losses resulting from intra-group transactions are eliminated in full. Inter-company balances have no fixed repayment terms and are interest free.

Transactions and balances between Edgars and Carousel Manufacturing

Transactions		
Purchases	5 378 200	4 242 705
Balances		
Short term loan	5 062 013	4 796 280

Transactions and balances between the Group and Edcon Holdings (Pty) Ltd

Transactions		
Franchise fees	190 487	216 839
Balances		
Accrual for franchise fees	190 487	-

Edcon Holdings (Pty) Ltd has provided a guarantee on the Company loan (Note 23)

31 Report of the Directors
This is contained in the Chairman's Report and Corporate Governance Report.

32 Going Concern assumption
The Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate.

33 Events after the reporting period
There were no significant events after the reporting date and at the time of approval of the financial statements.

ANALYSIS OF ORDINARY SHARES				
	SHAREHOLDING ANALYSIS		MEMBER ANALYSIS	
VOLUME	**SHARES**	**%**	**HOLDERS**	**%**
1-5000	1,082,225	0.37%	877	69.94%
5001-10000	639,816	0.22%	91	7.26%
10001-25000	1,881,265	0.65%	117	9.33%
25001-50000	1,654,761	0.57%	45	3.59%
50001-100001	2,507,501	0.86%	34	2.71%
100001-200000	2,905,013	1.00%	21	1.67%
200001-500000	11,481,966	3.94%	39	3.11%
500001-1000000	7,099,026	2.44%	11	0.88%
1000001 and Above	262,088,964	89.96%	19	1.52%
TOTAL	**291,340,537**	**100%**	**1,254**	**100%**

following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

Company /Group	No. of Shareholders	No. of Shares Held	% of Shareholding
Bellfield Limited	1	112 138 510	38.49%
Nominee Companies	64	68 695 686	23.58%
Pension Funds	78	21 271 394	7.30%
Zimedgroup Employee Trust	1	35 950 445	12.34%
Investment & Other Corporate Bodies	149	25 711 263	8.83%
Insurance Companies	9	20 226 057	6.94%
Individuals	952	7 347 182	2.52%
TOTALS	**1 254**	**291 340 537**	**100%**

Financial Year Ending 4 January 2014

Interim Results for the 26 weeks ending 6 July 2013	Published	September 2013
Analysts Briefing and Announcement of Results		11 March 2014
Notice to Shareholders		May 2014
Annual Report including Annual Financial Statements	Published	May 2014
Annual General Meeting		29 May 2014

Financial Year Ending 3 January 2015

Interim Results for the Half Year ending 5 July 2014	Published	September 2014
Analysts Briefing and Announcement of Interim Results		17 September 2014
Analysts Briefing and Announcement of Results for Financial Year 2013		March 2015
Annual General Meeting		June 2015

Notice to Members

Notice is hereby given that the 65th Annual General Meeting of members will be held at Edgars Training Auditorium, 1st Floor LAPF House, 8th Avenue/ Jason Moyo Street, Bulawayo, 29 May 2014 at 09.30 hours. Following is the Agenda for the meeting:-

Ordinary Business

1. To approve minutes of the Annual General Meeting held on 29 May 2013.

2. To receive and adopt the annual financial statements and reports of the directors and auditors for the financial year ending 4 January 2014.
NB: The full annual report can be viewed online at www.edgars.co.zw

3. To appoint directors in accordance with the provisions of the company's Articles of Association.

3.1 Mr. CF Dube and Mr. V Mpofu retire by rotation. Being eligible they will offer themselves for re-election.

4. To approve the remuneration of the directors.

5. To appoint auditors for the ensuing year and to approve their remuneration for the past year.

6. To consider and, if deemed fit, pass with or without modification the following Special Resolution.

Special Resolution

"That the company hereby approves, as a general approval contemplated in sections 78 and 79 of the Companies Act Chapter 24:03, as amended ("the Act"), the acquisition by the company from time to time of issued ordinary shares in the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine but, subject to the Articles of Association of the company, the provisions of the Act and the Listing Requirements of the Zimbabwe Stock Exchange ("ZSE") as presently constituted and which may be amended from time to time, and:

a. any such acquisition of ordinary shares shall be implemented on the open market on the ZSE;

b. this general authority shall only be valid until the company's next Annual General Meeting, provided that it shall not extend beyond fifteen [15] months from the date of passing of this special resolution;

c. a paid press announcement will be published as soon as the company has acquired ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue prior to the acquisition pursuant to which the 3% (three percent) threshold is reached, which announcement shall contain full details of such acquisitions;

d. acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 10% (ten percent) of the company's issued ordinary share capital from the date of the grant of this general authority;

e. in determining the price at which the company's ordinary shares are acquired by the company in terms of this general authority, the maximum and minimum price at which such ordinary shares may be acquired will be 5% (five percent) above or below the respective weighted average of the market price at which such ordinary shares are traded on the ZSE, as determined over the five [5] business days immediately preceding the date of repurchase of such ordinary shares by the company."

The reason for the *special resolution* is to grant the company a general authority in terms of the Act for the acquisition by the company of shares issued by it, which authority shall be valid until the earlier of the next Annual General Meeting of the company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall not extend beyond fifteen [15] months from the date of this Annual General Meeting. The passing and registration of this special resolution will have the effect of authorising the company to acquire shares issued by the company.

Although the ZSE Listing Requirements allow a company to repurchase up to 20% (twenty percent) of its issued share capital in any one financial year, the directors are only seeking authority to repurchase up to 10% (ten percent) of issued share capital in this financial year, being 29 134 063 ordinary shares.

Statement by the Board of Directors of the Company

Pursuant to and in terms of the Listing Requirements of the ZSE, the directors of the company state that:

a. the intention of the directors of the company is to utilise this authority at a future date provided that the cash resources of the company are in excess of its requirements. In this regard, the directors will take account of, inter alia, an appropriate capitalisation structure for the company, the long-term cash needs of the company, and will ensure that any such utilisation is in the interest of shareholders;

b. following the maximum number of securities to be repurchased and the date on which such repurchase will take place, the directors of the company will ensure that:

- the company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business for the next twelve [12] months;
- the consolidated assets of the company and its subsidiaries, will be in excess of the consolidated liabilities of the company and its subsidiaries;
- the issued share capital and reserves of the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries for the next twelve [12] months; and
- the working capital available to the company and its subsidiaries will be sufficient for the group's requirements for the next twelve [12] months.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote on his/her behalf. Such proxy need not be a member of the company. The instrument appointing a proxy shall be deposited at the registered office of the company at least 48 hours before the meeting.

By order of the Board

6 March 2014
Group Secretary

EDGARS STORES LIMITED
("the company")
FORM OF PROXY

For use by members at the Annual General Meeting of the company to be held on Thursday, 29 May 2014 at 09.30 hours

I/We ____

being the holder/s of ordinary shares in the company, appoint (see Note 1)
1 ____ or failing him/her
2 ____ or failing him/her
3 the chairman of the Annual General Meeting:

as my/our proxy to act for me/us at the Annual General Meeting, which will be held at the Edgars Training Auditorium, 1st Floor LAPF House, 8th Avenue/ Jason Moyo Street, Bulawayo on Thursday, 29 May 2014 at 09.30 hours for the purpose of considering, and if deemed fit, passing with or without modification, the resolutions to be proposed thereat and at each adjournment thereof, to vote for or against the resolutions with or without modification, and/or to abstain from voting thereon in respect of the ordinary shares in the issued share capital of the company registered in my/our name/s in accordance with the following instruction (see Note 2).

Each member is entitled to appoint one or more proxies (whether a member/s of the company or not) to attend, speak and to vote at the meeting in his/her stead.

	For No of votes Poll	Against No of votes Poll	Abstain No of votes Poll
Ordinary Resolution No 1 *(Approval of minutes of the AGM of 29 May 2013)*			
Ordinary Resolution No 2 *(Receipt and adoption of the annual financial statements for the year ending 04 January 2014)*			
Ordinary Resolution No 3 *(Election of Directors as a single resolution)*			
Alternatively: Ordinary Resolution No 3 *(Election of Directors)*			
Ordinary Resolution No 4 *(Approval of the remuneration of directors)*			
Ordinary Resolution No 5 *(Appointment of auditors & approval of their remuneration)*Special Resolution *(General Authorisation - Share Buy Back)*			

(NOTE: ON A POLL, A MEMBER IS ENTITLED TO ONE VOTE FOR EACH SHARE HELD)

Signed at ____________________ on ______________________ 2014

Signature____________________

(ASSISTED BY ME WHERE APPLICABLE)

Instructions overleaf

Instructions for Signing and Lodging this Proxy

Notes:

1. Each member is entitled to appoint one or more proxies (who need not be a member(s) of the company) to attend, speak and vote (either on a poll or by show of hands) in place of that member at the Annual General Meeting.

2. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the spaces provided, with or without deleting the words "the chairman of the Annual General Meeting". All deletions must be individually initialled by the member, failing which they will not have been validly effected. The person whose name appears first on the form of proxy and who is present at the Annual General Meeting shall be entitled to act as proxy to the exclusion of the persons whose names follow.

3. Voting instructions for each of the resolutions must be completed by filling the number of votes (one per ordinary share) under the "For", "Against" or "Abstain" headings on the Proxy Form. If no instructions are filled in on the Proxy Form, the chairman of the Annual General Meeting, if the chairman is the authorised proxy, or any other proxy shall be authorised to vote in favour of, against or abstain from voting as he/she deems fit.

4. A member or his/her proxy is entitled but not obliged to vote in respect of the ordinary shares held by the member. The total number of votes for or against the ordinary and special resolutions and in respect of which any abstention is recorded may not exceed the total number of shares held by the member.

5. If this form has been signed by a person in a representative capacity, the document authorising that person to sign must be attached, unless previously recorded by the company's transfer secretaries or waived by the chairman of the Annual General Meeting.

6. The chairman of the Annual General Meeting may accept or reject any form of proxy that is completed and/or received other than in accordance with these instructions and notes.

7. Any alterations or corrections to this form of proxy have to be initialed by the signatory (/ies).

8. The completion and lodging of this form of proxy does not preclude the relevant member from attending the Annual General Meeting and speaking and voting in person to the exclusion of any proxy appointed by the member.

9. Forms of proxy have to be lodged with or posted to the Group Secretary, Edgars Stores Limited, Cnr 9th Avenue/ Herbert Chitepo Street, Bulawayo, or the Transfer Secretaries, Corpserve (Private) Limited, at Cnr Kwame Nkrumah Avenue/1st Street, P O Box 2208, Harare and to be received by not later than *09.30 hours* on *27 May 2014*.

10. This proxy form is to be completed only by those members who either still hold shares in a certificated form, or whose shares are recorded in their own name in electronic form in the sub register.

Corporate Information

Edgars Stores Limited
Incorporated in the Republic of Zimbabwe
Company registration number 379/1948

Registered office
Edgars Head Office
Cnr Ninth Avenue / Herbert Chitepo Street
Telephone: 263-9-881626/35
Fax:263-9-68443
E-mail: info@edgars.co.zw
Website: http://www.edgars.co.zw

Postal address
P O Box 894, Bulawayo, Zimbabwe

Company Secretary
James Blair Galloway

Transfer Secretaries
Corpserve (Pvt) Ltd
4th Floor ZB Centre
Cnr Kwame Nkrumah Avenue/ 1st Street
P O Box 2208, Harare, Zimbabwe
Telephone: 263-4-750711/2

Auditors
Ernst & Young (Chartered Accountants) Zimbabwe
Derry House
Cnr Fife Street/6th Avenue
P O Box 437, Bulawayo, Zimbabwe
Telephone: 263-9-76111

Legal Advisors
Coghlan & Welsh Legal Practitioners
Barclays Bank Building
8th Avenue, P O Box 22, Bulawayo, Zimbabwe
Telephone: 263-9-888371/8

Bankers
Barclays Bank Zimbabwe Limited
Cnr Main Street/8th Avenue
P O Box 702, Bulawayo, Zimbabwe
Telephone: 263-9-881121/7

Co-ordination: Group Finance

Design and production:
Directory Publishers (Pvt) Ltd
Cnr Plumtree/Manchester Roads
Belmont, Bulawayo
Tel: 263- 9-78831/880592

These results can be viewed on the internet at:
http://www.edgars.co.zw

own your look Edgars

JeI

Carousel (PVT) LTD

Edgars Financial Services

Edgars