



EDGARS STORES LIMITED

ABRIDGED AUDITED RESULTS FOR THE 52 WEEKS ENDED 5 JANUARY 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the 52 weeks to 5 January 2020

	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
	52 weeks to 05.01.2020	52 weeks to 06.01.2019	52 weeks to 05.01.2020	52 weeks to 06.01.2019
	Inflation adjusted		* Historical	
	audited	audited	audited	audited
Revenue	595,242,865	629,048,829	267,001,142	78,118,743
Sale of merchandise	580,048,606	608,435,784	261,906,999	75,575,868
Cost of sales	(366,162,282)	(417,287,899)	(114,764,838)	(41,117,022)
Gross profit	213,886,324	191,147,885	147,142,161	34,458,846
Income from microfinance institution	12,436,004	12,808,924	4,250,887	1,602,357
Other income	4,965,246	258,056	37,483	23,386
Credit management and debt collection costs	(16,924,655)	(22,257,471)	(10,040,121)	(2,330,018)
Store expenses	(90,836,658)	(101,602,746)	(35,626,636)	(12,505,486)
Depreciation and amortisation	(20,213,824)	(9,201,771)	(10,310,179)	(1,981,772)
Other operating expenses	(94,132,104)	(111,690,575)	(39,710,263)	(13,552,356)
Finance income	45,169,383	54,642,610	21,065,492	6,614,469
Finance costs	(12,853,164)	(6,516,541)	(7,418,730)	(816,151)
Net monetary (loss)/gain	(19,747,387)	140,253,110	-	-
Profit before tax	21,749,165	147,841,481	69,390,094	11,513,275
Income tax expense	(3,859,732)	(55,973,859)	(17,788,895)	(3,015,175)
Profit for the period	17,889,433	91,867,622	51,601,199	8,498,100
Other comprehensive income:				
Revaluation of property, plant and equipment	24,395,627	22,991,303	9,148,651	6,543,853
Deferred tax liability arising on revaluation	(4,021,091)	(8,605,041)	(1,861,749)	(1,685,059)
Other comprehensive income for the year (net of tax)	20,374,536	14,386,262	7,286,902	4,858,794
Total comprehensive income for the period	38,263,969	106,253,884	58,888,101	13,356,894
Earnings per share (cents)				
Basic	6.37	35.60	18.37	3.29
Diluted	6.27	35.45	18.09	3.28
Headline	7.22	35.32	18.47	3.26

*Historical amounts are shown as supplementary information. The information does not comply with IAS 29: Financial Reporting for hyperinflationary countries.

CONSOLIDATED STATEMENT OF CASH FLOWS For the 52 weeks to 5 January 2020

	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
	52 weeks to 05.01.2020	52 weeks to 06.01.2019	52 weeks to 05.01.2020	52 weeks to 06.01.2019
	Inflation adjusted		* Historical	
	audited	audited	audited	audited
Cash flows from operating activities				
Profit before tax	21,749,165	147,841,481	69,390,094	11,513,275
Finance income	(45,169,383)	(54,642,610)	(21,065,492)	(6,614,469)
Finance costs	12,853,164	6,516,541	7,418,730	816,151
Non cash items	(9,464,798)	(125,385,690)	20,019,190	3,118,193
Movements in working capital	(72,103,283)	8,741,197	(109,285,964)	(7,186,148)
Cash (utilised in) / generated from operations	(92,135,135)	(16,929,081)	(33,523,442)	1,647,002
Finance costs paid	(12,366,062)	(6,516,541)	(6,799,927)	(923,722)
Lease interest paid	(2,152,928)	-	(2,152,928)	-
Finance income received	43,421,386	54,642,610	15,794,127	6,272,603
Taxation paid	(24,516,803)	(16,090,390)	(11,282,826)	(3,645,785)
Cash (outflow) / inflow from operating activities	(87,749,542)	15,106,598	(37,964,996)	3,350,098
Cash flows from investing activities				
Purchase of property, plant and equipment	(6,849,599)	(19,500,622)	(4,880,951)	(2,216,051)
Proceeds from disposal of property, plant and equipment	-	1,478,333	-	168,607
Net cash used in investing activities	(6,849,599)	(18,022,289)	(4,880,951)	(2,047,444)
Cash flows from financing activities				
Proceeds from exercise of share options	1,611,632	-	407,596	-
Proceeds from borrowings	122,370,708	48,226,165	52,750,000	6,000,000
Repayment of borrowings	(64,817,696)	(18,663,660)	(12,894,422)	(2,357,802)
Repayment of dividends	(1,425,601)	(5,455,832)	(320,333)	(619,323)
Payments of dividend	(6,528,402)	-	(6,528,402)	-
Payments of principal portion of lease liabilities	51,210,641	24,106,673	33,414,439	3,022,875
Net cash generated from financing activities	(43,388,500)	21,190,982	(9,431,508)	4,325,529
Net (decrease) / increase in cash and cash equivalents	40,472,705	19,281,723	6,515,713	2,296,428
Cash and cash equivalents at the beginning of the period	-	-	-	(106,244)
Cash balance from Carousel	(2,915,795)	40,472,705	(2,915,795)	6,515,713
Cash and cash equivalents at the end of the period	8,881,604	41,132,643	8,881,604	6,621,957
Being:	(11,797,399)	(659,938)	(11,797,399)	(106,244)
Cash and bank balances	(2,915,795)	40,472,705	(2,915,795)	6,515,713
Bank overdrafts	-	-	-	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 5 January 2020

	2019	2018	2019	2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
	as at 05.01.2020	as at 06.01.2019	as at 05.01.2020	as at 06.01.2019
	Inflation adjusted		* Historical	
	audited	audited	audited	audited
Assets				
Non-current assets	110,682,408	95,807,843	25,676,220	14,525,571
Property, plant and equipment	14,409,890	11,705,612	2,234,800	1,326,805
Intangible assets	20,369,062	-	20,369,062	-
Right of use asset	-	158,176	-	25,465
Deferred tax asset	-	-	-	-
Total non-current assets	145,461,360	107,671,631	48,280,082	15,877,841
Current assets	300,834,650	122,000,727	146,382,574	15,985,570
Inventories	117,932,121	158,755,227	117,284,451	25,518,658
Trade and other receivables	6,455,962	26,557,994	6,455,962	4,275,580
Loans and advances to customers	186,714	236,223	-	38,030
Income tax receivable	8,881,604	41,132,643	8,881,604	6,621,957
Cash and cash equivalents	-	-	-	-
Total current assets	434,291,051	348,682,813	279,004,591	52,439,795
Total assets	579,752,411	456,354,445	327,284,673	68,317,636
Equity and liabilities				
Equity	18,493,185	3,569,958	3,523,164	405,690
Issued capital	45,445,101	24,991,864	15,133,369	7,767,766
Other reserves	231,447,074	220,523,945	84,580,970	34,606,120
Retained earnings	-	-	-	-
Total capital and reserves	295,385,360	249,085,767	103,237,503	42,779,576
Non-current liabilities	69,144,305	76,523,882	9,011,138	4,489,417
Deferred tax liability	24,244,255	22,694,348	24,244,255	3,653,570
Interest bearing loans and borrowings	10,020,155	-	10,020,155	-
Lease liabilities	-	-	-	-
Total non-current liabilities	103,408,715	99,218,230	43,275,548	8,142,987
Current liabilities	128,350,445	70,442,544	128,350,444	11,340,567
Trade and other payables	370,057	2,190,339	638,400	384,692
Contract payables	4,631,621	4,121,579	370,058	352,622
Dividend payable	638,400	2,389,536	4,444,907	663,534
Current tax payable	35,609,703	28,906,450	35,609,703	4,653,658
Interest bearing loans and borrowings	11,358,110	-	11,358,110	-
Lease liabilities	-	-	-	-
Total current liabilities	180,958,336	108,050,448	180,771,622	17,395,073
Total liabilities	284,367,051	207,268,678	224,047,170	25,538,060
Total equity and liabilities	579,752,411	456,354,445	327,284,673	68,317,636

*Historical amounts are shown as supplementary information. The information does not comply with IAS 29: Financial Reporting for hyperinflationary countries.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the 52 weeks to 5 January 2020

Inflation adjusted	Equity-settled employee benefits reserve	Revaluation reserve	Credit reserve	Retained earnings	Total
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Balance at 8 January 2018 (as reported)	3,569,958	8,878,599	1,627,549	16,142,496	30,218,602
Change in accounting policy - IFRS 9	-	-	-	1,548,979	1,548,979
Initial application of IAS 29	-	-	(1,627,549)	121,252,265	119,624,716
Transfer to credit reserve	-	-	117,670	(117,670)	-
Balance at 8 January 2018 (restated)	3,569,958	8,878,599	-	138,826,070	151,392,297
Dividends declared	-	-	-	(8,560,415)	(8,560,415)
Transfer to credit reserve	-	-	1,609,333	(1,609,333)	-
Total comprehensive income for the period	-	-	14,386,262	91,867,622	106,253,884
Profit for the year	-	-	-	91,867,622	91,867,622
Other comprehensive income for the period	-	-	14,386,262	-	14,386,262
Balance at 7 January 2019	3,569,958	8,878,599	14,386,262	220,523,944	249,085,766
Dividends declared	-	-	-	(6,887,602)	(6,887,602)
Issue of ordinary shares under employee share option plan	1,611,632	-	-	-	1,611,632
Script dividend	5,384,407	-	-	-	5,384,407
Issue of shares for brand purchase transaction	7,927,188	-	-	-	7,927,188
Total comprehensive income for the period	-	-	20,374,536	17,889,433	38,263,969
Profit for the year	-	-	-	17,889,433	17,889,433
Other comprehensive income for the period	-	-	20,374,536	-	20,374,536
Transfer to credit reserve	-	-	-	(78,702)	(78,702)
Balance at 5 January 2020	18,493,185	8,878,599	34,760,798	231,447,073	295,385,360



EDGARS STORES LIMITED

ABRIDGED AUDITED RESULTS FOR THE 52 WEEKS ENDED 5 JANUARY 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the 52 weeks to 5 January 2020

Historical*	Issued capital ZWL\$	Equity-settled employee benefits reserve ZWL\$	Revaluation reserve ZWL\$	Credit reserve ZWL\$	Retained earnings ZWL\$	Total ZWL\$
Balance at 8 January 2018 (as reported)	405,690	1,008,964	1,627,549	-	27,339,053	30,218,602
Change in accounting policy - IFRS 9	-	-	-	-	176,026	176,026
Initial application of IAS 29	-	-	-	13,372	(13,372)	-
Transfer to credit reserve	-	-	-	-	-	-
Balance at 8 January 2018 (restated)	405,690	1,008,964	1,627,549	13,372	27,339,053	30,394,628
Dividends declared	-	-	-	-	(971,946)	(971,946)
Transfer to credit reserve	-	-	-	259,087	(259,087)	-
Total comprehensive income for the period	-	-	4,858,794	-	8,498,100	13,356,894
Profit for the year	-	-	-	-	8,498,100	8,498,100
Other comprehensive income for the period	-	-	4,858,794	-	-	4,858,794
Balance at 7 January 2019	405,690	1,008,964	6,486,343	272,459	34,606,120	42,779,576
Dividends declared	-	-	-	-	(1,547,647)	(1,547,647)
Issue of ordinary shares under employee share option plan	407,596	-	-	-	-	407,596
Script dividend	1,209,878	-	-	-	-	1,209,878
Issue of shares for brand purchase transaction	1,500,000	-	-	-	-	1,500,000
Total comprehensive income for the period	-	-	7,286,902	-	51,601,199	58,888,101
Profit for the year	-	-	-	-	51,601,199	51,601,199
Other comprehensive income for the period	-	-	7,286,902	-	-	7,286,902
Transfer to credit reserve	-	-	-	78,702	(78,702)	-
Balance at 5 January 2020	3,523,164	1,008,964	13,773,245	351,161	84,580,970	103,237,504

*Historical amounts are shown as supplementary information. The information does not comply with IAS 29: Financial Reporting for hyperinflationary countries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the 52 weeks to 5 January 2020

1 Application of IAS 29 (Financial Reporting in Hyperinflationary Economies)

During the reporting period, the economy continued to face significant inflationary pressures as evidenced by a rising Consumer Price Index (CPI). The high year-on-year inflation amongst other indicators outlined in IAS 29 resulted in a broad market consensus within the accounting and auditing profession that the Zimbabwe economy had met the characteristics of a hyperinflationary economy. The PAAB confirmed this market consensus and issued a pronouncement in October 2019 prescribing application of inflation accounting for reporting periods ended on or after 1 July 2019.

These results have been prepared in accordance with IAS 29 as if the economy had been hyperinflationary from 7 January 2019. IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date.

Comparative information

IAS 29 also requires that the corresponding figures for the previous period also be restated in terms of the same measuring unit. The comparative information for the year ended 6 January 2019 was converted to ZWL from USD functional currency at rate of 1:1. The resulting ZWL numbers were then inflation adjusted using the CPI indices as specified in the inflation indices paragraph below.

Inflation indices used

The Group adopted the Zimbabwe consumer price index (CPI) compiled by Zimbabwe National Statistics Agency (ZIMSTAT) as the general price index to restate transactions and balances as appropriate. The indices and conversion factors used to restate these financials are given below.

Date	Indices	Conversion Factor
5 January 2020	551.62	1.00
6 January 2019	98.40	6.21
8 January 2018	62.70	8.80

2 Change in Accounting Policies

The Group applied IFRS 16 for the first time in the current year. The standard requires lessees to recognise right of use assets and lease liabilities for operating lease arrangements. This impacted the group's shops which are leased out from pension funds, property agents and individuals in general. The modified retrospective approach was adopted where the statement of financial position as at 7 January 2019 was restated with the right of use asset and the lease liability at the date of initial recognition. The effect of the initial adoption of IFRS 16 is as shown below on the financial statements:

Increase in right of use assets	5,432,135
Increase in lease liabilities	(5,432,135)
Net impact on retained earnings	-

Historical and inflation adjusted
5,432,135
(5,432,135)
-

3 Directors responsibility statement

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

4 Auditor's Statement

These financial results should be read in conjunction with the complete set of financial statements for the 52 weeks ended 5 January 2020, which have been audited by Ernst & Young Chartered Accountants (Zimbabwe) who have issued an adverse opinion thereon because of non-compliance with International Financial Reporting Standards 'IFRS'.

Except for the matters relating to the non-compliance with IAS 21 "The Effects of Changes in Foreign Exchange Rates" and IAS 29 "Financial Reporting in Hyperinflationary Economies" described in the Basis for Adverse Opinion section, there are no other key audit matters communicated in the audit report.

The auditor's report on these consolidated financial statements, signed by Mr. David Gwande (PAAB Practising Certificate Number 132) is available for inspection at the Group's registered office.

5 Headline earnings

Earnings attributable to shareholders
Adjusted for non-recurring items:
Loss / (profit) on disposal of property, plant and equipment

Headline earnings

Headline earnings comprise of basic earnings attributable to shareholders of the Company adjusted for profits, losses, and items of a capital nature that do not form part of the ordinary activities of the Group, net of their related tax effects.

	2019 ZWL\$	2018 ZWL\$	2019 ZWL\$	2018 ZWL\$
	Inflation adjusted		Historical	
Earnings attributable to shareholders	17,889,433	91,867,622	51,601,199	8,498,100
Adjusted for non-recurring items:				
Loss / (profit) on disposal of property, plant and equipment	2,384,897	(734,083)	271,239	(84,030)
Headline earnings	20,274,330	91,133,539	51,872,438	8,414,070
Capital expenditure				
Computer equipment	949,545	2,304,230	769,457	261,853
Other office equipment, leasehold improvements and vehicles	5,900,054	17,196,392	4,111,494	1,954,198
Acquisition of property, plant and equipment	6,849,599	19,500,622	4,880,951	2,216,051
Capital commitments				
Authorised and contracted for	-	-	-	-
Authorised but not yet contracted for	46,350,361	18,013,506	46,350,361	2,900,000
Lease commitments				
Future minimum rentals under non-cancellable operating leases are as follows:				
Within one year	14,879,149	19,246,226	14,879,149	3,098,456
After one year but not more than five years	12,039,634	16,135,847	12,039,634	2,597,715
More than five years	268,860	-	268,860	-
Borrowings				
Non current interest bearing loans and borrowings	24,244,255	22,694,348	24,244,255	3,653,570
Current interest bearing loans and borrowings	35,609,703	28,906,450	35,609,703	4,653,658
Borrowings have increased as a result of new stores and increased working capital investment.	59,853,958	51,600,798	59,853,958	8,307,228
Interest bearing loans and borrowings				
(i) Secured with a Notarial General Covering Bond over moveable assets, cession of fire policies, debtors book of \$34.25 million (2018: \$11 million) and a guarantee of US\$ 1 million from shareholders.				
(ii) The weighted average effective interest rate on all the borrowings is 20.47% (2018: 9.09%) per annum.				
Related party transactions				
(iii) Tenures range between 90 days and 3 years				
Inventory impairment				
The amount of write-down of inventories recognised in cost of sales is:				
Amount of reversal of inventory to net realisable value (NRV) is:	(115,870)	(218,249)	(35,313)	(26,392)
Amount of stock losses recognised in cost of sales is:	6,996,04	6,919,432	1,907,464	830,477

12 Our business operations are cyclical, January-June is winter and July-December is summer. The summer season is our peak period.

13 Revaluation

As the Group is on a revaluation model for property, plant and equipment, the fair value was determined by a director's valuation which was carried out by the use of independent valuers. Property, plant and equipment was last revalued in June 2019.

14 Brand Purchase

At an Extra Ordinary General Meeting on the 16th of January 2019, the Company's shareholders approved the acquisition of the intellectual property rights to trademarks and brands assigned to Edgars Stores Limited by Edcon Limited for the territory of Zimbabwe (constituting a related party transaction in terms of the ZSE listing requirements) for a consideration of ZWL\$1 500 000 and was settled through the issue of 15 000 000 Edgars Stores Limited ordinary shares. Having met all the conditions precedent, the shares were issued on the 20th of March 2019.

15 Segment reporting

Inflation adjusted

	Edgars Stores Retail	Jet Stores Retail	Carousel Manufacturing	Club Plus Microfinance	Corporate Head Office	Financial Services	Segments Total	Adjustments and Eliminations	Consolidated Total
52 weeks to 5 January 2020									
Revenue									
External customers	390,631,445	218,742,233	2,627,383	12,436,004	-	-	624,437,065	(29,194,200)	595,242,865
Inter-segments	-	-	42,892,526	-	68,667,084	-	111,559,610	(111,559,610)	-
Finance income	-	-	-	-	-	45,169,383	45,169,383	-	45,169,383
Total revenue	390,631,445	218,742,233	45,519,909	12,436,004	68,667,084	45,169,383	781,166,058	(140,753,810)	640,412,248
Segment profit/(loss)	94,178,448	42,920,449	12,616,080	924,355	-	50,311	150,689,643	(128,940,478)	21,749,165
52 weeks to 6 January 2019									
Revenue									
External customers	368,131,143	245,207,880	2,806,875	12,808,924	-	-	628,954,822	94,007	629,048,829
Inter-segments	-	-	31,507,303	-	-	-	31,507,303	(31,507,303)	-
Total revenue	368,131,143	245,207,880	34,314,178	12,808,924	-	-	660,462,125	(31,413,296)	629,048,829
Segment profit/(loss)	100,596,689	55,941,201	(1,840,187)	5,242,631	(67,266,454)	-	92,673,880	55,167,601	147,841,481

In October of the current year the group fully divisionalised its business units up to balance sheet level. This is in line with managements drive to effectively track and manage performance at business unit level. Comparatives have not been restated as some relevant information was not accurately tracked and recorded in prior year

Historical

	Edgars Stores Retail	Jet Stores Retail	Carousel Manufacturing	Club Plus Microfinance	Corporate Head Office	Financial Services	Segments Total	Adjustments and Eliminations	Consolidated Total
52 weeks to 5 January 2020									
Revenue									
External customers	175,220,987	98,118,650	1,178,535	4,250,887	-	-	278,769,059	(11,767,917)	267,001,142
Inter-segments	-	-	19,239,800	-	30,801,192	-	50,040,992	(50,040,992)	-
Finance income	-	-	-	-	-	21,065,492	21,065,492	-	21,065,492
Total revenue	175,220,987	98,118,650	20,418,335	4,250,887	30,801,192	21,065,492	349,875,543	(61,808,909)	288,066,634
Segment profit/(loss)	42,244,527	19,252,325	5,659,048	414,627	-	22,567	67,593,094	1,796,998	69,390,094
Total assets	82,633,077	81,483,797	16,410,750	7,943,938	32,883,603	94,300,669	315,655,834	11,628,838	327,284,673
52 weeks to 6 January 2019									
Revenue									
External customers	45,716,550	30,451,263	348,573	1,602,357	-	-	78,118,743	-	78,118,743
Inter-segments	-	-	3,912,750	-	-	-	3,912,750	(3,912,750)	-
Total revenue	45,716,550	30,451,263	4,261,323	1,602,357	-	-	82,031,493	(3,912,750)	78,118,743
Segment profit/(loss)	12,492,650	6,947,086	(228,525)	651,059	(8,353,518)	-	11,508,752	4,523	11,513,275
Total assets	30,597,952	12,605,577	3,520,942	5,349,242	21,111,697	-	73,185,410	(4,867,774)	68,317,636

16 Dividend

The Board declared a final dividend for the 2018 financial year of 0.5 cents per share on 3 May 2019.



EDGARS STORES LIMITED

ABRIDGED AUDITED RESULTS FOR THE 52 WEEKS ENDED 5 JANUARY 2020

17 Chairman's Statement

INTRODUCTION

I am pleased to present the Edgars Stores Limited Group financial results for the 52 weeks ended 5 January 2020. The commentary on the financials is based on the inflation adjusted numbers. The historical numbers are shown as supplementary information as they have not been prepared in compliance with International Accounting Standard 29 - Financial Reporting in Hyperinflationary Economies. No opinion has been expressed by the auditors on the historical financial information.

FINANCIAL OVERVIEW

The Group's turnover decreased by 5%, from ZWL\$ 629m in the previous year to ZWL\$ 595m in the current year, despite a 23% decrease in units sold. Revenue performance for the last quarter, usually our peak turnover period, performed below expectation mainly due to subdued consumer spending in general and challenges with mobile payment platforms.

Profit after tax for the period was ZWL\$17.9m, an 81% decrease from ZWL\$91.8m in the same period last year. The business continues to prioritise cost containment.

The Group closed the year in an overstock position but this was fresh stock and placed the Group at an advantage for first quarter trading.

RETAIL OPERATIONS

Edgars Chain

The chain recorded turnover of ZWL\$390m (2018: ZWL\$368m) out of 26 stores (2018: 25) an increase of 6%. Units sold for the year were 1.399m (2018: 1.736m), a decrease of 19.4%. The chain's profit to sales ratio declined to 24.1% from 27.3% in 2018. Edgars Kadoma was re-opened at a new site in November 2019, having burnt down last year.

Jet Chain

Total sales were ZWL\$218.7m (2018: ZWL\$245.2m) out of 27 stores (2018: 25) a decrease of 10.8%. Two new stores were opened in Banket and Chegutu. Units sold for the year were 1.797m (2018: 2.483m), a decrease of 27.6%. The Chain's profit to sales ratio declined to 19.6% from 22.8% in 2018.

Credit Management

The quality of the Group's debtors book is good with 3.0% of the book over 30 days due and 75.5% being current as at end of the year. Total active accounts were 150 817 (2018: 151 522).

Edgars Chain debtors were ZWL\$73.7m (2018: ZWL\$123m) after an allowance for credit losses of ZWL\$0.2m (2018: ZWL\$3.1m). Bad debts written off net of recoveries for the period averaged 0.6% (2018: 1.8%) of lagged credit sales, and 0.1 % of lagged debtors (2018: 0.1%). Edgars chain active accounts as at end of December were 98 795 (2018: 102 159).

Jet Chain debtors were at ZWL\$20.4m (2018: ZWL\$39.1m) after an allowance for credit losses of ZWL\$0.1m (2018: ZWL\$3.2m). Bad debts written off net of recoveries for the period equated to 0.8% (2018: 1.4%) of lagged credit sales, and 0.2% of lagged debtors (2018: 0.5%). Jet Chain active accounts as at December 2019 were 51 619 (2018: 49 548).

Manufacturing

The factory made an operating profit of ZWL\$12.6m (2018: ZWL\$1.8m loss). 6% (2018: 8%) of sales were exports while 94% (2018: 92%) were made to the Edgars and Jet chains.

Microfinance

The microfinance business revenue declined marginally to ZWL\$12.4m from ZWL\$12.8m, making a profit after tax of ZWL\$924k (2018: ZWL\$5.2m). Loans to customers declined to ZWL\$6.5m (2018: ZWL\$27.1m) after an allowance for credit losses of ZWL\$0.05m (2018: ZWL\$0.5m).

The quality of the loan book was good with 3.5% of the book over 30 day due and 83.5% being current as at end of December 2019. Total active loan accounts as at the end of December 2019 were 11 314 (2018: 8 111). Bad debts written off net of recoveries for the period averaged 0.3 % of loan book (2018: 0.3%).

Financing and Cashflow

Gearing was at 0.20 (2018:0.22). The Group had US\$ 219,036 in foreign liabilities as at 5 January 2020.

Executive movements

Mrs Buhlebenkosi Mpofu leaves the Group at the end of May 2020 to pursue other opportunities after having served the Group for four years, one of which was as the Chief Finance Officer. We wish her well in her endeavours and thank her for her contribution during her tenure of service to the Group.

OUTLOOK

The tough operating environment continues to impact negatively on the Group's growth strategy. In particular, The Covid 19 pandemic, hyper inflationary environment, liquidity challenges and foreign currency shortages. Management will continue to devise adequate survival strategies to preserve the Group's balance sheet.

Post Covid-19, clothing retail will not be the same and the Group is pursuing various initiatives to future proof the business.

The Board welcomes the new shareholder, SSCG Africa Holdings, who bought Bellfield (Pty) Limited, the Group's major shareholder from Edcon, during the year 2019.

DIVIDEND

Owing to the impact of Covid-19 pandemic, your Company will not declare a dividend this year.

APPRECIATION

The year has seen a very challenging operational environment for the business. I take this opportunity to thank fellow Board colleagues, management and staff for their contributions in the period under review. Similarly I extend my appreciation to our loyal customers as well as our landlords, bankers and suppliers for their continued support.

T N SIBANDA
CHAIRMAN

EDGARS

Jet

CAROUSEL
A Division of Edgars Stores Limited



clubplus
A DIVISION OF EDGARS