Edgars Stores Limited

ANNUAL REPORT 2011

Contents

Overview

Edgars Stores Limited is a limited liability company incorporated and domiciled in Zimbabwe. Our core business is the manufacturing and retailing of clothing as well as the retailing of 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

The Group is organized into three strategic business units: manufacturing, distribution and retailing.

Manufacturing

Carousel: our manufacturing business unit. Situated in Bulawayo, it produces a wide range of denim, ladies, children's and gent's casual wear supplied to our retail divisions as well as to other retailers.

Distribution

Merchandise is distributed to the various outlets through distribution centres that are located in Bulawayo and Harare.

Retailing

Edgars: provides 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. We offer competitive credit to our customers. Our pleasant, convenient stores offer our customers a superior shopping experience.

Jet: recently re-branded from Express Mart, Jet provides quality, commercial fashion at highly competitive prices and compelling opening price points to the middle to lower income groups. Our stores offer pleasant, economical shopping environments, laid out for self service; with assisted service available if needed.

Our Business Philosophy

We aim to be Zimbabwe's undisputed market leader in production, distribution and retailing of apparel; offering quality, value and superior customer service in pleasant shopping environments. Our existence and continued success is dependent on our ability to satisfy our customers' needs and expectations. 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. We are demanding, but fair, and evaluate our suppliers on the basis of quality, price and service.

We support local industry wherever we can do so competitively in terms of price and quality. We recognise our role in society and support worthwhile projects, particularly of a charitable or conservation nature.

Management Philosophy

The demands of our business are such that success will only come from the dedication of our employees. Participative management lies at the heart of a strategy which relies on building employee partnerships at every level, to foster mutual trust and to encourage people to think always about how they can do things better. We incentivize outstanding performance.

Mission Statement

The Edgars Group's mission is to create and enhance stakeholder value, as follows:

Customers

We will be the retailer of choice by ensuring superior ranges, value for money, excellent service and convenient, pleasant shopping environments.

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 the sustained real earnings growth, achieved through deliberate market dominance of Zimbabwe's clothing 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.

	2011 52 weeks $m	2010 52 weeks $m	Change %
Group Summary			
Retail sales revenue	51.1	35.5	44
Earnings attributable to ordinary shareholders	3.3	1.5	121
Cash inflow/ (outflow) from operating activities	1.7	(11.1)	115
Total assets	33.3	26.6	25
Market capitalisation	26.9	13.9	93
Ordinary share performance (cents per share)			
Earnings			
Basic	1.37	0.62	120
Diluted	1.37	0.62	121
Net equity	2.76	1.48	86
Market price	9.50	5.00	90
Financial statistics			
Trading profit as % of retail sales	14.6	11.9	23
Return on ordinary shareholders equity	42.8	36.5	17
Liquidity ratios			
Borrowing times covered by stock and debtors	2.0	1.5	34

Prospects

Our focus will be on steady growth, albeit at a slower rate, improved merchandise assortments and customer shopping experience. Low cost store improvements and opening of new sites will be carried out as resources permit.

Negotiations are underway to substitute short term borrowings with long term funding.


Comet 500
Hella
ABA

Executive Directors

Linda Masterson (56) FCIS

Group Managing Director

Joined the company in 1988

Appointed to the Board in 1991

Appointed Group Managing Director

in April 2010

Vusumuzi Mpofu (44) ACMA, FCIS,

RP Acc (Z)

Group Finance Director & Company

Secretary

Joined the company in 2000

Appointed to the Board in 2008

Zebhediah Vella (54) BA Hons.

Accountancy and Economics

Group Manufacturing &

Operations Director

Joined the company in 1989

Appointed to the Board in 1999

Shepherd Ndlovu (60) BA Hons

Group Human Resources Director

Joined the company in 1990

Appointed to the Board in 1995

Non- Executive

Themba N. Sibanda • (57)

B.Acc (Z), C.A. (Z)

Chairman

Appointed to the Board in 2003

Canaan F. Dube* • (55)

LLB (Hons), LLB, MBA

Appointed to the Board in 2004.

Dr. Leonard. L.Tsumba* • (68)

Phd, M.A, BSBA

Appointed to the Board in 2006.

Raymond Mlotshwa (61) BA

Joined the company in 1981.

Appointed to the Board in 1998.

Appointed Group Managing Director in

September 1999

Retired 31 March 2010

Appointed non-executive director in

April 2010

● Member of Remuneration Committee

* Member of the Audit Committee

The steady growth in accounts, improved merchandise assortments and improved cost management together with the successful re-branding of Express to Jet in November ensured that targets were met.

Performance

On the back of credit, Edgars Chain units grew 23% whilst margins were slightly up at 53.1%. Chain trading profit grew 37.3% as a result of improved profitability and the sale of higher value branded items.

Express began the year with high stock holdings and stiff competition from cheap imports. A total of 9 Express stores were rebranded to Jet in November. Unit sales in the chain increased 16.4% compared to last year. Chain profitability grew 194% as the expenses to sales ratio improved 3.9% and margins slightly increased to 42%.

Our manufacturing unit incurred a loss. Focus is on obtaining affordable funding to augment improvements made in productivity to date. Exports are being pursued despite difficulties encountered in the market. We are striving for a breakeven position in 2012 at the factory.

The overall group trading profit improved 77% to $7,5million. Finance costs rose by 38%. This should improve in the coming year as borrowing costs fell from 18,2% at the beginning of the year to 14,55% at year end. Profit after tax grew 121%.

Cash generated from operations was $1,7million, a $12,8million turnaround.

Credit Management

Accounts grew by 42.9%. The active book stood at 81%. Collection rates and other key indicators have remained satisfactory. Bad and doubtful debts are fully provided for while net handovers for the year averaged 0.4% of lagged debtors.

Appreciation

On behalf of the board I wish to congratulate the management and staff of Edgars for working as a team to achieve a sterling set of results.

Outlook

The recent liquidity crisis in the banking sector and economy is of concern. Our focus will be on steady growth, albeit at a slower rate, improved merchandise assortments and customer shopping experience. Low cost store improvements and opening of new sites will be carried out as resources permit.

Negotiations are underway to substitute short term borrowings with long term funding.

By order of the board.

TN Sibanda
Non-Executive Chairman
7 March 2012


own your look
Edgars

Overview

International market movements were determined largely by the crisis in the Euro zone which affected commodity prices and the movement in the rand. At the beginning of the year, economists predicted that the rand would fall as low as 12 by the end of the year. However after it only fell to 8.4 and then strengthened, forecasts were revised to a more conservative rate of 8.

As a net importer, with no significant foreign direct investment, the country's liquidity problems worsened to the extent that, by year end, financial institutions were struggling to make payments timeously. The situation worsened when NSSA withdrew funds from the market. In order to fulfill market expectation the Reserve Bank Governor issued a statement which spelt out measures intended to improve the situation. However, in the absence of the right solutions to the real underlying problems, the lack of liquidity will continue to constrain economic growth.

From a retail perspective, the liquidity crunch could not have happened at a worse time. Civil servants' bonuses, traditionally paid in November, were delayed until a few trading days before Christmas. With the compounding effect of the 22nd being a bank holiday, customers struggled to withdraw cash and ran out of time to do their Christmas shopping. In addition, many other employers failed to pay a bonus and others were still catching up on salary arrears.

Strategy

Our strategic objectives remained clear:

- To obtain cheaper funding with longer tenures:
- To increase productivity: We resolved to do this by growing the top-line through credit growth, whilst keeping a guard on spending.
- To continuously improve standards: Our store appearance needed improvement as did our merchandise assortments through imports; helping local suppliers to improve their styling and finishing; and introducing more brands to our customers.

In order to align our processes to our strategy, a large management team met in November 2010 and signed up to these objectives.

Financing

We opened the year with borrowings of $15,7million at 18%. Determined to reduce the cost of borrowings, we pursued financiers and secured a 2-year loan early in the year. A Ministry of Finance directive limiting interest rates on NSSA funds to 15% also assisted but, as liquidity worsened, rates increased again as banks adopted a "take-it-or-leave-it" attitude.

With cash generated in operations improving $12,8million we were able to reduce borrowings minimally to $15,65million at an average December interest rate of 14.55%. We are working on a deal that would see a further improvement in rates and tenures.

Staffing

The Group retained all key personnel during the year. As part of measures to improve standards we reassigned Mr. V. Mpofu to the previously vacant position of Group Operations Director and employed three people to the positions of IT Executive, Group Credit Executive and Group Finance Director.

The Group continued to enjoy harmonious industrial relations. Staff morale was good throughout the year as staff worked together to achieve strategic objectives.

As well as focusing on performance-based systems aligning staff activities to our strategy, training continues to be a key focus.

Operations

Our biggest initiative this year was the launch of Jet. Although our customers had grown accustomed to the Express brand we believed that we could achieve more by rebranding the chain to Jet. Zimbabweans became accustomed to Jet stores in neighboring countries during the years when local stores were empty and, consequently, the brand had a strong following among our customers. In November we launched 9 Jet stores just in time for Christmas trading. The move paid off and the excitement and sales were a confirmation that the rebranding had been the right decision. Year on year, unit sales in the chain grew 16.4% and profitability increased 194%.

In the Edgars chain, a new Joina Centre store was opened during the year with modern fixtures and merchandised to top regional standards. New brands launched included Ladies Charter Club, Soviet, Levi, Polo, Amali, Free2bu, Faithwear, Jeep, Puma, Hitec, Guess and Lee Cooper. Stores also received the first input of cell phones in December. On the back of credit, dollar sales grew by 47.6% while unit sales were 23.4% up on last year.

During the year we successfully negotiated for extended payment terms with a number of the suppliers, and generally improved relationships and built confidence. We worked with local manufacturers to improve product quality but note with concern that their struggles are largely due to the use of outdated equipment and a lack of cheap funding. This has made it difficult for them to operate profitably. These challenges exist in our own manufacturing division and our focus is on obtaining cheap funding to augment improvements made in productivity and to purchase equipment aimed at improving quality.

Credit

The credit business in Zimbabwe is highly competitive. Our credit offering for most of the year was a six-month, five installment offering. For Christmas trading we moved this to a seven-month, six installments offering, which our competitors swiftly followed. Despite competition, the number of accounts grew 42.9% to 158 901. Active accounts were 81% at year end. Our debtors' book has grown 127% over the last three years to $18,6million. Collections and other key debtors' ratios remained satisfactory whilst net handovers for the year averaged 0.4% of lagged debtors. VIP account numbers reached 5,000 by the end of the year.

Social responsibility

Our main focus was on supporting sport and education in schools. We also gave towards charities and ecological endeavors. Donations in the form of sporting equipment, trophies, stationery, discount vouchers and cash were made to schools, teachers colleges and universities.

Outlook

In the absence of a lasting solution to the liquidity crisis, growth will be constrained. Wage demands and lack of disposable income are increasingly being exacerbated by the micro-financing of customers. Mindful of this, the group will continue with low-cost store improvements and opening of new sites as resources permit. Our focus will be on steady growth, refined merchandise assortment and improving the customer shopping experience.

Appreciation

I wish to congratulate the management and staff of Edgars for their outstanding performance and thank them for their enthusiastic support.

I would like to thank my fellow board members for their guidance and encouragement. I also extend my gratitude to the shareholders, financiers, suppliers and landlords that have supported our efforts.

Linda Masterson
Group Managing Director
7 March 2012

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 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 evaluate 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 interest of the share owners and, if appropriate taking external 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. T.N. Sibanda and consists of four executive and four non-executive directors.

The names and credentials of the directors in office at 31 December 2011 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 2011 financial period and attendance at each are contained on page 11.

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.

Board Attendance	March 2011	Jun 2011	Sept 2011	Dec 2011
T.N. Sibanda*	✓	✓	✓	✓
C.F. Dube*	✓	✓	✓	✓
L.L. Tsumba*	✓	x	✓	✓
R. Mlotshwa*	✓	x	✓	✓
L. Masterson	✓	✓	✓	✓
S. Ndlovu	✓	✓	✓	✓
Z. Vella	✓	✓	✓	✓
V. Mpofu	✓	✓	✓	✓

Key: *Non-Executive Director • - no meeting √ - attended x - did not attend

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	March 2011	Jun 2011	Sept 2011	Nov 2011
C.F. Dube*	✓	•	✓	✓
L.L. Tsumba*	✓	•	✓	✓

Remuneration	March 2011	Jun 2011	Sept 2011	Nov 2011
T.N. Sibanda*	✓	•	✓	✓
C.F. Dube*	✓	•	✓	✓
L.L. Tsumba*	✓	•	✓	✓

Key: *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 directly to the Audit Committee but is the responsibility of the Group Financial Director on day-to-day

matters. 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.


Edgars

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.

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 2011 incorporate the results for the fifty-two weeks ended 7 January 2012. 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	**L Masterson**
Non-Executive Chairman	**Group Managing Director**

On 07 March 2012

ERNST & YOUNG

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

Tel: +263 9 76111
Fax: +263 9 72359

Independent Auditor's Report

To the Members of *Edgars Stores Limited*

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of *Edgars Stores Limited* as set out on pages 18 to 60, which comprise the consolidated statement of financial position at 31 December 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The Group's Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act (Chapter 24:03), and for such internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 financial statements present fairly, in all material respects, the consolidated financial position of Edgars Stores Limited at 31 December 2011, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, the consolidated financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of 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 ACCOUNTANTS

9 March 2012
Derry House
Corner 6th Avenue/Fife Street
BULAWAYO

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

Company				Group	
2011	2010		Notes	2011	2010
$	$			$	$
52,606,931	35,873,449	Revenue	6	52,966,011	36,071,500
50,720,382	35,278,291	Sale of merchandise	6	51,079,462	35,476,342
(26,217,692)	(18,055,573)	Cost of sales		(26,536,106)	(18,240,200)
24,502,689	17,222,718	Gross profit		24,543,356	17,236,141
(43,621)	8,767	Other (losses) / gains	7	(42,088)	18,867
(1,170,177)	(835,969)	Debt collection costs	8	(1,170,177)	(835,969)
(9,496,165)	(6,850,683)	Store expenses		(9,496,165)	(6,850,683)
(5,581,594)	(4,423,288)	Other operating expenses		(6,374,394)	(5,363,874)
8,211,132	5,121,545	Trading profit	9	7,460,532	4,204,483
7,868	923,465	Finance income on financial instruments		7,933	6,575
(2,842,824)	(2,016,148)	Finance cost paid		(2,842,824)	(2,054,442)
5,376,177	4,028,862	Profit before tax		4,625,641	2,156,616
(1,474,011)	(1,131,821)	Income tax expense	11	(1,289,269)	(648,179)
3,902,165	2,897,041	Profit for the year		3,336,372	1,508,437
		Other comprehensive income			
165,120	-	Revaluation of property, plant and equipment		165,120	-
(8,375)	-	Deferred tax liability arising on revaluation		(8,375)	-
156,745	-	Other comprehensive income for the year (net of tax)		156,745	-
4,058,910	2,897,041	Total comprehensive income for the year		3,493,117	1,508,437
		Earnings per ordinary share			
1.60	1.20	Basic (cents per share)	12	1.37	0.62
1.59	1.17	Diluted (cents per share)		1.37	0.62

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

Company				Group	
2011	2010		Notes	2011	2010
$	$			$	$
		Cash flows from operating activities			
8,211,132	5,121,545	Trading profit		7,460,532	4,204,483
		Adjusted for:			
1,410,899	687,014	Non cash items	13.1	1,584,574	851,100
(5,090,225)	(15,802,047)	Movements in working capital	13.2	(4,493,737)	(14,098,058)
4,531,806	(9,993,488)	Cash generated/ (utilised) in operations		4,551,369	(9,042,475)
(2,842,824)	(2,016,148)	Finance cost paid		(2,842,824)	(2,054,442)
(3,258)	(287)	Taxation paid	13.3	(3,258)	(287)
1,685,724	(12,009,923)	Cash inflow/ (outflow) from operating activities		1,705,287	(11,097,204)
		Cash flows from investing activities			
(1,669,758)	(307,418)	Purchases of property, plant and equipment		(1,693,672)	(310,150)
170,476	107,138	Proceeds from disposal of property, plant and equipment		170,478	118,288
7,868	923,465	Finance income		7,933	6,575
(1,491,414)	723,185	Net cash (used in)/generated from investing activities		(1,515,261)	(185,287)
		Cash flows from financing activities			
45,417	933	Proceeds from issue of equity shares		45,417	933
42,853,370	44,205,861	Proceeds from borrowings and loans		42,851,986	44,206,310
(42,897,624)	(33,166,442)	Repayment of borrowings and loans		(42,897,624)	(33,166,442)
1,163	11,040,352	Net cash flows from financing activities		(221)	11,040,801
195,473	(246,386)	Net change in cash and cash equivalents		189,805	(241,690)
(1,083)	(1)	Net foreign exchange difference		(1,083)	(1)
115,282	361,669	Cash and cash equivalents at the beginning of the year		127,840	369,531
309,672	115,282	Cash and cash equivalents at the end of the year		316,562	127,840

Consolidated Statement of Financial Position

For the year ended 31 December 2011

Company 2011 $	Company 2010 $	Company 1 Jan 2010 $		Notes	Group 2011 $	Group 2010 $	Group 1 Jan 2010 $
			ASSETS				
			Non-current assets				
3,415,737	1,918,198	1,932,985	Property, plant and equipment	14	3,988,512	2,640,734	2,828,027
-	-	131,937	Deferred tax asset	15	573,644	388,901	131,937
3,415,737	1,918,198	2,064,922	Total non-current assets		4,562,156	3,029,635	2,959,964
			Current assets				
6,035,140	5,231,101	2,790,551	Inventories	16	8,850,253	7,535,032	4,204,878
19,364,492	15,806,975	2,735,496	Trade and other receivables	17	19,514,557	15,893,266	2,782,024
9,030,152	5,543,930	652,263	Interest in subsidiary		-	-	-
309,672	115,282	361,669	Cash and cash equivalents		316,562	127,840	369,531
34,739,456	26,697,288	6,539,979	Total current assets		28,681,371	23,556,139	7,356,433
10,227	46,746	47,093	Assets classified as held for sale	18	10,227	46,746	47,093
38,165,420	28,662,232	8,651,994	Total assets		33,253,753	26,632,520	10,363,490
			Equity and liabilities				
			Equity				
79,825	34,408	5,601	Issued capital	19	79,825	34,408	5,601
1,482,697	1,201,480	2,440,893	Reserves	20	2,188,565	1,910,708	4,711,855
6,442,437	2,540,272	(1,624,896)	Retained earnings		5,523,420	2,183,688	(2,154,610)
8,004,959	3,776,160	821,598	Total equity		7,791,810	4,128,804	2,562,846
			Non-current liabilities				
2,366,771	998,496	-	Deferred tax liabilities	15	2,366,770	998,496	94,740
1,501,930	-	-	Interest bearing loans and borrowings	23	1,501,930	-	-
3,868,701	998,496	-	Total non-current liabilities		3,868,700	998,496	94,740
			Current liabilities				
11,954,097	8,136,265	3,103,230	Trade and other payables	21	7,255,580	5,752,525	2,977,803
75,306	53,625	70,000	Provisions	21	75,306	53,625	70,000
111,955	1,100	-	Current tax liabilities	22	111,955	1,100	-
14,150,402	15,696,586	4,657,166	Current portion of interest bearing loans and borrowings	23	14,150,402	15,697,970	4,658,101
26,291,760	23,887,576	7,830,396	Total current liabilities		21,593,243	21,505,220	7,705,904
30,160,460	24,886,072	7,830,396	Total liabilities		25,461,943	22,503,716	7,800,644
38,165,420	28,662,232	8,651,994	Total equity and liabilities		33,253,753	26,632,520	10,363,490
2.83	1.35	0.29	Net equity per share (cents)		2.76	1.48	0.92
			Gearing:				
1.92	4.13	5.23	- Gross		1.97	3.77	1.67
(0.50)	(0.06)	1.90	- Net		(0.54)	(0.08)	0.59

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

	Issued capital and premium $	Equity-settled employee benefits reserve $	Revaluation reserve $	Change in functional currency reserve $	Retained earnings $	Total $
Group						
Balance 1 January 2010	5,601	56,029	932,824	3,723,002	(2,154,610)	2,562,846
Release in respect of inventories realised	-	-	-	(2,762,861)	2,762,861	-
Release in respect of revalued property, plant and equipment disposed	-	-	(67,000)	-	67,000	-
Total comprehensive income for the period	-	-	-	-	1,508,437	1,508,437
Profit for the period	-	-	-	-	1,508,437	1,508,437
Issue of ordinary shares under employee share option plan	933	-	-	-	-	933
Recognition of share-based payments	-	56,588	-	-	-	56,588
Shares restated	27,874	-	-	(27,874)	-	-
Balance at 31 December 2010	34,408	112,617	865,824	932,267	2,183,688	4,128,804
Release in respect of revalued property, plant and equipment disposed	-	-	-	(3,360)	3,360	-
Total comprehensive income for the period	-	-	156,745	-	3,336,372	3,493,117
Profit for the period	-	-	-	-	3,336,372	3,336,372
Other comprehensive income	-	-	156,745	-	-	156,745
Issue of ordinary shares under employee share option plan	45,417	-	-	-	-	45,417
Recognition of share-based payments	-	124,472	-	-	-	124,472
Balance at 31 December 2011	79,825	237,089	1,022,569	928,907	5,523,420	7,791,810
Company						
Balance 1 January 2010	5,601	56,029	734,931	1,649,933	(1,624,896)	821,598
Release in respect of inventories realised	-	-	-	(1,201,127)	1,201,127	-
Release in respect of revalued property, plant and equipment disposed	-	-	(67,000)	-	67,000	-
Total comprehensive income for the period	-	-	-	-	2,897,041	2,897,041
Profit for the period	-	-	-	-	2,897,041	2,897,041
Issue of ordinary shares under employee share option plan	933	-	-	-	-	933
Recognition of share-based payments	-	56,588	-	-	-	56,588
Shares restated	27,874	-	-	(27,874)	-	-
Balance at 31 December 2010	34,408	112,617	667,931	420,932	2,540,272	3,776,160
Total comprehensive income for the period	-	-	156,745	-	3,902,165	4,058,910
Profit for the period	-	-	-	-	3,902,165	3,902,165
Other comprehensive income	-	-	156,745	-	-	156,745
Issue of ordinary shares under employee share option plan	45,417	-	-	-	-	45,417
Recognition of share-based payments	-	124,472	-	-	-	124,472
Balance at 31 December 2011	79,825	237,089	824,676	420,932	6,442,437	8,004,959

1. Corporate Information

Edgars Stores Limited (the Group) is a limited company incorporated and domiciled in Zimbabwe. Its 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 2011 were authorized for issue in accordance with a resolution of the directors on 7 March 2012.

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 (IFRS).

Transition to IFRS

The Group is resuming presentations of IFRS financial statements after early adoption of Revised IFRS1-first time Adoption of International Financial Reporting Standards issued on 20 December 2010. The group failed to present IFRS compliant financial statements for the financial year ended 31 December 2010 due to the effects of severe hyperinflation as defined in the Revised IFRS 1.

The amendment provides guidance for entities emerging from severe hyperinflation to resume presenting IFRS financial statements. An entity can elect to measure assets and liabilities at fair value and to use the fair value as the deemed cost in its opening IFRS statement of financial position.

The Group elected to use the severe hyperinflation exemption. The effects of the application of this amendment is to render the opening statement of financial position, prepared on 1 January 2010 (date of transition to IFRS) IFRS compliant. The opening statement of financial position was reported in the prior year as not being compliant with International Accounting Standard (IAS) 21 The effects of Changes in Foreign Exchange Rates and IAS 29 Financial reporting in Hyperinflationary Economies. The Group's previous functional currency, the Zimbabwe dollar (ZW$), was subjected to severe hyperinflation before the date of transition to IFRS because it had both of the following characteristics:

a) A reliable general price index was not available to all entities with transactions and balances in the ZW$, and
b) Exchangeability between the ZW$ and a relatively stable foreign currency did not exist. The Group changed its functional and presentation currency from the ZW$ to the United States dollar (US$) on 1 February 2009, however, the Group has adopted 1 January 2010 as the effective date of currency normalisation and the date of transition to reporting in terms of International Financial Reporting Standards.

Deemed cost exemption

The Group elected to measure certain items of property, plant and equipment, inventories, trade and other receivables and trade and other payables at fair value and to use the fair value as the deemed cost of these assets and liabilities in the opening IFRS statement of financial position.

Comparative Financial information

The financial statements comprise three statements of financial position, two statements of comprehensive income, changes in equity and cash flows as a result of the retrospective application of the amendments to IFRS.

Reconciliation of previously prepared financial statements to IFRS compliant financial statements.

In preparing its opening IFRS statement of financial position, the Group has not adjusted amounts previously determined in accordance with the "Guidance on Change in Functional Currency - 2009", which was drafted jointly by the Public Accountants and Auditors Board (PAAB), Zimbabwe

Accounting Practices Board (ZAPB) and the Zimbabwe Stock Exchange (ZSE). This guidance was adopted as the local standard for reporting by most listed entities and other incorporated entities in Zimbabwe reporting subsequent to severe hyperinflation. As amounts have not changed from those presented in previously issued financial statements, reconciliations have not been presented, because the amendments to IFRS 1 effectively endorsed the approach adopted in the guidance paper issued by PAAB, ZAPB and the ZSE, which dealt with the conversion of local currency balances to stable foreign currency after a period of severe hyperinflation.

2.2. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and it's subsidiaries as at 31 December 2011. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without change of control, is accounted for as an equity transaction.

Losses are attributed to the non-controlling interest even if that results in a deficit balance. 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.

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 are taken to 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. Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell and are no longer depreciated.

2.3.3. Revenue

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. 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.

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 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 is recognised in correlation to underlying transactions either in other comprehensive income, profit and loss or directly in equity.

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 is recognised in correlation to underlying transactions either in other comprehensive income, profit and loss or directly in equity.

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 charged in the profit and loss as they fall due. The Group also participates in the National Social Security Authority 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. The Group has also agreed to provide certain additional post employment healthcare benefits to executives. Benefits are unfunded. Costs are actuarially calculated and are charged against trading profit when incurred.

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 10.5.

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 unless it is 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, loans 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. 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.

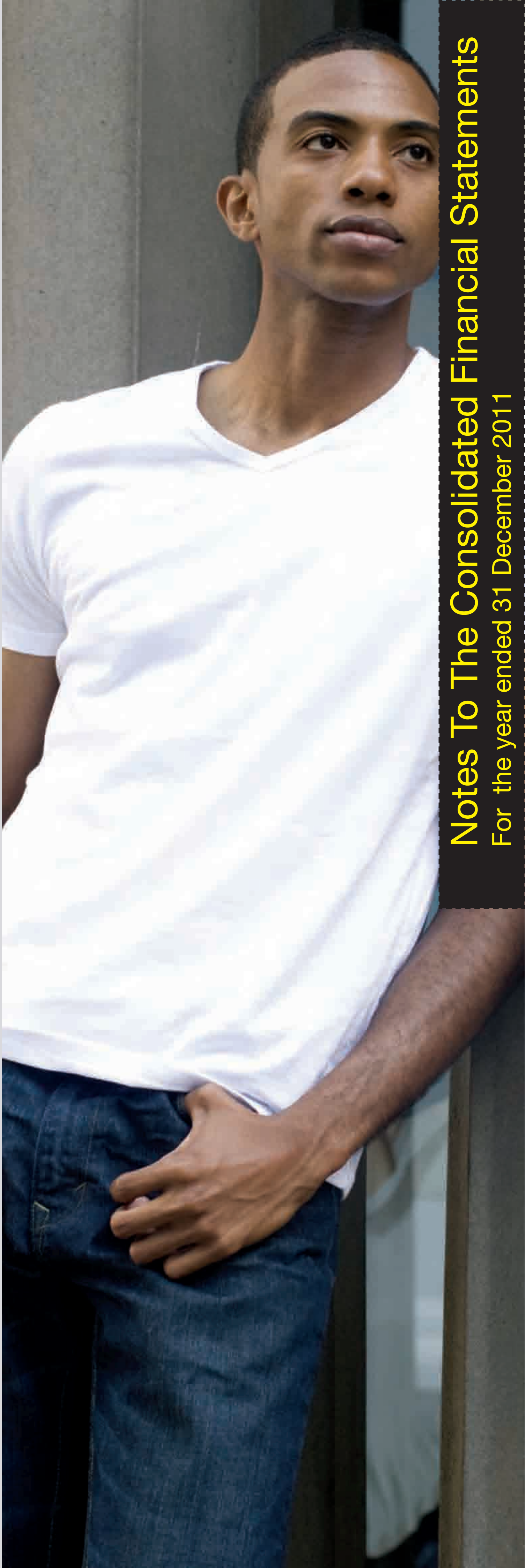
(b) Financial liabilities
(i) Initial recognition and measurement

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, plus 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.

(d) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 27.5.

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

Property, plant and equipment is stated at fair value less accumulated depreciation and / or accumulated impairment losses recognised after the date of the revaluation, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Other repair and maintenance costs are expensed as incurred.

Land and buildings are measured at fair value less accumulated depreciation on buildings 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 the profit or loss, in which case the increase is recognised in the 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.

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
Motor vehicles:	5-7 years
Leasehold Improvements:	The lease period or shorter periods as may be determined

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 the 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. 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.

2.3.11. 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.

2.3.12. 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.

2.3.13. 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.

2.3.14. 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.

2.3.15. Impairment

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 expense 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.

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 special purpose entities

The Group has consolidated the group results of the Edgars Employee Share Trust Company and the Zimedgroup Employee Trust. The substance of the relationship between the company and these entities has been assessed and judgment made that they are controlled entities.

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

Property, 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.

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.

3.2.2. Post employment benefit obligations

Post employment benefits are provided for certain existing and former employees. Actuarial valuations are used to determine the value of the benefits. The actuarial valuations are based on assumptions, which include employee turnover, the discount rate, life expectancy, healthcare costs and rates of increase in compensation costs. See note 21.1.

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 10.5.

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 taxes are disclosed in Note 11.

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 17.

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.

IAS 1 Financial statement presentation (Amendment)

The amendment is effective for annual periods beginning on or after 1 January 2012 and requires that items of other comprehensive income be grouped in items that would be reclassified to profit or loss at a future point and items that will never be reclassified. This amendment does not change the nature of items that are currently recognised in OCI, nor does it impact the determination of whether items of OCI are reclassified through profit or loss in future periods. In terms of classification the revaluation reserve would not be reclassified.

IAS 12 Income taxes (Amendment)

The amendment is effective for annual periods beginning on or after 1 January 2012 and introduces a rebuttable presumption that deferred tax on investment properties measured at fair value will be recognised on a sale basis, unless an entity has a business model that would indicate the investment property will be consumed in the business. If consumed a use basis should be adopted. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. This amendment will have no impact on the Group after initial application as deferred tax as above has always been calculated at the capital gains tax rate.

IAS 19 Post employee benefits (Amendment)

The amendments are effective for annual periods beginning on or after 1 January 2013. The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The more significant changes include the following:

- For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e. the corridor approach) has been removed. As revised, actuarial gains and losses are recognised in OCI when they occur. Amounts recorded in profit or loss are limited to current and past service costs, gains or losses on settlements, and net interest income/(expense). All other changes in the net defined benefit asset/(liability) are recognised in OCI with no subsequent recycling to profit or loss.

- Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial

assumption. 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 Liabilities.

- 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.

  Actuarial gains and losses on the defined benefit medical plan will in future be recognized within OCI and additional disclosures will be provided. The Group is currently assessing the full impact of the remaining amendments (termination benefits and definitions of short-term and long-term employee benefits).

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 becomes effective for annual periods beginning on or after 1 January 2013 and does 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 becomes effective for annual periods beginning on or after 1 January 2013 and will have no impact on the group as the group does not have any investments in associates or joint ventures.

IAS 32 Financial Instruments: Presentation (Amendment) – Offsetting Financial Assets and Financial Liabilities

The IASB issued an amendment to clarify the meaning of "currently has a legally enforceable right to set off the recognised amounts" (IAS 32.42(a)).

This means that the right of set-off:

- must not be contingent on a future event; and

- must be legally enforceable in all of the following circumstances:
  - the normal course of business;
  - the event of default; and
  - the event of insolvency or bankruptcy of the entity and all of the counter-parties.

The amendment is effective for annual periods beginning on or after 1 January 2014 and the Group is still in the process of determining how it will impact the Statement of Financial Position and Income Statement upon adoption.

IFRS 7 Financial Instruments: Disclosures Transfer of financial assets (Amendment)

The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment requires additional quantitative and qualitative disclosures relating to transfers of financial assets, where:

- Financial assets are derecognised in their entirety, but where the entity has a continuing involvement in them (e.g., options or guarantees on the transferred assets)
- Financial assets are not derecognised in their entirety - The amendments may be applied earlier than the effective date and this fact must be disclosed. Comparative disclosures are not required for any period beginning before the effective date.

The amendment will not impact the Group as the Group does not regularly enter into transactions subject to the new disclosure requirements upon applying the IAS 39 derecognition model on financial assets.

IFRS 7 Financial Instruments: Disclosures (Amendment)– Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendment amends the required disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendment is effective for annual periods beginning on or after 1 January 2013 and the Group is still in the process of determining how it will impact the note disclosures upon adoption.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 32. The standard is effective for annual periods beginning on or after 1 January 2015. In subsequent phases, the Board will address impairment and hedge accounting. The completion of this project is expected in 2013. The adoption of the first phase of IFRS 9 will primarily have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is currently assessing the impact of adopting IFRS 9, however, the impact of adoption depends on the assets held by the Group at the date of adoption, it is not practical to quantify the effect.

Financial assets

All financial assets are measured at fair value at initial recognition. Debt instruments may, if the Fair Value Option (FVO) is not invoked, be subsequently measured at amortised cost if:

- The asset is held within a business model that has the objective to hold the assets to collect the contractual cash flows
  And
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value.

All equity investment financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity instruments held for trading must be measured at fair value through profit or loss. However, entities have an irrevocable choice to recognise fair value changes in OCI by instrument for all other equity financial assets.

Financial liabilities

For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC 12 Consolidation – Special Purpose Entities. IFRS 10 establishes a single control model with a new definition of control that applies to all entities.

Control exists when an investor has:

- Power over the investee (defined in IFRS 10 as when the investor has existing rights that give it the current ability to direct the relevant activities)
- Exposure, or rights, to variable returns from its involvement with the investee
  And
- The ability to use its power over the investee to affect the amount of the investor's returns

IFRS 10 also provides a number of clarifications on applying this new definition of control, including the following key points:

- An investor is any party that potentially controls an investee; such party need not hold an equity investment to be considered an investor.
- An investor may have control over an investee even when it has less than a majority of the voting rights of that investee (sometimes referred to as de facto control).
- Exposure to risks and rewards is an indicator of control, but does not in itself constitute control.
- When decision-making rights have been delegated or are being held for the benefit of others, it is necessary to assess whether a decision-maker is a principal or an agent to determine whether it has control.
- Consolidation is required until such time as control ceases, even if control is temporary.

The changes will require management to make significant judgement to determine which entities are controlled and therefore required to be consolidated by the parent. Therefore, IFRS 10 may change which entities are within a Group. This standard becomes effective for annual periods beginning on or after 1 January 2013 and the Group is still busy assessing the impact upon adoption of this new standard.

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 consider 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 becomes effective for annual periods beginning on or after 1 January 2013 and will have 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 judgements made to determine whether it controls another entity. IFRS 12 will be effective for the Group 1 July 2013 and the impact of adopting this new standard is still being assessed.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single framework for all fair value measurement (financial and non-financial assets and liabilities) when fair value is required or permitted by IFRS. IFRS 13 does not change when an entity is required to use fair value but rather describes how to measure fair value under IFRS when it is permitted or required by IFRS as well as providing clarification on certain areas. There are also consequential amendments to other standards to delete specific requirements for determining fair value. The Group will need to consider the new requirements to determine fair values going forward. IFRS 13 will be effective for the Group 1 July 2013.

4. Definitions

Capital employed:

Capital and reserves and interest bearing debt.

Cash and cash equivalents:

Comprise cash on hand and demand deposits together with any highly liquid investments readily convertible to known amounts of cash.

Cash generated from trading:

Trading profit adjusted for all non-cash items, which have been charged or credited therein.

Cost of sales:

Cost of inventory sold, including distribution costs, markdowns, stock losses, promotional costs and early settlement discounts.

Current ratio:

Current assets divided by current liabilities. Current liabilities include short-term borrowings and interest free liabilities.

Dividend cover:

Earnings per ordinary share divided by dividends per ordinary share.

Dividend yield:

Dividends per ordinary share divided by the closing share price on the Zimbabwe Stock Exchange.

Earnings per ordinary share:

Basic:

Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year.

Diluted:

Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year, increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of dilutive options, and adjusted for the cost of share based payments, being the fair value of services rendered.

Earnings yield:

Earnings per ordinary share divided by the closing price on The Zimbabwe Stock Exchange.

Gearing ratios:

Gross:

Interest bearing debt, reduced by cash and short term deposits, divided by shareholders' funds.

Net:

Interest bearing debt, reduced by trade receivables, cash and short-term deposits, divided by shareholders' funds.

Financing cost cover:
Operating profit divided by net financing costs.

Net assets:
Total assets less all interest free liabilities.

Net asset turn:
Retail sales divided by the closing net assets.

Net equity per ordinary share:
Equity divided by the number of ordinary shares in issue at the year end.

Price earnings ratio:
The closing share price on the Zimbabwe Stock Exchange divided by earnings per ordinary share.

Retail sales:
Includes merchandise, airtime sales and manufacturing sales to third parties net of VAT.

Return on ordinary shareholders' equity:
Earnings attributable to shareholders as a percentage of average ordinary shareholder's equity.

Revenue:
Comprises retail sales, airtime sales, manufacturing sales, debtors' late payment charges and funeral insurance premium.

Weighted average number of ordinary shares in issue:
The number of ordinary shares in issue at the beginning of the year, excluding treasury shares, increased by shares issued during the year, and decreased by share repurchases on a time basis for the period during which they participated in the income of the Group. In the case of shares issued pursuant to a share capitalisation award in lieu of dividends, the participation is deemed to be from the date of issue.

5. Segment Information
5.1 Reportable segments

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

Retail
Consists of Edgars Chain, Expressmart Chain and Jet Chain. Offers fashion merchandise, cosmetics, kitchenware, hardware and a variety of other products to customers.

Manufacturing
Consists of Carousel. Manufactures and sells a wide range of denim, ladies, children's and gents casual wear that it supplies the retail divisions as well as other retailers.

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.

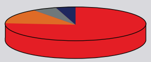
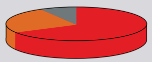
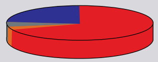
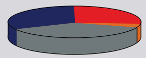
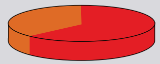
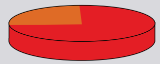
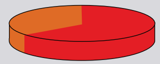
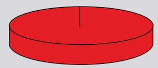
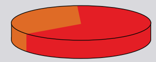
5.2 Segments revenues and results

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

31 December, 2011	Retail $	Manufacturing $	Total Segments $	Adjustments & Eliminations $	Consolidated $
Revenue					
External customers	50,720,382	359,081	51,079,462	-	51,079,462
Inter-segments	-	2,464,670	2,464,670	(2,464,670)	-
Total revenue	50,720,382	2,823,750	53,544,132	(2,464,670)	51,079,462
Results					
Depreciation & amortisation	(284,384)	(173,675)	(458,059)	-	(458,059)
Taxation (expense)/credit	(1,474,011)	184,743	(1,289,269)	-	(1,289,269)
Finance cost	2,842,824	-	2,842,824	-	2,842,824
Finance Income	7,868	64	7,933	-	7,933
Segment profit/(loss)	12,147,320	(690,684)	11,456,636	(3,996,104)	7,460,532
Total assets	38,165,420	9,104,406	47,269,826	(14,016,073)	33,253,753
Total liabilities	(30,160,460)	(9,317,556)	(39,478,016)	14,016,073	(25,461,943)
Capital Expenditure	1,669,758	23,914	1,693,672	-	1,693,672
31 December, 2010					
Revenue					
External customers	35,278,291	198,051	35,476,342	-	35,476,342
Inter-segments	-	2,466,145	2,466,145	(2,466,145)	-
Total revenue	35,278,291	2,664,196	37,942,487	(2,466,145)	35,476,342
Results					
Depreciation & amortisation	(269,687)	(173,476)	(443,163)	-	(443,163)
Taxation (expense)/credit	(1,131,821)	483,642	(648,179)	-	(648,179)
Finance cost	(2,016,148)	(955,900)	(2,972,048)	917,606	(2,054,442)
Finance Income	923,465	716	924,181	(917,606)	6,575
Segment profit/(loss)	8,528,535	(1,410,470)	7,118,065	(2,913,582)	4,204,483
Total assets	28,662,231	5,993,043	34,655,274	(8,022,754)	26,632,520
Total liabilities	(24,886,074)	(5,640,396)	(30,526,470)	8,022,754	(22,503,716)
Capital Expenditure	307,418	2,732	310,150	-	310,150

Geographical Segments: The Group operates principally in one geographical area, namely Zimbabwe. Therefore, no further information about geographical segments is provided.

Key Statistics

	Net Turnover $			Units			Trading Profit $		
	2011	2010	%	2011	2010	%	2011	2010	%
Edgars	43,409,161	29,942,985	45	2,579,568	2,089,095	23	11,536,480	8,328,625	39
Jet	7,311,220	5,335,306	37	962,689	826,987	16	610,840	199,910	206
Carousel	3,138,529	2,664,196	18	329,624	348,140	5	(610,684)	(1,410,470)	(51)
Corporate Divisions & consolidated adjustments	(2,779,449)	(2,466,145)	18				(3,996,104)	(2,913,582)	37
Edgars Group	51,079,462	35,476,342	44	3,871,881	3,264,222	18	7,460,532	4,204,483	76

	Number of Permanent Employees			Retail sales per Permanent Retail Employees $'s			Gross Trading Area M2 (000s)		
	2011	2010	%	2011	2010	%	2011	2010	%
Edgars	184	179	3	235,919	167,279	41	25	26	(5)
Jet	52	55	5	140	167,279	41	8	8	(5)
Carousel	290	258	12						
Corporate Divisions & consolidated adjustments	251	242	4						
Edgars Group	777	734	6	214,917	150,762	43	32	34	(5)

	Retail Sales per square metre $			Number of Accounts 000's			Number of Stores		
	2011	2010	%	2011	2010	%	2011	2010	%
Edgars	1,762	1,157	52	159	111	43	23	21	10
Jet	944	651	45	944	651	45	13	12	8
Carousel									
Corporate Divisions & consolidated adjustments									
Edgars Group	1,578	1,041	51	159	111	43	36	33	9

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
6. Revenue				
The following is an analysis of the Group's revenue for the year (excluding investment revenue)				
Sale of merchandise	51,079,462	35,476,342	50,720,382	35,278,291
Retail sales	50,720,382	35,278,291	50,720,382	35,278,291
Manufacturing sales to third parties - local sales	359,081	198,051	-	-
Late payment charges	1,721,504	532,297	1,721,504	532,297
Funeral insurance income (gross)	165,045	62,861	165,045	62,861
	52,966,011	36,071,500	52,606,931	35,873,449
7. Other (losses) / gains				
Gain on disposal of property, plant and equipment	79,919	63,662	79,919	54,272
Net foreign exchange losses	(122,006)	(44,795)	(123,539)	(45,505)
	(42,088)	18,867	(43,621)	8,767
8. Debt collection costs				
Late payment charges	1,721,504	532,297	1,721,504	532,297
Debt collection costs	(2,939,107)	(1,372,185)	(2,939,107)	(1,372,185)
Funeral insurance scheme profit	47,426	3,919	47,426	3,919
	(1,170,177)	(835,969)	(1,170,177)	(835,969)
9. Trading profit				
Trading profit for the period has been arrived at after charging / (crediting):				
9.1. Auditors remuneration :				
Audit Fees	136,159	95,386	115,659	95,386
9.2. Depreciation expense				
Depreciation of property, plant and equipment	458,059	443,163	284,384	269,687

	Group 2011 $	Group 2010 $	Company 2011 $	Company 2010 $
9.3. Operating lease expenses				
Land and buildings:				
Minimum lease payments	2,391,204	1,727,405	2,391,204	1,727,442
Contingent rents	596,915	418,443	596,915	418,443
Sublease receipts	(80,212)	(107,914)	(213,784)	(241,486)
	2,907,908	2,037,934	2,774,336	1,904,400
9.4. Fees payable				
Managerial, technical, administrative and secretarial fees paid outside the group	284,996	294,884	233,036	262,182
Outsourcing of IT	215,792	147,045	215,792	147,045
	500,789	441,929	448,828	409,227

10. Directors and employees

10.1 Employees

The Group employed 777 (2010: 734) permanent employees of which 487 (2010: 476) were employed in retailing and 290 (2010: 258) in the manufacturing division.

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

	Group 2011 $	Group 2010 $	Company 2011 $	Company 2010 $
Salaries and wages	6,801,094	4,900,794	6,428,124	4,454,907
Pension contributions	593,729	413,114	473,343	309,478
Defined contribution plan - Medical aid contributions	415,857	281,485	365,308	223,199
	7,810,680	5,595,393	7,266,776	4,987,584

Included in salaries and wages is $ nil (2010 - $544,927) relating to the voluntary retrenchment scheme. Permanent employees of the group belong to various medical aid schemes run by independent medical aid societies.

10.2 Directors' emoluments

		Group 2011 $	Group 2010 $	Company 2011 $	Company 2010 $
Non executive directors:	- Fees	63,551	40,877	63,551	40,877
Executive directors :	- Remuneration	343,250	177,686	343,250	177,686
	- Retirement and medical aid benefits	83,883	17,638	83,883	17,638
		490,684	236,201	490,684	236,201

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$

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 to all permanent staff of the group, their spouses and dependants. 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% of pensionable monthly emoluments for each employee up to a maximum salary of $200 per month.

Contributions to the above aforementioned funds charged against trading profit:

	Group 2011 $	Group 2010 $	Company 2011 $	Company 2010 $
Edgars Pension Fund	509,664	327,747	414,849	250,629
National Social Security Authority	84,065	85,367	58,494	58,850
	593,729	413,114	473,343	309,478

10.4. Post-retirement medical aid

	Group 2011 $	Group 2010 $	Company 2011 $	Company 2010 $
Post-retirement medical aid net movement charged to trading profit (note 21.1)	21,681	(16,375)	21,681	(16,375)

10.5. Equity-settled share-based payments
Employee share option scheme (Group and Company)

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

Resolution date:	2011 Shares set aside:	2010 Shares set aside:
29 May 2007	15,000,000	15,000,000
10 June 2010	16,000,000	16,000,000
	31,000,000	31,000,000

10.5. Equity-settled share-based payments (continued)

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 second anniversary upon which a third can be exercised each 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

Option Series	Number	Grant Date	Expiry Date	Exercise Price Cents
1 Issued 29 June 2007	4,300,000	29/6/2007	28/6/2017	1.40
2 Issued 10 June 2008	5,350,000	10/6/2008	09/6/2018	0.30
3 Issued 9 July 2009	4,300,000	09/7/2009	08/7/2019	3.50
4 Issued 20 March 2010	1,050,000	20/3/2010	19/3/2020	3.50
5 Issued 11 June 2010	4,150,000	11/6/2010	10/6/2020	3.00
6 Issued 29 March 2011	4,233,333	29/3/2011	28/3/2021	8.80

There have been no cancellations or modifications to any of the plans during 2011 and 2010.

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 June 2007 Series 1	10 June 2008 Series 2	9 July 2009 Series 3	20 March 2010 Series 4	11 June 2010 Series 5	29 March 2011 Series 6
Weighted average fair value of options granted (cents)	0.74	0.22	3.47	3.47	2.98	7.22
The following key assumptions were made:						
Expected volatility	260%	260%	260%	260%	260%	127,3%
Risk free interest rate	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Expected dividend yield	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

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$

10.5. Equity-settled share-based payments (continued)

Movements in the year

The following table illustrates the movement in the number (No.) of share options during the year:

	2011	**2010**
	No	**No**
Outstanding at 1 January	18,300,000	13,550,000
Granted during the year	4,233,333	5,200,000
Forfeited during the year	(250,001)	(383,333)
Exercised during the year	(3,916,662)	(66,667)
Outstanding at 31 December	18,366,670	18,300,000
Exercisable at 31 December	4,783,338	4,166,667

The expense recognised for employee services in this period was $124,471 (2010-$56,588). 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.

11. Income Tax expense

		Group 2011 $	Group 2010 $	Company 2011 $	Company 2010 $
Tax comprises:					
Current tax in respect of the current year	-withholding tax	(283)	(287)	(283)	(287)
	-capital gains tax	(7,000)	(1,100)	(7,000)	(1,100)
	- normal tax	(106,830)	-	(106,830)	-
Deferred tax relating to the origination and reversal of temporary differences		(1,175,155)	(646,792)	(1,359,898)	(1,130,434)
Total tax expense		(1,289,269)	(648,179)	(1,474,011)	(1,131,821)

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

Profit for the year	4,625,641	2,156,616	5,376,177	4,028,862
Tax calculated at 25.75% inclusive of AIDS levy (2010: 25.75%)	(1,191,103)	(555,328)	(1,384,366)	(1,037,432)
Effect of revenue exempt from taxation	2,437	1,876	2,026	1,509
Effect of expenses which are not deductible	(100,604)	(72,529)	(91,672)	73,700
Effect on change in capital gains tax rate from 20% to 5% (effective 1 January 2010)	-	(22,198)	-	(22,198)
Tax expense recognised in profit	(1,289,269)	(648,179)	(1,474,011)	(1,131,821)

	Group		Company	
	2011	2010	2011	2010
	000's	000's	000's	000's
12. Earnings per share				
12.1.Weighted average number of ordinary shares (basic)				
Issued ordinary shares at the beginning of the year	278,808	278,742	278,808	278,742
Effect of treasury shares	(36,475)	(36,475)	(36,475)	(36,475)
Effect of share options exercised	1,392	22	1,392	22
Weighted average number of ordinary shares (basic)	243,725	242,289	243,725	242,289
12.2. Weighted average number of ordinary shares (diluted)				
Weighted average number of ordinary shares (basic)	243,725	242,289	243,725	242,289
Effect of share options on issue	10,035	9,891	10,035	9,891
Weighted average number of ordinary shares (diluted)	253,760	252,181	253,760	252,181
	$	$	$	$
12.3. Attributable Basis				
Profit attributable to ordinary shareholders	3,336,372	1,508,437	3,902,165	2,897,041
Cost of equity settled share based payments related to future years	143,942	56,588	143,942	56,588
Profit adjusted for cost of dilutive instruments	3, 480,314	1,565,025	4,046,107	2,953,629
Basic earnings per share (cents)	1.37	0.62	1.60	1.20
Diluted earnings per share (cents)	1.37	0.62	1.59	1.17

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
13. Cash flow				
13.1. Non-cash items				
Share-based payment expense	124,472	56,588	124,472	56,588
Depreciation	458,059	443,163	284,384	269,687
Inventory write-down	837,923	329,320	837,923	329,320
Net profit on disposal of property, plant and equipment (Note 7)	(79,919)	(63,662)	(79,919)	(54,272)
Increase / (decrease) in provisions	21,681	(16,375)	21,681	(16,375)
Provision for doubtful debts	222,358	102,065	222,358	102,065
	1,584,574	851,100	1,410,899	687,014
13.2. Working capital requirements				
Increase in inventories	(2,153,144)	(3,659,474)	(1,641,960)	(2,769,871)
Increase in accounts receivable	(3,843,649)	(13,213,307)	(3,779,875)	(13,173,545)
Increase in accounts payable	1,503,056	2,774,722	3,817,832	5,033,036
Net movement in balances with group companies	-	-	(3,486,222)	(4,891,668)
	(4,493,737)	(14,098,059)	(5,090,225)	(15,802,048)
13.3. Taxation paid				
Taxation liability at the beginning of the year	(1,100)	-	(1,100)	-
Current taxation provided (note 11)	(114,113)	(1,387)	(114,113)	(1,387)
Taxation liability at the end of the year	111,955	1,100	111,955	1,100
	(3,258)	(287)	(3,258)	(287)

	Group			Company		
	2011	2010	1 Jan 2010	2011	2010	1 Jan 2010
	$	$	$	$	$	$
14. Property, plant and equipment						
Cost	2,008,891	1,925,240	1,615,093	1,982,248	1,282,694	975,276
Valuation	2,845,101	1,174,730	1,245,031	1,953,419	922,864	989,806
Total cost or valuation	4,853,992	3,099,970	2,860,124	3,935,667	2,205,558	1,965,082
Accumulated depreciation and impairment	(865,480)	(459,236)	(32,097)	(519,930)	(287,360)	(32,097)
	3,988,512	2,640,734	2,828,027	3,415,737	1,918,198	1,932,985

14. Property, plant and equipment (continued)

	Group 2011 $	Group 2010 $	Group 1 Jan 2010 $	Company 2011 $	Company 2010 $	Company 1 Jan 2010 $
Freehold land	124,100	85,830	86,330	124,100	85,830	86,330
Buildings	1,167,900	929,059	965,000	1,167,900	929,059	965,000
Plant and equipment	694,917	815,077	953,862	164,375	142,784	128,228
Furniture, fittings and vehicles	2,001,595	810,768	822,835	1,959,362	760,525	753,427
	3,988,512	2,640,734	2,828,027	3,415,737	1,918,198	1,932,985

	Group Land & Buildings $	Group Plant & Equipment $	Group Furniture, Fittings & Vehicles $	Group Total $	Company Land & Buildings $	Company Plant & Equipment $	Company Furniture, Fittings & Vehicles $	Company Total $
Cost or valuation								
Opening balance at 1 January 2010	1,051,330	956,333	852,461	2,860,124	1,051,330	130,699	783,053	1,965,082
Additions	-	47,392	262,755	310,147	-	45,088	262,330	307,418
Disposals	-	(14,000)	(44,801)	(58,801)	-	(14,000)	(41,442)	(55,442)
Reclassified as held for sale	(11,500)	-	-	(11,500)	(11,500)	-	-	(11,500)
Balance at 31 December 2010	1,039,830	989,725	1,070,415	3,099,970	1,039,830	161,787	1,003,941	2,205,558
Additions	190,000	61,004	1,442,668	1,693,672	190,000	46,030	1,433,728	1,669,758
Disposals	-	(1,490)	(330)	(1,820)	-	(1,490)	(330)	(1,820)
Revaluation increase	117,270	-	-	117,270	117,270	-	-	117,270
Reclassified as held for sale	(55,100)	-	-	(55,100)	(55,100)	-	-	(55,100)
Balance at 31 December 2011	1,292,000	1,049,239	2,512,753	4,853,992	1,292,000	206,327	2,437,339	3,935,665
Accumulated depreciation or impairment								
Opening balance 1 January 2010	-	(2,471)	(29,626)	(32,097)	-	(2,471)	(29,626)	(32,097)
Eliminated on disposals of assets	-	2,095	13,642	15,737	-	2,260	11,877	14,137
Eliminated on reclassification as held for sale	287	-	-	287	287	-	-	287
Depreciation expense	(25,229)	(174,272)	(243,662)	(443,163)	(25,229)	(18,792)	(225,666)	(269,687)
Balance at 31 December 2010	(24,942)	(174,648)	(259,646)	(459,236)	(24,942)	(19,003)	(243,415)	(287,360)
Eliminated on disposals of assets	-	-	1,675	1,675	-	-	1,676	1,676
Eliminated on reclassification as held for sale	2,287	-	-	2,287	2,287	-	-	2,287
Eliminated on revaluation	47,852	-	-	47,852	47,852	-	-	47,852
Depreciation expense	(25,197)	(177,200)	(255,661)	(458,058)	(25,197)	(22,949)	(236,238)	(284,384)
Balance at 31 December 2011	-	(351,848)	(513,632)	(865,480)	-	(41,952)	(477,977)	(519,929)
Net carrying amount								
At 31 December 2011	1,292,000	697,391	1,999,121	3,988,512	1,292,000	164,375	1,959,362	3,415,736
At 31 December 2010	1,014,888	815,077	810,769	2,640,734	1,014,888	142,784	760,526	1,918,198
At 1 January 2010	1,051,330	953,862	822,835	2,828,027	1,051,330	128,228	753,427	1,932,985

14.1 Property, plant and equipment carried at fair value

The fair value of property, plant and equipment was determined by a Directors' valuation. The exercise was carried out with the use of independent valuers and experts as detailed below.

Land and buildings

An independent professional valuation of the Group's land and buildings was performed on 31 December 2011 to determine their fair value. The valuation was done on an open market value basis.

Plant and Machinery

An independent professional valuation of the Group's plant and machinery was performed on 9 January 2010 to determine their 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.

If property, plant and equipment were measured using the cost model, the carrying amount would be as follows:

		Group			Company	
	2011	2010	1 Jan 2010	2011	2010	1 Jan 2010
	$	$	$	$	$	$
Cost	2,008,891	1,925,240	1,615,093	1,982,248	1,282,694	975,276
Accumulated depreciation	(358,190)	(220,068)	(93,815)	(261,869)	(146,621)	(56,650)
Net carrying amount	1,650,701	1,705,172	1,521,278	1,720,379	1,136,073	918,626

14.2 Assets pledged as security

Freehold land and buildings with a carrying amount of $900 000 have been pledged to secure borrowings of the Group (see note 23). The freehold land and buildings have been pledged as security for bank loans under a mortgage. The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

15. Deferred tax balances

				Group			
	Opening balance 1 January 2010	Recognised in profit or loss	Recognised directly in *OCI	Closing balance 31 Dec 2010	Recognised in profit or loss	Recognised directly in *OCI	Closing balance 31 Dec 2011
	$	$	$	$	$	$	$
Temporary differences							
Property, plant and equipment	(729,466)	127,668	-	(601,798)	(18,221)	(8,375)	(628,394)
Provisions	(6,206)	(20,659)	-	(26,865)	4,220	-	(22,645)
Section 18 installment allowances	(232,904)	(1,293,835)	-	(1,526,739)	(196,618)	-	(1,723,357)
Other	-	(91,309)	-	(91,309)	(33,486)	-	(124,795)
	(968,576)	(1,278,135)	-	(2,246,711)	(244,104)	(8,375)	(2,499,190)
Unused tax losses and credits							
Tax losses	1,005,773	631,344	-	1,637,117	(931,053)	-	(706,064)
	37,197	(646,791)	-	(609,594)	(1,175,157)	(8,375)	(1,793,126)

15. Deferred tax balances (continued)

	Opening balance 1 January 2010 $	Recognised in profit or loss $	Recognised directly in *OCI $	Company Closing balance 31 Dec 2010 $	Recognised in profit or loss $	Recognised directly in *OCI $	Closing balance 31 Dec 2011 $
Temporary differences							
Property, plant and equipment	(499,281)	83,009	-	(416,272)	(61,402)	-	(477,674)
Provisions	41,343	(18,559)	-	22,784	4,219	-	27,003
Section 18 installments allowances	(234,557)	(1,293,835)	-	(1,528,392)	(196,618)	-	(1,725,010)
Other	(54,701)	(91,617)	-	(146,318)	(36,397)	(8,375)	(191,090)
	(747,196)	(1,321,002)	-	(2,068,198)	(290,198)	(8,375)	(2,366,771)
Unused tax losses and credits							
Tax losses	879,133	190,569	-	1,069,702	(1,069,702)	-	-
	131,937	(1,130,433)	-	(998,496)	(1,359,900)	(8,375)	(2,366,771)

***OCI -** Other Comprehensive Income

	Group 2011 $	2010 $	1 Jan 2010 $	Company 2011 $	2010 $	1 Jan 2010 $
Reflected in the statement of financial position as follows:						
Deferred tax asset	573,644	388,901	131,937	-	-	131,937
Deferred tax liability	(2,366,770)	(998,496)	(94,740)	(2,366,771)	(998,496)	-
Deferred tax (liabilities) / assets	(1,793,126)	(609,595)	37,197	(2,366,771)	(998,496)	131,937

A deferred tax asset was recognised in the manufacturing business unit as directors have reason to believe that the asset will reverse in the foreseeable future and taxable profit will be available, based on forecasted results, against which the temporary differences can be utilised before expiry.

16. Inventories

Raw materials	1,349,668	1,122,370	964,206	-	-	-
Work in progress	82,278	68,289	59,464	-	-	-
Goods in transit	277,637	214,741	70,970	-	-	-
Merchandise	6,808,609	5,859,592	2,890,488	5,805,718	5,066,065	2,634,557
Consumable stores	332,061	270,040	219,749	229,421	165,036	155,994
	8,850,253	7,535,032	4,204,878	6,035,140	5,231,101	2,790,551

Refer note 23.3 for inventories pledged as security for borrowing and loans.
The amount of write-down of inventories recognised as an expense in the Group is $837,923 (2010:$329,320), which is recognised in cost of sales.

	Group			Company		
	2011	2010	1 Jan 2010	2011	2010	1 Jan 2010
	$	$	$	$	$	$
17. Accounts receivable						
Trade accounts receivable	18,667,746	15,108,841	2,534,475	18,601,862	15,092,619	2,507,111
Less: - Specific provision for impairment of receivables	(380,988)	(158,630)	(56,565)	(374,565)	(152,207)	(50,142)
Other accounts receivable including payments in advance	1,227,799	943,055	304,115	1,137,196	866,564	278,527
	19,514,557	15,893,266	2,782,024	19,364,492	15,806,975	2,735.496
The movement in the provision for impairment is as follows:						
Opening balance	(158,630)	(56,565)	-	(152,207)	(50,142)	-
Charge for the year	(222,358)	(102,065)	(56,565)	(222,358)	(102,065)	(50,142)
Closing balance	(380,988)	(158,630)	(56,565)	(374,565)	(152,207)	(50,142)

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 (2010 - 180 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.

18. Assets classified as held for sale

Buildings	10,227	46,746	47,093	10,227	46,746	47,093

The Group decided to dispose of former store managers houses in small towns. Potential buyers have been identified. The fair value less costs to sell are higher than the carrying amount and therefore there is no write-down required. The sale is likely to be completed by December 2012. The assets are disclosed under the retail reporting segment.

19. Share capital and premium (Group and Company)

19.1 Authorised ordinary share capital

400,000,000 Ordinary shares of $0.0001 each	40,000	40,000	-

19. Share capital and premium (continued)

19.2 Issued ordinary shares and premium

	Number of shares 000's	Share capital $	Share premium $	Issued capital total $
Balance 1 January 2010	278,742	-	5,601	5,601
Share redenomination	-	27,874	-	27,874
Issue of shares under employee share option plan	67	7	926	933
Balance at 31 December 2010	278,808	27,881	6,527	34,408
Issue of shares under employee share option plan	3,917	392	45,026	45,417
Balance at 31 December 2011	282,725	28,273	51,553	79,825

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 117,274,964 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 17,274,964 are under the control of the company in a general meeting.

20. Other reserves

	Group 2011 $	Group 2010 $	Group 1 Jan 2010 $	Company 2011 $	Company 2010 $	Company 1 Jan 2010 $
Equity-settled employee benefits reserve	237,089	112,617	56,029	237,089	112,617	56,029
Change in functional currency	928,907	932,267	3,723,002	420,932	420,932	1,649,933
Revaluation reserve	1,022,565	865,824	932,824	824,676	667,931	734,931
	2,188,565	1,910,708	4,711,855	1,482,697	1,201,480	2,440,893

Nature and purpose of reserves

Revaluation reserve

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

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 of the change over and has been designated as 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			Company		
	2011	2010	1 Jan 2010	2011	2010	1 Jan 2010
	$	$	$	$	$	$
20.1. Revaluation reserve						
Balance at beginning of year	865,824	932,824	-	667,931	734,931	-
Increase arising on revaluation of PPE (note 14)	165,120	-	1,245,031	165,120	-	989,806
Deferred tax liability arising on revaluation	(8,375)	-	(312,207)	(8,375)	-	(254,875)
Transfer relating to assets disposed	-	(67,000)	-	-	(67,000)	-
Balance at end of year	1,022,569	865,824	932,824	824,676	667,931	734,931
21.Trade and other payables						
Trade accounts payable	3,628,128	3,253,624	1,853,795	8,441,907	5,728,890	2,033,641
Sundry accounts payable and accrued expenses	3,627,452	2,498,901	1,124,008	3,512,190	2,407,375	1,069,589
	7,255,580	5,752,525	2,977,803	11,954,097	8,136,265	3,103,230

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

21.1. Provisions (Group and Company)
Post-retirement medical aid provision

The cost of providing post-retirement medical aid contributions has been determined in accordance with IAS 19. The value of the Group's liability for the past service element of these contributions as at 31 December 2011 was $75,306 (2010 - $53,625). The Group's liability in this respect is re-determined on an annual basis and the movement in the amount is charged against trading profit.

Valuation assumptions

Post retirement medical obligation valuation assumptions and sensitivity

	2011	2010	1 Jan 2010
Net discount rate	5%	5%	1%
Normal retirement age	55 years	55 years	60 years
Pre-retirement mortality	A67-70	A67-70	56-62
Post-retirement mortality	A67-70	A67-70	55
Contributions rates-per member	From $85 to $145	From $66 to $76	$40

The unfunded liability in the balance sheet is as follows:

Opening balance	53,625	70,000	-
Actuarial (gain) / loss	21,681	(16,375)	70,000
Liability at the end of the year	75,306	53,625	70,000

The valuation results are extremely sensitive to the assumptions used. The value of the liability could turn out to be overstated or understated depending on the extent to which actuarial experience differs from the above assumptions.

		Group			Company	
	2011	2010	1 Jan 2010	2011	2010	1 Jan 2010
	$	$	$	$	$	$

	Central assumption	Decrease 1%	Increase 1%
	$	$	$
Members	75,306	83,022	68,733
Accrued liability - % change	-	10%	(9%)

22. Current tax liabilities

	2011	2010	1 Jan 2010	2011	2010	1 Jan 2010
Normal tax	106,830	-	-	106,830	-	-
Capital gains tax	5,125	1,100	-	5,125	1,100	-
	111,955	1,100	-	111,955	1,100	-

23. Interest bearing loans and borrowings

	2011	2010	1 Jan 2010	2011	2010	1 Jan 2010
Bank overdrafts	1,399,869	2,209,375	568,705	1,399,869	2,207,991	567,770
Bills discounted	10,152,000	13,488,595	4,089,397	10,152,000	13,488,595	4,089,397
Loans	4,100,462	-	-	4,100,462	-	-
	15,652,332	15,697,970	4,658,101	15,652,332	15,696,586	4,657,166
Less: Long term portion of loan disclosed under non-current liabilities	(1,501,930)	-	-	(1,501,930)	-	-
Current portion	14,150,402	15,697,970	4,658,101	14,150,402	15,696,586	4,657,166

23.1. Unsecured - at amortised cost

	2011	2010	1 Jan 2010	2011	2010	1 Jan 2010
Bank overdrafts	926,073	1,416,626	69,469	926,073	1,416,626	68,534
Bills discounted	1,152,000	5,107,000	2,731,876	1,152,000	5,107,000	2,731,876
	2,078,073	6,523,626	2,801,345	2,078,073	6,523,626	2,800,410

23.2. Secured - at amortised cost

	2011	2010	1 Jan 2010	2011	2010	1 Jan 2010
Bank overdrafts	473,796	792,749	499,236	473,796	791,365	499,236
Bills discounted	9,000,000	8,381,595	1,357,520	9,00,000	8,381,595	1,357,520
Loans	4,100,462	-	-	4,100,462	-	-
	13,574,259	9,174,344	1,856,756	13,574,259	9,172,960	1,856,756
	15,652,332	15,697,970	4,658,101	15,652,332	15,696,586	4,657,166

23.3. Summary of borrowing arrangements

(i) Secured with an external guarantee, Notorial General Covering Bond and Negative Pledge over assets and a mortgage over the Group's freehold land and buildings.

(ii) The weighted average effective interest rate on the bank overdrafts is 14.55% (2010-18.2%) per annum.

(iii) Tenures range between 30 days and 2 years.

24. Lease commitments

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:				
Within one year	2,255,462	2,479,620	2,255,462	2,479,620
After one year but not more than five years	3,526,542	2,098,304	3,526,542	2,098,304
More than five years	-	20,625	-	20,625
	5,782,004	4,958,549	5,782,004	4,958,549

25. Future capital expenditure

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

Authorised and contracted for	176,107	61,266	169,652	61,266
Authorised but not yet contracted for	5,376,261	2,291,171	5,000,000	1,889,471
	5,552,368	2,352,437	5,169,652	1,950,737

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

26. Contingent liabilities

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

27.1. Financial risk management objectives and policies

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. 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.

27.2. 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 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 borrowings are short-term and at a fixed rate of interest.

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 were:

	South African Rand	Botswana Pula
Foreign denominated balances		
Assets		
Cash and cash equivalents	227,488	8,662
Liabilities		
Trade payables	(2,332,434)	-
Total net position	(2,104,946)	8,662
Impact of US$ strengthening by 10% - gain/ (loss) in US$		
Impact on profit	23,920	(105)
Impact of US$ weakening by 10% - gain/ (loss) in US$		
Impact on profit	(29,235)	128

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.

27.3. 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 Statements 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 17.

As at 31 December, the ageing analysis of trade receivables is as follows:

	Total net $	Neither past due nor impaired	Past due but not impaired 30 days	Past due but not impaired 30+days
2011	18,286,758	14,185,371	3,238,547	862,840
2010	14,950,211	12,802,258	1,924,130	223,823
2009	2,477,910	2,162,228	302,946	12,736

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.

27.4. 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.

Unutilised banking facilities	2011 $	2010 $
Total banking and loan facilities	33,700,000	24,435,000
Actual interest-bearing debt (note 23)	(15,652,332)	(15,697,970)
	18,047,669	8,737,031

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 amount is calculated as the aggregate of shareholders' equity, inventories and debtors in respect of interest bearing debt.

27.4. Liquidity risk (continued)

	2011	2010
	$	$
Maximum permissible interest bearing debt	36,156,619	27,557,100
Actual interest bearing debt (note 23)	(15,652,332)	(15,697,970)
	20,504,288	11,859,131
Cash and cash equivalents	316,562	127,840
Unutilised borrowing capacity	20,820,850	11,986,971

Sustainable liabilities

The unutilised liability capacity is based on the estimated capacity of each asset investment to sustain liabilities.

	Liability capacity	2011	2010
Property, plant and equipment	50%	1,994,256	1,320,367
Inventories	75%	6,637,689	5,651,274
Accounts receivable	66%	12,879,607	10,489,556
Cash and cash equivalents	100%	316,562	127,840
		21,828,115	17,589,037
Interest free liabilities		7,255,580	5,752,525
Permissible interest bearing debt at end of year		29,083,695	23,341,562
Actual interest bearing debt (note 23)		(15,652,332)	(15,697,970)
Unutilised liability capacity		13,431,363	7,643,592

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

2011	On demand	less than 3mths	3-12 mths	1-2years	Total
Interest bearing loans and borrowings	1,399,870	352,000	12,398,532	1,501,930	15,652,332
Trade and other payables	-	7,255,580	-	-	7,255,580
	1,399,870	7,607,580	12,398,532	1,501,930	22,907,912
2010					
Interest bearing loans and borrowings	2,209,374	4,214,000	9,274,596	-	15,697,970
Trade and other payables	-	5,752,524	-	-	5,752,524
	2,209,374	9,966,524	9,274,596	-	21,450,494

27.5. Fair value of financial instruments

The estimated net fair values have been determined as at 31 December 2011, using available market 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, trade accounts receivable, investments and loans:
The carrying amounts reported in the statement of financial position approximate fair values.

Interest bearing debt:
The carrying amount of interest bearing debt approximates its fair value.

27.6. 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 2011 was $23,444,142 (2010: $19,826,773).

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 2011, the Group's strategy was to maintain a net gearing ratio of below 1. As at 31 December 2011 the net gearing was -0.54 (2010:-0.08).

28. Interests of directors in share capital

The interests, direct and indirect of the directors in office at 31 December 2011 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	304,000	100
CF Dube	1,500	100
V Mpofu	-	100
L Masterson	757,799	100
S Ndlovu	-	100
TN Sibanda	-	100
LL Tsumba	-	100
Z Vella	99,405	100
Nominees	-	300
	1,162,704	1,100

No changes in Directors' shareholdings have occurred between the financial year end and 16 April 2012.
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.

29. Related party disclosures (Group and Company)

	2011	2010
Compensation of key management personnel of the Group	$	$
Short terms employee benefits	965,193	452,164
Post employment pension and medical benefits	185,343	58,015
Share-based payment transactions	124,472	56,588
Total compensation paid to key management personnel	1,275,008	566,767

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

30. Report of the directors

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

31. Going concern assumption

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

32. Events after the reporting period

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

Member Analysis			Shareholding Analysis	
Size of Holding	Number of Members	% of Total Shareholders	Number of Shares	% Of Total Shareholders
1 - 1000	428	33.91%	172,427	0.06%
1 001 - 2 000	309	24.48%	361,412	0.13%
2 001 - 5 000	144	11.41%	535,327	0.19%
5 001 - 10 000	97	7.69%	689,778	0.24%
10 001 - 100 000	191	15.13%	5,969,783	2.11%
Over 100 000	93	7.37%	274,996,309	97.27%
Totals	**1,262**	**100.00%**	**282,725,036**	**100.00%**

Company /Group	No. of Shareholders	No. of Shares Held	% of Total Shareholding
Bellfield Limited	1	112,138,510	39.66%
Nominee Companies	68	64,101,360	22.67%
Pension Funds	71	15,741,731	5.57%
Zimedgroup Employee Trust	1	35,950,445	12.72%
Investment & Other Corporate Bodies	478	11,625,680	4.11%
Insurance Companies	9	36,581,059	12.94%
Individuals	634	6,586,251	2.33%
Totals	**1,262**	**282,725,036**	**100.00%**

Financial Year Ending 07 January

Interim Results for the 26 weeks ending 9 July 2011	Published	September 2011
Analysts Briefing and Announcement of Results		March 2012
Press Announcement		March 2012
Notice to Shareholders		May 2012
Annual Report including Annual Financial Statements	Published	May 2012
Annual General Meeting		June 2012

Financial Year Ending 05 January 2013

Interim Results for the Half Year ending 7 July 2012	Published	September 2012
Analysts Briefing and Announcement of Interim Results		September 2012
Trading Update for Financial Year 2012		January 2013
Analysts Briefing and Announcement of Results for Financial Year 2012		March 2013
Annual General Meeting		June 2013

Notice is hereby given that the 63rd Annual General Meeting of members will be held at the Royal Harare Golf Club, 5th Street Extension, Harare on Wednesday, 6 June 2012 at 08.30 hours:-

Ordinary Business

1. To approve minutes of the Annual General Meeting held on 16 June 2011.

2. To receive and adopt the annual financial statements and the reports of the directors and auditors for the financial year ending 07 January 2012.

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

3.1 Mr. TN Sibanda and Mr. Z Vella retire by rotation. Being eligible they will offer themselves for re-election. Mr. JB Galloway, having been appointed subsequent to the previous Annual General Meeting, and being eligible, will offer himself for 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 25% (twenty 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% of its issued share capital in any one financial year, the directors are only seeking authority to repurchase up to 10% of issued share capital in this financial year, being 28 272 503 ordinary shares of $0.0001 each.

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

7 March 2012
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 Wednesday, 6 June 2012 at 08.30 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 Royal Harare Golf Club, 5th Street Extension, Harare on Wednesday, 6 June 2012 at 08.30 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 16 June 2011)			
Ordinary Resolution No 2 (Receipt and adoption of the annual financial statements for the year ending 07 January 2012)			
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 ______________________________ 2012

Signature_________________

(ASSISTED BY ME WHERE APPLICABLE)

Instructions overleaf

Instructions for Signing and Lodging this Proxy

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 initialled 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 12.00 hours on 4 June 2012.

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.

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

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Fax:263-9-68443
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Postal address
P O Box 894, Bulawayo, Zimbabwe

Company Secretary
Vusumuzi Mpofu

Transfer Secretaries
Corpserve (Pvt) Ltd
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Legal Advisors
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These results can be viewed on the internet at: http://www.edgars.co.zw