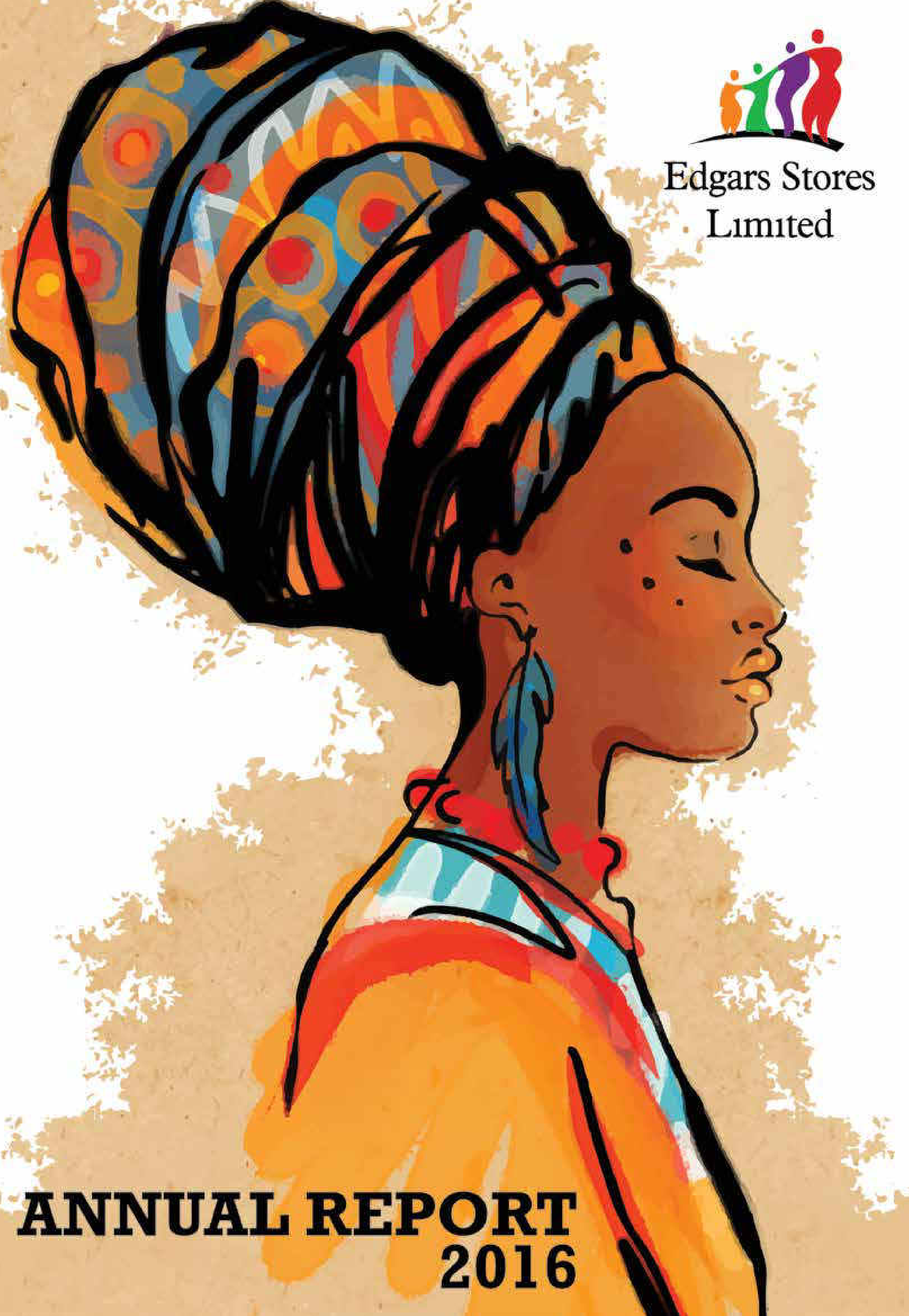

Edgars Stores Limited

ANNUAL REPORT 2016

These audited annual consolidated and separate financial statements ("financial statements") were prepared by Edgars Stores Limited Finance Department under the direction and supervision of the Group Finance Director, James Blair Galloway CA(Z).

Edgars

Our Business

Overview

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

Strategic Business Units

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

Retailing

We retail our products through the following established brands:

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

Jet: this brand provides quality, value and commercial fashion with compelling opening price points at very competitive prices to the whole family in the lower to middle income group. Our stores offer pleasant, economical shopping environments, laid out for self service; with assisted service available if needed.

Manufacturing

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

Our Business Philosophy

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

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

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

Management Philosophy

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

Mission Statement

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

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

Group Financial Highlights

	8 January 2017 52 weeks $000	9 January 2016 52 weeks $000 (restated)*
Group Summary		
Retail sales revenue	50,330	62,272
Earnings attributable to ordinary shareholders	548	3,964
Cash inflow from operating activities	10,226	4,102
Total assets	47,823	55,005
Market capitalisation	14,114	17,908
Ordinary share performance (cents per share)		
Earnings		
Basic	0.21	1.54
Diluted	0.21	1.53
Net equity	9.20	9.07
Market price	4.80	6.10
Financial statistics		
Return on ordinary shareholders equity	2.0	15.0
Liquidity ratios		
Current ratio	2.1	2.56
Gearing	0.35	0.66
Borrowing times covered by stock and debtors	3.2	2.5

* Certain amounts shown here do not correspond to the 9 January 2016 financial statements and reflect adjustments made, refer to note 29.

Corporate Board

Executive Directors

Linda Masterson* (61) FCIS
Group Managing Director
Joined the company in 1988
Appointed to the Board in 1991
Appointed Group Managing Director in April 2010

Vusumuzi Mpofu (49) ACMA, FCIS,
RP Acc (Z)
Edgars Chain Director
Joined the company in 2000
Appointed to the Board in 2008

Zebhediah Vella (59) BA Hons.
Accountancy and Economics
Corporate Services Director
Joined the company in 1989
Appointed to the Board in 1999

James B. Galloway (57) C.A.(Z)
Group Finance Director
Joined the company in 2011
Appointed to the Board in 2012

Non-Executive Directors

Themba N. Sibanda • (62)
B.Acc (Z) C.A.(Z)
Chairman
Appointed to the Board in 2003

Canaan F. Dube* • (60)
LLB (Hons), LLB, MBA
Appointed to the Board in 2004

Dr. Leonard L. Tsumba* • (73)
Phd, M.A, BSBA
Appointed to the Board in 2006

Raymond Mlotshwa (66) BA
Joined the company in 1981
Appointed to the Board in 1998
Appointed Group Managing Director in September 1999
Retired in March 2010
Appointed non-executive director in April 2010

Dr. Urin Ferndale* • (52) BA(cum laude),
BA (Hons), MA, DLitt et Phil
Appointed to the Board in September 2016

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

Depressed consumer demand for clothing together with stock movement challenges we faced in the transition period from old system to the new Enterprise Resource Planning (ERP) solution impacted on our performance in 2016. Sales of merchandise for the year at $50.3m are 19% below last year ($62.3m) although collections continued to show strength. Group margins came down by 3% from prior year due to aggressive mark downs in 2016, the impact of product mix and deliberate "right pricing". Cash inflow from operating activities of $10.2m is pleasing.
As reported at half year, once off costs approximating $2.5m mainly emanating from retrenchment and ERP implementation were incurred. This, and the fall in sales, impacted negatively on total comprehensive income which fell to $0.5m from $4.6m in 2015.

During 2015 and 2016 we embarked on a highly focused cost cutting exercise. Our achievement of this is illustrated by the fact that 2016 costs (excluding once off costs) are lower than 2015 expenses by $4 million, thus achieving our commitment to go into 2017 with a lean business model.

The new Enterprise Resource Planning (ERP) solution was successfully launched in October 2016. Business units are putting much effort into maximising the use of all functions available in the solution to ensure potential benefits are realised.

Retail Operations

Edgars Chain: Total sales were $32.2m (2015: $42.7m). Sales per square meter were $1 467 (2015: $1 921), a drop of 24%. Edgars traded from 27 stores (2015:28). Stock cover at year end was 16.7 weeks (2015:20.2 weeks).
Jet Chain: Total sales were $17.7m (2015: $19.1m). Sales per square meter were $1 990 (2015: $2 094). Jet traded from 24 stores (2015: 25). Stock cover at the end of the year was 8.7weeks (2015:15.3 weeks).

Credit Management

Edgars Chain debtors were $18.7m (2015: $28m), after an allowance for credit losses of $1.8m (2015: $1.7m). Net write-offs for the period averaged 7.9% (2015: 3.1%) of lagged credit sales, and 0.8% of lagged debtors (2015: 0.45%).
Jet Chain debtors are at $4.4m (2015: $4.9m), after an allowance for credit losses of $0.4m (2015: $0.1m). Net write-offs for the period equated to 6.1% (2015: 3.1%) of lagged credit sales, and 1% of lagged debtors (2015: 0.7%).

Manufacturing

The factory made a trading loss for the year of $0.4m. The loss was a result of reduced demand from group retail operations. Production is being affected by the limited allocation of foreign currency to the productive sector. Efforts to secure export orders are continuing.

Financing and cash flow

Loan repayments of $6.8m were made during the year thus reducing borrowings to $11.2m from $18m in 2015. Consequently, gearing reduced to 0.35 from 0.66 in 2015.

Outlook

The key strategic initiatives aimed at laying a solid foundation for the business to achieve profitable growth in future are largely complete. Focus in 2017 will be on growing sales through numerous activities including store improvements, marketing campaigns, staff training, improved supply chain management and merchandise assortments.

Dividend

Given the level of borrowings your company is again not able to declare a dividend this year.

Appreciation

I am grateful to board colleagues, management and staff for their dedication. I am also grateful to our customers for their loyalty and our landlords, bankers and suppliers for their continued support.

TN Sibanda
Chairman

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 National Code on Corporate Governance in Zimbabwe. The Board's responsibilities are well defined and adhered to. The Board's primary responsibilities, based on a predetermined assessment of materiality include amongst others:

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

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

The Board

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

The names and credentials of the directors in office at 8 January 2017 are detailed on page 8. 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 2016 financial year and attendance at each are contained below.

Attendance at Corporate Board Meetings: 2016

Board Attendance	March 2016	June 2016	September 2016	December 2016
T N Sibanda*	✓	✓	✓	✓
C F Dube*	✓	✓	✓	✓
L L Tsumba*	✓	X	✓	✓
R Mlotshwa*	✓	✓	✓	✓
U Ferndale*	✓	✓	✓	✓
L Masterson	✓	✓	✓	✓
Z Vella	✓	✓	✓	✓
V Mpofu	✓	✓	✓	✓
J B Galloway	✓	✓	✓	✓

Key: *Non-Executive Director ✓ - attended X – did not attend n/a- not applicable

Board Committees

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

Audit Committee

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

The Audit Committee comprises three non-executive directors whose details are provided on page 8. Mr. C. Dube chairs the Committee and the other members are Dr. L.L. Tsumba and Dr. U. Ferndale. 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 by invite.

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:

Attendance at Audit Committee Meetings

Audit	March 2016	May 2016	September 2016	December 2016
C F Dube*	✓	•	✓	✓
L L Tsumba*	✓	•	✓	✓
U Ferndale*	n/a	•	X	✓
L Masterson	✓	•	✓	✓

Attendance at Remuneration Committee Meetings

Remuneration	March 2016	May 2016	September 2016	December 2016
T N Sibanda*	✓	•	✓	•
C F Dube*	✓	•	✓	•
L L Tsumba*	✓	•	✓	•
U Ferndale*	n/a	•	X	•

Key: *Non-Executive Director ✓- attended X – did not attend n/a- not applicable • – no meeting

Accountability and Audit

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

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

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

Internal Audit

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

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

All Edgars business operations and support functions are subject to an internal audit. The Audit Committee approves the annual audit plans, which are based on an annual Group Risk Assessment. Internal audits are conducted according to the professional standards of the Institute of Internal Auditors.

The Group Internal Audit also facilitates the management of risk in order to maintain a high profile of the Group's risk management process without assuming responsibility for risk management; this being the responsibility of the Board. Group Internal Audit also conducts independent investigations in cases of fraud. Edgars is a member of Tip-Offs Anonymous, a hotline managed by Deloitte, which allows tip-off callers' confidentiality and anonymity on reporting matters.

External Audit

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

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

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

Employee Relationships

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

Employment Equity

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

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 52 weeks to 8 January 2017 incorporate the results for the fifty-two weeks ended 8 January 2017. 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 21 March 2017

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Derry House
Cnr Fife Street/ 6th Avenue
PO Box 437
Bulawayo

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF EDGARS STORES LIMITED
REPORT ON THE AUDIT OF THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and company financial statements of Edgars Stores Limited and its subsidiaries ("the Group") set out on pages 21 to 68 which comprise the statements of financial position as at 8 January 2017, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the 52 weeks then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated and companyfinancial statements present fairly, in all material respects, the consolidated and companyfinancial position of Edgars Stores Limited as at 8 January 2017, and the consolidated and company financial performance and cash flows for the 52 weeks then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Company Financial Statements* section of our report. We are independent of the group in accordance with the International Ethics Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing the audit of the consolidated and company financial statements of Edgars Stores Limited. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and company financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Company Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and company financial statements.

Key Audit Matter	How the matter was addressed in the audit
Recoverability of accounts receivable Trade accounts receivable of $25.6million disclosed in Note 17 constitute 49% of total assets on the statement of financial position. The recoverability of trade receivables which arise from credit extended to individual customers is a key element of Edgars Stores Limited's working capital and credit management. Adverse economic conditions expose the Group to a higher risk of customer defaults which is measured through bad debt write offs and the allowance for credit losses. Determination of the allowance for credit losses involves estimates and judgments. The allowance for credit losses amounted to $2.2million, which equates to 8.5% of trade accounts receivable compared to 5.8% in the prior year. The increased judgment required to determine adequacy of the allowance and significance of the impact of defaults on the financial statements resulted in additional auditor attention in this area.	Our procedures included, amongst others: • Assessing the appropriateness of the judgments applied by management in determining the allowance for credit losses based on our understanding of the business and the deteriorating trading environment; • Evaluating the reasonableness of the provisioning model • especially the inclusion of additional categories of arrear debtors in the allowance and the percentages applied in determining the allowance based on arrear and default records; • Analysing the trend of subsequent receipts from debtors and testing controls over the sales, receipts and ageing processes, to confirm the existence and valuation of the trade accounts receivable balance as at year-end; • Evaluating the adequacy of the disclosures in the financial statements relating to the description of the application of management's judgment in determining the allowance for credit losses.
Inventory existence Included in inventories (Note 16) is retail merchandise inventory amounting to $8.2million which represents 17% of Edgars Stores Limited's total assets. Theoretical inventory quantities are normally adjusted at half year and at year end when physical inventory counts are done. In the current year, inventory counts were also successfully performed at all locations in October 2016 when a new IT system was implemented, to ensure correct takeon balances were effected. At year end, the uniqueness of the new IT system required generation of a stock count plan from the system before the count which populates all items in all locations within the shop to be counted. Due to procedures not being adhered to properly before and during the year end counts at some locations, there were high physical inventory count variances such that management decided to rely on the theoretical inventory quantities. This, in combination with the complexity of the IT control environment on which the Group is heavily reliant on, resulted in significant auditor time required to perform other procedures to verify existence of inventory at year end.	Our audit procedures to test the existence of inventory comprised the following, amongst others: • Performing test counts at a sample of locations based on risk and size at year end, and comparing the results with the theoretical quantities in the system at year end; • Performing test re-counts subsequent to year end at a sample of locations based on size and extent of variances identified at the year-end count. We then performed detailed roll-back procedures on this sample to validate the theoretical quantities on hand at year end; and • Performing detailed roll-forward procedures on inventory values for all branches from the October 2016 inventory count to the theoretical value at year end.
IT system development and deployment The Group's accounting records and financial reporting processes rely on the effectiveness of the IT platform used. During the year, the Group implemented an Enterprise Resource Planning (ERP) system in October 2016 which integrated all core business processes in real-time. There are various risks associated with implementation of major IT projects including data integrity, underlying system accuracy and maintaining appropriate levels of system security. As the new integrated IT system implemented towards the end of the year is complex and critical to the Group's operations, this required significant audit effort to understand and rely on the controls for the three month period from October to year end.	Our procedures to rely on the new IT system included, amongst others: • Assessing the reasonableness of the Group's processes and controls over data migration of take-on balances into the new system, including evaluation of results from the pre and post system implementation reviews; • Performing tests of design and operating effectiveness over IT general controls which support reliance on application and ITdependent manual controls as well as electronic audit evidence. These included tests over data security, the mapping of information to financial statement captions, manage change controls, system logical access controls and disaster recovery plans; • Obtaining an understanding and testing of the design and operating effectiveness of IT application and IT-dependant manual controls for the three month period to year end; and • Testing the completeness and accuracy of electronic audit evidence and exception reports produced by the system to support the financial statement balances and transactions.

Other Information

The directors are responsible for the other information. The other information comprises the Business Report, Corporate Board Reports, Group Chairman's Statement and the Corporate Information. Other information does not include the consolidated and company financial statements and our auditor's report thereon. Our opinion on the consolidated and company financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the consolidated and company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Company Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and company financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and company financial statements, the directors are responsible for assessing the Group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and company financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 group's and company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and company financial statements, including the disclosures, and whether the consolidated and company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and company financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the consolidated and company financial statements, have in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The engagement partner on the audit resulting in this independent auditor's report is Ms Monica Chanduru (PAAB Practising Certificate Number 0567).

ERNST & YOUNG

CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS

BULAWAYO
21 MARCH 2017

Consolidated Statement of Profit or Loss and other Comprehensive Income

for the 52 weeks to 8 January 2017

Group 52 weeks to 8 January 2017 $	Group 52 weeks to 9 January 2016 $		Notes	Company 52 weeks to 8 January 2017 $	Company 52 weeks to 9 January 2016 $
52,123,970	63,902,247	Revenue	5	51,686,924	63,446,267
50,329,626	62,272,356	Sales of merchandise	5	49,892,579	61,816,376
(28,767,402)	(33,603,198)	Cost of sales		(29,785,764)	(34,930,111)
21,562,224	28,669,158	Gross profit		20,106,815	26,886,265
(137,292)	(69,314)	Other gains and losses	6	(133,145)	(62,382)
(5,530,155)	(6,104,432)	Credit management and debt collection costs		(5,530,155)	(6,104,432)
(11,913,954)	(12,620,890)	Store expenses		(11,913,954)	(12,620,890)
(12,211,701)	(11,577,910)	Other operating expenses		(11,383,798)	(10,094,369)
10,264,287	10,511,127	Finance income	7.6	10,264,287	10,511,127
(1,682,346)	(2,735,219)	Finance costs	7.7	(1,675,193)	(2,691,280)
351,063	6,072,520	Profit before tax		(265,143)	5,824,039
197,100	(2,108,486)	Income tax credit/(expense)	10	197,100	(2,014,276)
548,163	3,964,034	Profit for the year		(68,043)	3,809,763
		Other comprehensive income			
		Items that may not be reclassified to Profit and Loss			
-	792,372	Revaluation of property, plant and equipment		-	972,196
-	(187,391)	Deferred tax liability arising on revaluation		-	(187,391)
-	604,981	Other comprehensive income for the year (net of tax)		-	784,805
548,163	4,569,015	Total comprehensive income for the year		(68,043)	4,594,568
		Earnings per ordinary share	11		
0.21	1.54	Basic (cents per share)		(0.03)	1.48
0.21	1.53	Diluted (cents per share)		(0.03)	1.47

Consolidated Statement of Financial Position at 8 January 2017

Group				Company	
8 January 2017	9 January 2016		Notes	8 January 2017	9 January 2016
$	$			$	$
	(restated)*				(restated)*
		Assets			
		Non-current assets			
-	-	Intercompany loan		5,451,213	5,155,891
7,171,871	7,848,795	Property, plant and equipment	13	6,630,063	7,137,481
2,581,374	1,475,872	Intangible assets	15	2,581,374	1,475,872
9,753,245	9,324,667	Total non-current assets		14,662,650	13,769,244
		Current assets			
11,517,123	12,802,184	Inventories	16	8,131,578	9,294,801
24,808,994	32,344,417	Trade and other receivables	17	24,336,722	31,922,239
1,743,245	534,045	Cash and cash equivalents		1,741,657	516,189
38,069,362	45,680,646	Total current assets		34,209,957	41,733,229
47,822,607	55,005,313	Total assets		48,872,607	55,502,473
		Equity and liabilities			
		Capital and reserves			
391,339	378,089	Issued capital	18.1	391,339	378,089
2,631,782	2,603,902	Other reserves	18.2	2,613,715	2,585,834
24,019,948	23,471,784	Retained earnings		24,047,360	24,115,403
27,043,069	26,453,775	Total capital and reserves		27,052,414	27,079,326
		Non-current liabilities			
2,481,496	3,845,922	Deferred tax liabilities	14	2,481,496	3,845,923
321,923	6,859,007	Long term portion of interest bearing loans & borrowings	21	321,923	6,859,007
2,803,419	10,704,929	Total non-current liabilities		2,803,419	10,704,930
		Current liabilities			
6,566,206	5,879,634	Trade and other payables	19	7,763,089	5,879,634
476,742	801,041	Current tax liabilities	20	476,742	801,041
10,933,171	11,165,934	Interest bearing loans and borrowings	21	10,776,943	11,037,542
17,976,119	17,846,609	Total current liabilities		19,016,774	17,718,217
20,779,538	28,551,538	Total liabilities		21,820,193	28,423,147
47,822,607	55,005,313	Total equity and liabilities		48,872,607	55,502,473

* Certain amounts shown here do not correspond to the 9 January 2016 financial statements and reflect adjustments made, refer to note 29.

9.20	9.01	Net equity per share (cents)		9.20	9.22
		Gearing:			
0.35	0.66	-Gross		0.35	0.64
(0.46)	(0.16)	-Net		(0.46)	(0.05)

Consolidated Statement of Changes in Equity for the 52 weeks to 8 January 2017

	Notes	Issued capital and premium	Equity-settled employee benefits reserve	Revaluation reserve	Change in functional currency reserve	Retained earnings	Total
		$	$	$	$	$	$
Group							
Balance at 10 January 2015 (restated)*		352,472	873,124	1,022,569	750,663	18,757,087	21,755,915
Total comprehensive income for the period		-	-	604,981	-	3,964,034	4,569,015
Profit for the period		-	-	-	-	3,964,034	3,964,034
Other comprehensive income		-	-	604,981	-	-	604,981
Issue of ordinary shares under employee share option plan		25,617	-	-	-	-	25,617
Share based payment expense	9.1	-	103,228	-	-	-	103,228
Transfer to distributable reserve	18.2	-	-	-	(750,663)	750,663	-
Balance at 9 January 2016		378,089	976,352	1,627,550	-	23,471,784	26,453,775
Total comprehensive income for the period		-	-	-	-	548,163	548,163
Profit for the period		-	-	-	-	548,163	548,163
Other comprehensive income		-	-	-	-	-	-
Issue of ordinary shares under employee share option plan		13,250	-	-	-	-	13,250
Share based payment expense	9.1	-	27,881	-	-	-	27,881
Balance at 8 January 2017		391,339	1,004,233	1,627,550	-	24,019,947	27,043,069
Company							
Balance at 10 January 2015 (restated)*		352,472	873,124	824,676	335,717	19,969,923	22,355,912
Total comprehensive income for the period		-	-	784,805	-	3,809,764	4,594,569
Profit for the period		-	-	-	-	3,809,764	3,809,764
Other comprehensive income		-	-	784,805	-	-	784,805
Issue of ordinary shares under employee share option plan		25,617	-	-	-	-	25,617
Share based payment expense	9.1	-	103,228	-	-	-	103,228
Transfer to distributable reserve	18.2	-	-	-	(335,717)	335,717	-
Balance at 9 January 2016		378,089	976,352	1,609,481	-	24,115,404	27,079,326
Total comprehensive income for the period		-	-	-	-	(68,043)	(68,043)
Loss for the period		-	-	-	-	(68,043)	(68,043)
Other comprehensive income		-	-	-	-	-	-
Issue of ordinary shares under employee share option plan		13,250	-	-	-	-	13,250
Share based payment expense	9.1	-	27,881	-	-	-	27,881
Balance at 8 January 2017		391,339	1,004,233	1,609,481	-	24,047,361	27,052,414

* Certain amounts shown here do not correspond to the 9 January 2016 financial statements and reflect adjustments made, refer to note 29.

Consolidated Statement of Cash Flows for the 52 weeks to 8 January 2017

Group 52 weeks to 8 January 2017 $	Group 52 weeks to 9 January 2016 $ (restated)*		Notes	Company 52 weeks to 8 January 2017 $	Company 52 weeks to 9 January 2016 $ (restated)*
		Cash flows from operating activities			
351,063	6,072,518	Profit before tax		(265,143)	5,824,039
		Adjusted for:			
(10,264,287)	(10,511,127)	Finance income		(10,264,287)	(10,511,127)
1,682,346	2,735,219	Finance costs		1,675,193	2,691,280
3,627,075	3,851,718	Non cash items	12.1	3,457,568	3,746,227
7,596,912	(3,998,318)	Movements in working capital	12.2	8,722,053	(3,487,699)
2,993,109	(1,849,990)	Cash generated/(utilised) in operations		3,325,384	(1,737,280)
10,264,287	10,511,127	Finance income received		10,264,287	10,511,127
(1,540,213)	(2,764,977)	Finance costs paid		(1,533,060)	(2,721,038)
(1,491,627)	(1,793,382)	Taxation paid	12.3	(1,491,627)	(1,793,382)
10,225,556	4,102,778	Cash inflow from operating activities		10,564,984	4,259,427
		Cash flows from investing activities			
(749,096)	(628,199)	Payments for property, plant and equipment	13	(749,096)	(562,100)
(1,384,417)	(1,523,820)	Payments for intangible asset	15	(1,384,417)	(1,523,819)
15,884	26,031	Proceeds from disposal of property, plant and equipment		15,884	26,031
-	-	Net movement in balances with group companies		(295,323)	(520,033)
(2,117,629)	(2,125,988)	Net cash used in investing activities		(2,412,952)	(2,579,921)
		Cash flows from financing activities			
13,250	25,617	Proceeds from issue of equity shares		13,250	25,617
1,500,000	13,629,661	Proceeds from borrowings		1,500,000	13,629,661
(8,411,977)	(15,946,754)	Repayment of borrowings		(8,439,815)	(15,619,714)
(6,898,727)	(2,291,476)	Net cash used in financing activities		(6,926,565)	(1,964,436)
1,209,200	(314,686)	Net decrease in cash and cash equivalents		1,225,467	(284,930)
534,045	848,731	Cash and cash equivalents at the beginning of the period		516,190	801,119
1,743,245	534,045	Cash and cash equivalents at the end of the period		1,741,657	516,189

* Certain amounts shown here do not correspond to the 9 January 2016 financial statements and reflect adjustments made, refer to note 29.


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Notes to the Consolidated Financial Statements

1. CORPORATE INFORMATION

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

The consolidated financial statements of the Group for the 52 weeks to 8 January 2017 were authorized for issue in accordance with a resolution of the directors on 21 March 2017.

The Group's results are consolidated into Edcon Holdings (Pty) Ltd (South Africa), the ultimate parent. Information on other related party relationships of the Group is provided in Note 28.

2. FINANCIAL REPORTING

2.1 Basis of Preparation

The consolidated financial statements are prepared in accordance with the going concern and historical cost basis 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).

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of Edgars Stores Limited and its subsidiaries as at 8 January 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

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

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

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

If the Group loses control over a subsidiary, it:

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

2.3 Summary of significant accounting policies

2.3.1 Foreign currency translation

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

Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange ruling at the reporting date. All differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

2.3.2 Business combinations

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration, classified as an asset or a liability, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to OCI. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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

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

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

2.3.3 Revenue recognition

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

Sale of goods

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

Within the Jet chain, the Group operates a loyalty points programme, Jet Thank U, which allows customers to accumulate points when they purchase products in the Group's retail stores. The points can be redeemed for monetary discount, subject to a minimum number of points being obtained. Consideration received is allocated between the products sold and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of the points is determined by applying a statistical analysis. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed.

Commission income

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

Interest income

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

Subscriptions

Revenue from subscriptions is recognised when a customer has accepted the terms and conditions applicable to the benefits of membership as offered by the Group.

2.3.4 Taxes

Current income tax

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

Deferred tax

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

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

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

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

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

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

Deferred tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit and loss.

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

Value added tax

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

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

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

2.3.5. Pensions and other post-employment benefits

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

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

2.3.6. Share-based payment transactions

Equity-settled transactions

The cost of equity-settled transactions with employees for awards granted is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model, further details of which are given in note 9.

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 11.

Cash settled transactions

The cost of cash settled transactions with employees for awards granted is measured at the fair value of the liability. Until the liability is settled, the Group re-measures the fair value of the liability at each reporting date and at the date of settlement, with any changes in value recognised in profit or loss for the period. Further details are provided in note 9.

2.3.7 Financial instruments – initial recognition and subsequent measurement

a) Financial assets

i) Initial recognition and measurement

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

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

At the reporting date there were no held-to-maturity investments, available-for-sale financial assets and financial assets at fair value through profit or loss.

ii) Subsequent measurement

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

Loans and receivables

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

iii) Derecognition

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

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

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

iv) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

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

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

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. The interest income is recorded as part of finance income in profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other operating expenses in the statement of comprehensive income.

b) Financial liabilities

i) Initial recognition and measurement

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

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

ii) Subsequent measurement

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

Loans and borrowings

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

iii) Derecognition

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

c) Offsetting of financial instruments

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

2.3.8 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Any difference between the carrying amount and the consideration is recognised in other capital reserves.

2.3.9 Property, plant and equipment

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

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

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

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

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

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

2.3.10 Intangible assets

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

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

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

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

The useful lives of each category are as follows:
Computer software 5-10 years

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

2.3.11 Leases

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

Group as a lessee

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

Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.3.12 Borrowing costs

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

2.3.13 Inventories

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

Raw materials - average purchase cost

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

Merchandise – weighted average cost

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

2.3.14 Cash and cash equivalents

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

2.3.15 Provisions

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

2.3.16 Impairment of non-financial assets

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

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

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

2.3.17 Fair value measurement

The Group measures non-financial assets such as property, plant and equipment at fair value at reporting date.

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

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

The principal or the most advantageous market must be accessible to by the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2.3.18 Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

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

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.4 Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group's accounting policies are consistent with those applied in the prior year save for amendments to policy notes for new transactions in the current year. New amendments and improvements to IFRS that became effective in the current year have no impact on the Group's results.

2.5 Standards issued but not yet effective

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

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

IFRS 9: Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Group is currently assessing the impact of IFRS 9.

IFRS 15; Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.
The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is still assessing the impact of the standard on its contracts with customers.

IFRS 16: Leases

The International Accounting Standards board (IASB) issued IFRS 16 in January 2016 which requires lessees to recognize assets and liabilities for most leases on their balance sheets. Under the new standard, a lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. To be a lease, a contract must convey the right to control the use of the identified asset, which could be a physically distinct portion of an asset.

The standard will be effective for annual periods beginning on or after 1 January 2019. The Group is still assessing the impact of the standard.

IAS 7: Disclosure Initiative – Amendments to IAS 7

The amendments require entities to provide disclosures about changes in their liabilities arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The amendment is effective for annual periods beginning on or after 1 January 2017. Early application is permitted.

The Group intends to adopt these amendments when they become effective. Application of amendments will result in additional disclosure provided by the Group.

IFRS2: Classification and Measurement of Share-based Payment Transaction-Amendments to IFRS 2

The amendment is in relation to the classification and measurement of share-based payment transactions. The amendments address three main areas:

- The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction.
- The classification of a share-based payment transaction with net settlement features for withholding tax obligations; and
- The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification its from cash settled to equity.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted.

The Group is still assessing the impact of this amendment..

IFRIC 22-Foreign currency translation and advance consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.Entities may apply the amendments on a fully retrospective basis.

The interpretation is applicable for periods beginning on or after 1 January 2018 and early application is permitted and must be disclosed.

The Group has not opted for early application of this interpretation and will comply when it becomes effective.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

3.1 Judgments

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

3.1.1 Consolidation of structured entities

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

3.2 Estimates and assumptions

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

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

3.2.1 Revaluation of property, plant and equipment

Land, buildings, plant and equipment are stated at revaluation less accumulated depreciation. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ from its carrying amount. Refer note 13 for the carrying amount of property, plant and equipment and the estimates and assumptions used to determine the carrying amount of property, plant and equipment.

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

Property, plant and equipment is depreciated over its useful life taking into account residual values where appropriate. The actual useful lives of the assets and residual values are assessed at each reporting date and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining useful life of the asset and projected disposal values. Refer accounting policy note 2.3.9 for more information on the useful lives of property, plant and equipment.

3.2.3 Share based payment transactions

The Group measures the cost of equity-based transactions with employees by reference to the fair value of the equity instruments issued. Estimating fair value for sharebased 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 9.

3.2.4 Taxes

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

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits. Further details on deferred taxes are disclosed in Note 14.

3.2.5 Specific allowance for credit losses on trade receivables

The Group calculates this allowance 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.

3.2.6 Revenue recognition – Jet Thank U loyalty programme

The Group estimates the fair value of points awarded under the Jet Thank U programme by applying statistical techniques. Inputs to the model include points earned and redeemed during the year. Points issued under the programme do not expire.. As at 8 January 2017, the estimated liability for unredeemed points was $147 413 (2015: $66 369).

4. SEGMENT INFORMATION

4.1 Reportable segments

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

Edgars Chain
Jet Chain
Manufacturing (consisting of Carousel Manufacturing)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. All items that are not allocated to reporting segments are disclosed under Corporate.

4.2 Restatement of segment results

Segment profit/(loss) has been restated to reflect reclassification of finance income previously reported as part of Corporate income for the period ended 9 January 2016 and is now shown in the respective segment or chain. This enhances comparability of results for both chains since the recent introduction of credit in Jet.

The manufacturing profit for the year of $0.6m is after an impairment of an inter-company receivable of $1million. This is a consequence of the proposed divisionalisation of Carousel (Private) Limited.

Impact on segment report for the 52 weeks ended 9 January 2016	Edgars	Jet	Corporate	Total
	US$	US$	US$	US$
Increase/ (decrease) in segment profit	**9,154,026**	**1,357,101**	**(10,511,127)**	**-**

Segment Information for the 52 weeks to 8 January 2017

8 January 2017	Edgars	Jet	Manufacturing	Corporate	Total Segments	Adjustments and Eliminations	Consolidated
Revenue							
External customers	33,967,753	17,719,171	437,046	-	52,123,970	-	52,123,970
Inter-segments	-	-	3,358,353	-	3,358,353	(3,358,353)	-
Total revenue	**33,967,753**	**17,719,171**	**3,795,399**	**-**	**55,482,323**	**(3,358,353)**	**52,123,970**
Results							
Depreciation & Amortisation	(514,776)	(257,645)	(169,507)	(716,970)	(1,658,898)	-	(1,658,898)
Taxation credit	-	-	-	197,100	197,100	-	197,100
Finance cost	-	-	(7,153)	(1,675,193)	(1,682,346)	-	(1,682,346)
Finance Income	8,025,172	2,237,455	-	1,660	10,264,287	-	10,264,287
Segment profit	6,210,725	2,390,927	596,240	(8,866,794)	331,098	19,965	351,063
Total assets	28,904,782	8,203,469	5,715,596	11,764,352	54,588,201	(6,765,594)	47,822,607
Total liabilities	(1,094,270)	(512,274)	(5,715,597)	(20,222,991)	(27,545,132)	6,765,594	(20,779,538)

9 January 2016	Edgars	Jet	Manufacturing	Corporate	Total Segments	Adjustments and Eliminations	Consolidated
Revenue							
External customers	44,311,532	19,134,735	455,979	-	63,902,246	-	63,902,246
Inter-segments	-	-	4,978,731	-	4,978,731	(4,978,731)	-
Total revenue	**44,311,532**	**19,134,735**	**5,434,710**	**-**	**68,880,977**	**(4,978,731)**	**63,902,246**
Results							
Depreciation & Amortisation	(408,943)	(228,726)	(97,574)	(517,851)	(1,253,094)	-	(1,253,094)
Impairment of goodwill	-	-	-	(45,000)	(45,000)	-	(45,000)
Taxation expense	-	-	(94,211)	(2,014,275)	(2,108,486)	-	(2,108,486)
Finance cost	-	-	(43,939)	(2,691,280)	(2,735,219)	-	(2,735,219)
Finance Income	9,154,026	1,357,101	-	-	10,511,127	-	10,511,127
Segment profit (restated)	11,774,362	2,814,479	103,403	(8,764,803)	5,927,441	145,078	6,072,519
Total assets	36,715,533	9,033,470	4,887,285	9,735,883	60,372,171	(5,366,858)	55,005,313
Total liabilities	(1,953,461)	(978,783)	(5,465,939)	(25,520,213)	(33,918,396)	5,366,858	(28,551,538)

Adjustments and eliminations relate to intercompany sales, and intercompany balances

	Group		Company	
	52 weeks to 8 January 2017	52 weeks to 9 January 2016	52 weeks to 8 January 2017	52 weeks to 9 January 2016
	$	$	$	$
		(restated)		(restated)

5 Revenue

The following is an analysis of the Group's revenue for the year (excluding investment revenue)

Sale of merchandise	50,329,626	62,272,356	49,892,579	61,816,376
Retail sales	49,892,580	61,816,377	49,892,579	61,816,376
Manufacturing sales to third parties - local sales	437,046	455,979	-	-
Edgars Club subscriptions	1,219,407	1,181,710	1,219,408	1,181,710
Hospital Cash Plan and funeral insurance commission	574,937	448,181	574,937	448,181
	52,123,970	**63,902,247**	**51,686,924**	**63,446,267**

6 Other gains and losses

Loss on disposal of plant & equipment	30,153	58,464	30,153	58,462
Impairment of goodwill	-	45,000	-	45,000
Net foreign exchange losses/(gains)	107,139	(34,150)	102,992	(41,080)
	137,292	**69,314**	**133,145**	**62,382**

7 Profit / (loss)

Profit / (loss) for the period has been arrived at after charging (crediting):

7.1 Auditors remuneration :

Audit Fees	97,517	108,959	97,517	108,959
Fees for consulting & other services	24,112	23,441	24,112	23,441
	121,629	**132,400**	**121,629**	**132,400**

7.2 Depreciation expense

Depreciation of property, plant and equipment	**1,379,983**	**1,138,480**	**1,210,476**	**1,040,906**

7.3 Amortisation expense

Amortisation of intangible assets	**278,914**	**114,614**	**278,914**	**114,614**

7.4 Operating lease expenses :

Land and buildings :				
Minimum lease payments	4,646,578	4,080,346	4,646,578	4,080,346
Contingent rentals	99,287	172,570	99,287	172,570
Sublease receipts	(124,340)	(129,471)	(270,713)	(263,043)
	4,621,525	**4,123,445**	**4,475,152**	**3,989,873**

Further disclosures on leases have been provided in Note 23.

7.5 Fees payable

Legal and consultancy fees	510,296	456,288	507,254	446,002
Outsourcing of IT	163,790	220,510	163,790	220,510
	674,086	**676,798**	**671,044**	**666,512**

		Group		Company	
		52 weeks to 8 January 2017	52 weeks to 9 January 2016	52 weeks to 8 January 2017	52 weeks to 9 January 2016
		$	$	$	$
7.6	**Finance income**				
	Debtors interest charges	5,116,934	5,417,376	5,116,934	5,417,376
	Late payment charges	5,145,693	5,088,358	5,145,693	5,088,358
	Other interest received	1,660	5,393	1,660	5,393
		10,264,287	**10,511,127**	**10,264,287**	**10,511,127**
7.7	**Finance costs**				
	Interest on debt and borrowings	1,682,346	2,735,219	1,675,193	2,691,280
7.8	**Impairment of inter-company receivable**	-	-	1,030,406	-

impairment of an inter-company receivable of $1million is as a result of the proposed divisionalisation of Carousel (Private) Limited in 2017.

8 Directors and employees

8.1 Employees

The Group employed 662 (2015- 834) permanent employees of which 432 (2015- 540) were employed in retailing and 230 (2015- 294) in the manufacturing division.

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

	Group 52 weeks to 8 January 2017 $	Group 52 weeks to 9 January 2016 $	Company 52 weeks to 8 January 2017 $	Company 52 weeks to 9 January 2016 $
Salaries and wages	13,513,947	12,531,688	12,419,170	11,850,003
Pension contributions (note 8.3)	1,011,605	1,098,039	844,374	903,708
Medical aid contributions	427,827	484,845	370,639	420,639
	14,953,379	**14,114,572**	**13,634,183**	**13,174,350**

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

8.2 Directors' emoluments

	Group 52 weeks to 8 January 2017 $	Group 52 weeks to 9 January 2016 $	Company 52 weeks to 8 January 2017 $	Company 52 weeks to 9 January 2016 $
Non executive directors :				
- Fees	113,200	107,275	113,200	107,275
Executive directors :				
- Remuneration	866,899	1,053,348	866,899	1,053,348
- Retirement and medical aid benefits	101,689	99,707	101,689	99,707
	1,081,788	**1,260,330**	**1,081,788**	**1,260,330**

8.3 Pension funds

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

Edgars Pension Fund

The Edgars Pension Fund is a defined contribution fund and provides pensions and other associated benefits for all employees on the permanent staff of the Group, their spouses and dependents. Member contributions to the fund are set at 5% whilst the employer rate is set at 12% of monthly pensionable salaries. Employer contributions are recognised in profit or loss. The Fund is governed by legislation in the Pension and Provident Funds Act, Chapter 24:09.

National Social Security Authority Scheme

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

Contributions to the above aforementioned funds charged against profit or (loss):				
Edgars Pension Fund	804,884	840,359	680,160	707,360
National Social Security Authority	206,721	257,680	164,214	196,347
	1,011,605	**1,098,039**	**844,374**	**903,707**


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9 Share based payments

9.1 The expense recognised for employee services received during the year is shown in the following table:

	2016	2015	2016	2015
	$	$	$	$
Expense arising from equity-settled share-based payment transactions	27,881	103,228	27,881	103,228
Expense arising from cash-settled share-based payment transactions	14,941	29,365	14,941	29,365
	42,822	132,593	42,822	132,593

9.2 Employee equity settled share option scheme

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

Directors were authorised to grant options from shares set aside at their discretion.

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

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

Share options granted

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

There have been no cancellations or modifications to any of the plans during 2016 and 2015. Cancelled and fofeited options are issued to other employees and are included in the share options granted above.

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.

Movements in the year

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

	52 weeks to 8 January 2017 No.	52 weeks to 8 January 2017 WAEP USc	52 weeks to 9 January 2016 No.	52 weeks to 9 January 2016 WAEP USc
Outstanding at the beginning of the period	15,971,502	8.14	16,441,502	8.10
Granted during the year	-		-	-
Exercised during the year	(483,334)	0.03	(470,000)	5.45
Outstanding at the end of the period	15,488,168	8.31	15,971,502	8.14
Exercisable at the end of the period	13,971,501	-	11,469,669	-
Weighted average remaining contractual life (years)	4.80	-	5.40	-

9.3 Share Appreciation Rights (Cash Settled share options)

The Group's senior management employees are granted share appreciation rights (SARs), settled in cash. The SARs vest when specified performance criteria are met within three years from the date of grant and the employee continues to be employed by the Group at the vesting date. The share options can be exercised up to six years after the grant date and therefore, the contractual term of the SARs is six years. Fair value of the SARs is measured at each reporting date using a binomial/ Black Scholes option pricing model.

The carrying amount of the liability relating to the SARs at 8 January 2017 was $8 234 (9 January 2016- $30 998)

No SARs had vested, nor had any been forfeited at 8 January 2017 and 9 January 2016, respectively.

There were no cancellations or modifications to the awards in 2016 or 2015.

Inputs to the valuation model for the SARs for the years ended 8 January 2017 and 9 January 2016 respectively:

	53 weeks to 10 January 2015	52 weeks to 9 January 2016	52 weeks to 8 January 2017
8 January 2017			
Weighted average fair values at the measurement date (Usc)	1.53	1.87	1.41
Expected Volatility	15%	15%	15%
Risk free interest rate	10%	10%	10%
Expected Dividend Yield	0%	0%	0%
Expected Life (years)	1.75	2.75	3.75
9 January 2016			
Weighted average fair values at the measurement date (Usc)	1.53	1.87	
Expected Volatility	37%	37%	
Risk free interest rate	10%	10%	
Expected Dividend Yield	0%	0%	
Expected Life (years)	5	6	


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	Group		Company	
	52 weeks to 8 January 2017	52 weeks to 9 January 2016	52 weeks to 8 January 2017	52 weeks to 9 January 2016
	$	$	$	$
		(restated)		(restated)
10 Taxes				
Taxes recognised in profit or loss				
Tax comprises:				
Current tax in respect of the current year -withholding tax	-	(3)	-	(2)
-normal tax	(1,167,327)	(2,304,388)	(1,167,327)	(2,304,388)
Deferred tax relating to the origination and reversal of temporary differences	1,364,427	195,905	1,364,427	290,114
	197,100	**(2,108,486)**	**197,100**	**(2,014,276)**
Taxes recognised in other comprehensive income				
Deferred tax recognised on revaluation of property, plant and equipment	-	(187,391)	-	(187,391)

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

Profit before tax for the year:	351,063	6,072,520	(265,142)	5,824,039
Tax calculated at 25.75% (inclusive of AIDS levy)	(90,399)	(1,563,674)	68,274	(1,499,690)
Effect of revenue exempt from taxation	427	329	427	329
Effect of expenses which are not tax deductible	(325,136)	(518,285)	(322,868)	(514,915)
Effect of expenses deductible in the current year	439,379	-	451,267	-
Unrecognised deferred tax in respect of manufacturing subsidary losses	-	(26,856)	-	-
Utilisation of unrecognised deferred tax asset	172,829	-	-	-
Tax charge recognised in profit or loss	**197,100**	**(2,108,486)**	**197,100**	**(2,014,276)**

Expenses which are not tax deductible include allowance for credit losses, donations, fines and penalties, impairments and excess pension fund contributions

11 Earnings per ordinary share

11.1 Weighted average number of ordinary shares (basic)	000's	000's	000's	000's
Issued ordinary shares at the beginning of the period	293,567	293,097	293,567	293,097
Effect of treasury shares (note 18.1.1)	(36,475)	(36,475)	(36,475)	(36,475)
Effect of share options exercised	49	266	49	266
Weighted average number of ordinary shares used in calculating earnings per share	**257,141**	**256,888**	**257,141**	**256,888**
11.2 Weighted average number of ordinary shares (diluted)				
Weighted average number of ordinary shares (basic)	257,142	256,888	257,142	256,888
Effect of share options on issue	1,517	2,728	1,517	2,728
Weighted average number of ordinary shares (diluted)	**258,659**	**259,616**	**258,659**	**259,616**
11.3 Attributable basis				
	$	$	$	$
Profit attributable to ordinary shareholders	548,163	3,964,034	(68,043)	3,809,763
Adjustments to basic earnings	-	-	-	-
Profit adjusted for cost of dilutive instruments	**548,163**	**3,964,034**	**(68,043)**	**3,809,763**
Basic earnings per share (cents)	0.21	1.54	(0.03)	1.48
Diluted earnings per share (cents)	0.21	1.53	(0.03)	1.47

	Group		Company	
	52 weeks to 8 January 2017 $	52 weeks to 9 January 2016 $ (restated)	52 weeks to 8 January 2017 $	52 weeks to 9 January 2016 $ (restated)
12 Cash flow				
12.1 Non-cash items				
Share based payment expense	42,822	132,594	42,822	132,594
Depreciation	1,379,983	1,138,480	1,210,476	1,040,906
Inventory write-down	1,636,233	1,128,160	1,636,233	1,127,669
Amortisation and impairment of intangible assets	278,914	159,614	278,914	159,614
Net loss on disposal of property, plant and equipment (note 6)	30,153	58,464	30,153	58,462
Allowance for credit losses	258,970	1,234,405	258,970	1,226,982
	3,627,075	**3,851,717**	**3,457,568**	**3,746,227**
12.2 Working capital requirements				
Decrease/(Increase) in inventories	(351,171)	(2,241,269)	(473,010)	(2,002,950)
Decrease in accounts receivable	7,276,452	736,872	7,326,548	856,825
Increase/(Decrease) in accounts payable	671,633	(2,493,921)	1,868,515	(2,341,574)
	7,596,914	**(3,998,318)**	**8,722,053**	**(3,487,699)**
12.3 Taxation paid				
Taxation liability at the beginning of the year	(801,042)	(290,033)	(801,042)	(290,033)
Current taxation provided (note 10)	(1,167,327)	(2,304,391)	(1,167,327)	(2,304,391)
Taxation liability at the end of the year	476,742	801,042	476,742	801,042
	(1,491,627)	**(1,793,382)**	**(1,491,627)**	**(1,793,382)**

13 Property, plant and equipment

Group

	Land & Buildings	Leasehold Improvements	Furniture,fittings & equipment	Computer equipment and software	Motor Vehicles	Plant & Machinery	Total
	$	$	$	$	$	$	$
Cost or valuation							
Balance at 10 January 2015 (restated)	1,312,249	2,558,035	2,907,500	960,646	1,131,378	1,857,226	10,727,034
Additions	7,538	76,593	259,443	100,292	156,465	27,869	628,200
Disposals	-	-	(104,284)	(17,621)	(70,314)	-	(192,219)
Revaluation adjustment	303,372	-	422,349	126,264	319,165	(378,779)	792,371
Transfer on Revaluation	(128,821)	-	(364,013)	(378,203)	(715,221)	(862,222)	(2,448,480)
Balance at 9 January 2016 (restated)	1,494,338	2,634,628	3,120,995	791,378	821,473	644,094	9,506,906
Additions	-	8,739	79,658	536,920	73,310	50,468	749,096
Disposals	-	-	-	-	(71,014)	-	(71,014)
Balance at 8 January 2017	**1,494,338**	**2,643,367**	**3,200,653**	**1,328,298**	**823,769**	**694,562**	**10,184,988**
Accumulated depreciation or impairment							
Balance at 10 January 2015	(96,563)	(604,213)	(746,333)	(312,546)	(574,999)	(741,086)	(3,075,740)
Current year expense	(32,280)	(259,413)	(338,462)	(177,071)	(208,115)	(123,139)	(1,138,480)
Eliminated on disposals of assets	-	-	46,662	16,646	44,321	-	107,629
Transfer on Revaluation	128,821	-	364,013	378,203	715,221	862,222	2,448,480
Balance at 9 January 2016	(22)	(863,626)	(674,120)	(94,768)	(23,572)	(2,003)	(1,658,111)
Current year expense	(30,813)	(264,973)	(465,294)	(253,202)	(261,942)	(103,759)	(1,379,983)
Eliminated on disposals of assets	-	-	-	-	24,977	-	24,977
Balance at 8 January 2017	(30,835)	(1,128,599)	(1,139,414)	(347,970)	(260,537)	(105,762)	(3,013,117)
Net carrying amount at 8 Janaury 2017	1,463,503	1,514,768	2,061,239	980,328	563,232	588,801	7,171,871
Net carrying amount at 9 Janaury 2016 (restated)	**1,494,316**	**1,771,002**	**2,446,875**	**696,610**	**797,901**	**642,091**	**7,848,795**

Company

	Land & Buildings	Leasehold Improvements	Furniture,fittings & equipment	Computer equipment and software	Motor Vehicles	Plant & Machinery	Total
	$	$	$	$	$	$	$
Balance at 10 January 2015 (restated)	1,312,249	2,552,169	2,847,972	918,976	1,036,685	484,396	9,152,447
Additions	7,538	76,593	258,863	122,286	96,775	46	562,101
Disposals	-	-	(103,580)	(16,949)	(47,987)	-	(168,516)
Revaluation adjustment	303,372	-	329,677	84,292	301,920	(47,065)	972,196
Transfer on Revaluation	(128,820)	-	(352,197)	(363,388)	(663,526)	(230,062)	(1,737,993)
Balance at 9 January 2016 (restated)	1,494,339	2,628,762	2,980,735	745,217	723,867	207,315	8,780,235
Additions	-	8,739	79,658	536,920	73,310	50,468	749,095
Disposals	-	-	-	-	(71,014)	-	(71,014)
Balance at 8 January 2017	**1,494,339**	**2,637,501**	**3,060,393**	**1,282,137**	**726,163**	**257,783**	**9,458,316**
Accumulated depreciation or impairment							
Balance at 10 January 2015	(96,563)	(602,723)	(738,367)	(305,672)	(508,089)	(172,852)	(2,424,266)
Current year expense	(32,280)	(258,827)	(328,477)	(173,292)	(190,788)	(57,242)	(1,040,906)
Eliminated on disposals of assets	-	-	46,015	16,646	21,762	-	84,423
Transfer on Revaluation	128,820	-	352,197	363,388	663,526	230,062	1,737,993
Balance at 9 January 2016	(23)	(861,550)	(668,632)	(98,930)	(13,589)	(32)	(1,642,756)

Current year expense	(30,813)	(264,435)	(420,645)	(238,987)	(214,694)	(40,902)	(1,210,476)
Eliminated on disposals of assets	-	-	-	-	24,977	-	24,977
Balance at 9 January 2016	**(30,836)**	**(1,125,985)**	**(1,089,277)**	**(337,917)**	**(203,306)**	**(40,934)**	**(2,828,255)**
Net carrying amount at 8 Janaury 2017	1,463,503	1,511,516	1,971,116	944,220	522,857	216,849	6,630,061
Net carrying amount at 9 Janaury 2016 (restated)	**1,494,316**	**1,767,212**	**2,312,106**	**646,287**	**710,278**	**207,283**	**7,137,482**

13.1 Property plant and equipment carried at fair value

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

Land and buildings

As at 9 January 2016, fair values of the properties was determined by using the market comparable method for residential properties and the income approach for commercial properties. In the market comparable method, valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. The income approach involves capitalising future revenue streams to determine the price an investor would be willing to pay for the property.

			Range	
	Valuation technique	Significant unobservable	52 weeks to 8 January 2017	52 weeks to 9 January 2016
Residential property	Market comparable method	Price per square meter	\$9 to \$60	\$9 to \$60
Commercial property	Income approach	Capitalisation rate	12% to 17%	12% to 17%

Significant increases/ (decreases) in the price per square metre in isolation would result in a significantly higher/(lower) fair value, whereas significant increases/ (decreases) in the capitalisation rate would result in a (lower)/ higher fair value.

Plant and machinery, furniture, fixtures, equipment and vehicles

An independent professional valuation of the Group's plant and machinery, furniture, fixtures, office and computer equipment and vehicles was performed on 9 January 2016 to determine the fair value. The valuation was done on a depreciated replacement cost basis.

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

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

Fair value hierarchy disclosures for property, plant and equipment have been provided in Note 22.

Refer note 21.3 for plant and equipment pledged as security for loans and borrowings.

14 Deferred tax balances

	Group						
Temporary differences	Opening balance at 10 January 2015	Recognised in profit or loss	Recognised directly in other comprehensive income	Closing balance at 9 January 2016	Recognised in profit or loss	Recognised directly in other comprehensive income	Closing balance at 8 January 2017
	$	$	$	$	$	$	$
Property, plant and equipment and intangible assets	(1,139,243)	(558,797)	(187,391)	(1,885,431)	267,367	-	(1,618,064)
Provisions	-		-	-	61,331	-	61,331
Section 18 installment allowances	(2,894,539)	799,144	-	(2,095,395)	903,497	-	(1,191,898)
Other	(82,428)	22,911	-	(59,517)	187,391	-	127,874
	(4,116,210)	263,258	(187,391)	(4,040,343)	1,419,586	-	(2,620,757)
Tax losses and credits							
Tax losses	261,773	(67,352)	-	194,421	(55,160)	-	139,261
	(3,854,437)	**195,906**	**(187,391)**	**(3,845,922)**	**1,364,426**	**-**	**(2,481,496)**

	Company						
Temporary differences	Opening balance at 10 January 2015	Recognised in profit or loss	Recognised directly in other comprehensive income	Closing balance at 9 January 2016	Recognised in profit or loss	Recognised directly in other comprehensive income	Closing balance at 8 January 2017
	$	$	$	$	$	$	$
Property, plant and equipment	(957,812)	(529,804)	(187,391)	(1,675,007)	213,969	-	(1,461,038)
Provisions	40,454	1,023	-	41,477	59,570	-	101,047
Section 18 installment allowances	(2,894,473)	797,009	-	(2,097,464)	903,497	-	(1,193,967)
Other	(136,816)	21,887	-	(114,929)	187,392	-	72,463
	(3,948,647)	290,114	(187,391)	(3,845,923)	1,364,427	-	(2,481,496)
Tax losses and credits							
Tax losses	-	-	-	-	-	-	-
	(3,948,647)	**290,114**	**(187,391)**	**(3,845,923)**	**1,364,427**	**-**	**(2,481,496)**

	Group		Company	
	52 weeks to 8 January 2017	52 weeks to 9 January 2016	52 weeks to 8 January 2017	52 weeks to 9 January 2016
	$	$	$	$
14 Deferred tax balances (continued)				
Reflected in the statement of financial position as follows:				
Deferred tax liability	(2,481,496)	(3,845,922)	(2,481,496)	(3,845,923)
Deferred tax liabilities	**(2,481,496)**	**(3,845,922)**	**(2,481,496)**	**(3,845,923)**

Tax losses for which no defered tax asset has been recognised amount to $ 871,680 (2015- $1 542 862)

		52 weeks to 8 January 2017	52 weeks to 9 January 2016
	expiry date	$	$
Tax loss in respect of 2011 year end	31 December 2017	871,680	1,542,862
		871,680	1,542,862

15 Intangible assets

	Company and Group			
	Enterprise Resource Planning costs	Definite life intangible asset	Goodwill	Total
	$	$	$	$
Cost at 10 January 2015 (restated)	-	160,000	45,000	205,000
Purchased during year (restated)	1,523,819	-	-	1,523,819
Cost at 9 January 2016 (restated)	1,523,819	160,000	45,000	1,728,819
Purchased/ acquired during the year	1,384,417	-	-	1,384,417
Cost at 8 January 2017	2,908,236	160,000	45,000	3,113,236
Accumulated amortisation at 10 January 2015 (restated)	-	(93,333)	-	(93,333)
Amortisation	(74,614)	(40,000)	-	(114,614)
Impairment	-	-	(45,000)	(45,000)
Accumulated amortisation at 9 January 2016 (restated)	(74,614)	(133,333)	(45,000)	(252,947)
Amortisation	(252,247)	(26,667)	-	(278,914)
Impairment	-	-	-	-
Accumulated amortisation and impairment at 8 January 2017	(326,861)	(160,000)	(45,000)	(531,861)
Carrying amount at 8 January 2016	**1,449,206**	**26,667**	**-**	**1,475,872**
Carrying amount at 9 January 2017	**2,581,374**	**-**	**-**	**2,581,374**

The definite life intangible asset relates to a restraint of trade and has a useful life of 4 years and as at year end has been fully amortised (2015- 0.67 years).

Goodwill

The Goodwill was acquired in a business combination in 2013, in which the Bradfield branch was purchased from Catts Beaute and is all allocated to this cash generating unit. The annual impairment test was performed and there were indicators of impairment which led to an impairment of the goodwill in 2015.

The recoverable amount of the Bradfield branch, $111 972 as at 9 January 2016, has been determined based on discounted cash flow calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 10.1% (2015: 11%) and cash flows have been determined using the following growth rates: 2016- 2017 0%, 2018- 2%, 2019- 5%, 2020 - 11%, 2021 and thereafter 0%. As there have been no similar acquisitions, the value in use was determined as the best estimate of the branch's recoverable amount.

As a result of this analysis, management recognised an impairment charge of $45 000 in the prior year against goodwill with a carrying amount of $45 000. This was recorded in other gains/ losses in the statement of profit or loss.

		Group		Company	
		52 weeks to 8 January 2017	52 weeks to 9 January 2016	52 weeks to 8 January 2017	52 weeks to 9 January 2016
		$	$	$	$
16	**Inventories**				
	Raw materials	2,667,388	2,676,418	-	-
	Work in progress	30,754	119,106	-	-
	Goods in transit	372,619	32,683	-	-
	Merchandise	8,171,956	9,705,781	8,030,931	9,180,828
	Consumable stores	274,406	268,196	100,647	113,973
		11,517,123	12,802,184	8,131,578	9,294,801
	The amount of write-down of inventories recognised in cost of sales is:	1,636,234	1,128,160	1,636,234	1,128,160
	The value of inventory sold during the year, included as cost of sales is:	26,410,514	31,058,512	28,326,346	34,210,082
17	**Trade and other receivables**				
	Trade accounts receivable	25,598,247	33,032,667	25,216,497	32,941,257
	Less: - Specific allowance for credit losses	(2,168,092)	(1,909,122)	(2,160,969)	(1,901,999)
	Other accounts receivable	1,378,839	1,220,872	1,281,194	882,981
		24,808,994	32,344,417	24,336,722	31,922,239
	The movement in the allowance for credit losses is as follows:				
	Opening balance	(1,909,122)	(674,717)	(1,901,999)	(675,017)
	Increase in allowance for credit losses	(258,970)	(1,234,405)	(258,970)	(1,226,982)
	Closing balance	**(2,168,092)**	**(1,909,122)**	**(2,160,969)**	**(1,901,999)**

Refer note 21.3 for accounts receivables pledged as security for borrowings and loans.

Credit terms offered to customers vary but do not exceed 12 months. The maximum credit period on sales of goods is 390 days. Interest is charged on accounts with payment terms in excess of 6 months to pay in the Edgars Chain and all credit customers in the Jet Chain. Additional late payment interest is charged at 4.5% per month on the outstanding balance for customers who default on their repayments. The Group has recognised an allowance for credit losses against all trade receivables based on the arrears records at the end of the period.

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

		Group		Company	
		52 weeks to 8 January 2017	52 weeks to 9 January 2016	52 weeks to 8 January 2017	52 weeks to 9 January 2016
		$	$	$	$
18	EQUITY				
18.1	SHARE CAPITAL				
	Authorised ordinary share capital				
	400 000 000 Ordinary shares of $0.0001 each	40,000	40,000	40,000	40,000

18.1.1 Issued ordinary shares and premium	Number of shares	Share capital	Share premium	Issued capital total
	000s	$	$	$
Balance at 10 January 2015	293,097	29,310	323,162	352,472
Issue of shares under employee share option plan	470	47	25,570	25,617
Balance at 9 January 2016	293,567	29,357	348,732	378,089
Issue of shares under employee share option plan	483	48	13,202	13,250
Balance at 8 January 2017	**294,050**	**29,406**	**361,934**	**391,339**

Fully paid ordinary shares, carry one vote per share and carry a right to dividends.

Included in shares are shares held by special purpose entities - Zimedgroup Employee Trust (35 950 445 shares) and Edgars Employee Share Trust Company (524 150 shares).

In relation to the remaining 108 176 033 unissued shares, 100 000 000 are under the control of the Directors for an unlimited period, subject to the limitations contained in Section 183 of the Companies Act (Chapter 24:03) and the balance of 8 176 033 are under the control of the shareholders.

	Group		Company	
	52 weeks to 8 January 2017	52 weeks to 9 January 2016	52 weeks to 8 January 2017	52 weeks to 9 January 2016
	$	$	$	$
18.2 Other reserves				
Equity-settled employee benefits reserve	(1,004,233)	(976,353)	(1,004,233)	(976,353)
Change in functional currency reserve	-	-	-	-
Revaluation reserve	(1,627,551)	(1,627,549)	(1,609,482)	(1,609,481)
	(2,631,784)	(2,603,902)	(2,613,715)	(2,585,834)

Nature and purpose of reserves

Revaluation reserve

The revaluation reserve is used to record increases in the fair value of property, plant and equipment and decreases to the extent that such decreases relate to an increase on the same asset previously recognised 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 represented the residual equity in existence as at the date of the change over and had been designated as a non-distributable reserve. The Directors of the company resolved to transfer to distributable reserves the remaining balance. This transfer took place through the Statement of Changes in Equity for the year ended 9 January 2016 and had no effect on profitability.

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.

19 Trade and other payables				
Trade accounts payable	3,370,356	2,620,689	4,758,246	2,777,883
Sundry accounts payable and accrued expenses	3,195,850	3,258,945	3,004,843	3,101,751
	6,566,206	5,879,634	7,763,089	5,879,634

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

		Group		Company	
		52 weeks to 8 January 2017 $	52 weeks to 9 January 2016 $ (restated)	52 weeks to 8 January 2017 $	52 weeks to 9 January 2016 $ (restated)
20	**Current tax liabilities**				
	Normal tax	476,742	801,041	476,742	801,041
		476,742	**801,041**	**476,742**	**801,041**
21	**Interest bearing loans and borrowings**				
	Bank overdrafts	3,144,088	1,338,516	2,987,713	1,338,516
	Bills discounted	500,000	990,000	500,000	990,000
	Loans	7,611,006	15,696,425	7,611,152	15,568,033
		11,255,094	18,024,941	11,098,865	17,896,549
	Less: Long-term portion of loan disclosed under non-current liabilities	(321,923)	(6,859,007)	(321,923)	(6,859,007)
	Current portion	**10,933,171**	**11,165,934**	**10,776,942**	**11,037,542**
21.1	**Unsecured – at amortised cost**				
	Bank overdrafts	-	636,830	-	636,830
	Bills discounted	500,000	990,000	500,000	990,000
		500,000	1,626,830	500,000	1,626,830
21.2	**Secured – at amortised cost**				
	Bank overdrafts	3,144,088	701,686	2,987,713	701,686
	Bills discounted	-	-	-	-
	Loans	7,611,006	15,696,425	7,611,152	15,568,033
		10,755,094	16,398,111	10,598,865	16,269,719
		11,255,094	**18,024,941**	**11,098,865**	**17,896,549**

21.3 Summary of borrowing arrangements

(i) Secured with an external guarantee, Notarial General Covering Bond, Negative Pledge over plant and equipment and cession of debtors book.

(ii) The weighted average effective interest rate on all the borrowings is 10.1% (2015 -11.13%) per annum.

(iii) Tenures range between 90 days and 3 years.

22 Fair value hierarchy

The following table provides the fair value hierarchy of the Group's assets measured at fair value.

Quantitative disclosures fair value measurement hierarchy for assets as at 8 January 2017:

	Group		Company	
	Fair value measurement using Significant unobservable inputs (Level 3)	Significant unobservable inputs (Level 3)	Fair value measurement using Significant unobservable inputs (Level 3)	Significant unobservable inputs (Level 3)
	52 weeks to 8 January 2017	52 weeks to 9 January 2016	52 weeks to 8 January 2017	52 weeks to 9 January 2016
	$	$	$	$
		(restated)		(restated)
Assets measured at fair value:				
Land and buildings	1,463,503	1,494,316	1,463,503	1,494,316
Plant and machinery	588,801	642,091	216,850	207,283
Furniture, fittings and equipment	2,061,239	2,446,876	1,971,119	2,312,106
Computer equipment and software	980,328	696,610	944,220	646,287
Motor vehicles	563,232	797,901	522,856	710,278

Disclosure on property plant and equipment carried at fair value has been provided in Note 13.1

23 Leases

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

Future minimum rentals payable under operating leases are as follows:

	Group		Company	
	52 weeks to 8 January 2017	52 weeks to 9 January 2016	52 weeks to 8 January 2017	52 weeks to 9 January 2016
	$	$	$	$
Within one year	3,061,183	3,549,201	3,061,183	3,549,201
After one year but not more than five years	4,722,082	6,005,860	4,722,082	6,005,860
More than five years	-	-	-	-
	7,783,265	**9,555,061**	**7,783,265**	**9,555,061**

24 Future capital expenditure

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

Authorised and contracted for	-	743,097	-	743,097
Authorised but not yet contracted for	2,985,510	1,891,472	2,985,510	1,891,472
	2,985,510	**2,634,569**	**2,985,510**	**2,634,569**

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

25 Contingent liabilities

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

26 Financial risk management, objectives and policies


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Financial risk management is carried out at Group level and covers risks to both the Group and Company.

The Group's principal financial liabilities comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finances for the Group's operations. The Group has trade and other receivables and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The Treasury, Credit and Audit Committees 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.

26.1 Market risk

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

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The amount at risk is a function of the magnitude and direction of interest rate changes and the size and maturity structure of the mismatch position. Significant factors in managing the risk include the frequency, volatility and direction of rate of changes, the size of the interest-sensitive position and the basis for re-pricing at rollover dates. The Group's exposure to the risk of changes in market interest rates relates primarily to its medium to long-term debt obligations.

26.1 Market risk (continued)

Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on interest-bearing debt.

8 January 2017	Adjusted interest	Current year Interest	Impact on profit or loss gain/(loss)	Tax Effect	Impact on equity gain/ (loss)
All figures in US$	$	$	$	$	$
Increase of 200 basis points in interest rates	1,350,611	1,682,346	331,735	85,422	246,313
Decrease of 200 basis points in interest rates	900,408	1,682,346	781,939	201,349	580,589

9 January 2016	Adjusted interest	Current year Interest	Impact on profit or loss gain/(loss)	Tax Effect	Impact on equity gain/ (loss)
All figures in US$					
Increase of 200 basis points in interest rates	2,343,242	2,735,219	391,977	100,934	291,043
Decrease of 200 basis points in interest rates	1,622,245	2,735,219	1,112,974	286,591	826,383

Foreign currency risk

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

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

	52 weeks to 8 January 2017 *South African Rand*	52 weeks to 9 January 2016 *South African Rand*
Foreign denominated balances		
Assets		
Cash and cash equivalents	32,627	657,698
Liabilities		
Trade payables	(532,540)	(1,185,534)
Total net position	(499,913)	(527,836)
Impact of US$ strengthening by 10% -gain/(loss) in US$		
Impact on profit before tax	3,030	3,199
Impact of US$ weakening by 10% -gain/(loss) in US$		
Impact on profit before tax	(3,703)	(3,910)

There is no impact on equity.

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).

26.1 Market risk (continued)

• 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 the carrying amount of the receivables as shown in note 17.

The ageing analysis of trade receivables for Group and Company (Company receivables are not materially different from Group) is as follows:

	Total net $	Neither past due nor impaired	Past due but not impaired <30 days	Past due but not impaired 30+ days
8 January 2017	23,430,156	16,569,523	6,053,381	807,253
9 January 2016	31,123,545	22,134,204	7,222,899	1,766,442

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.

26.2 Liquidity risk

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

	52 weeks to 8 January 2017 $	52 weeks to 9 January 2016 $
Unutilised banking facilities:		
Total banking and loan facilities	16,432,748	23,447,076
Actual interest bearing debt (note 21)	(11,255,094)	(18,024,941)
Unutilised banking facilities	**5,177,654**	**5,422,135**

Borrowing capacity:

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

Maximum permissible interest bearing debt	63,369,189	71,764,535
Actual interest bearing debt (note 21)	(11,255,094)	(18,024,941)
	52,114,095	53,739,594
Cash and cash equivalents	1,743,245	534,045
Unutilised borrowing capacity	**53,857,340**	**54,273,639**

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

26.2 Liquidity risk (continued)

Group	On demand	less than 3mths	3-12 mths	1-5years	Total
8 January 2017					
Interest bearing loans and borrowings	3,144,088	2,727,626	6,067,800	333,503	12,273,017
Trade and other payables	-	6,566,206	-	-	6,566,206
	3,144,088	**9,293,832**	**6,067,800**	**333,503**	**18,839,223**
9 January 2016					
Interest bearing loans and borrowings	1,338,516	3,250,597	6,534,729	7,937,737	19,061,579
Trade and other payables	-	5,879,632	-	-	5,879,632
	1,338,516	**9,130,229**	**6,534,729**	**7,937,737**	**24,941,211**

Company	On demand	less than 3mths	3-12 mths	1-5years	Total
8 January 2017					
Interest bearing loans and borrowings	2,987,713	2,727,626	6,067,800	333,503	12,116,642
Trade and other payables	-	-	-	-	-
	2,987,713	**2,727,626**	**6,067,800**	**333,503**	**12,116,642**
9 January 2016					
Interest bearing loans and borrowings	1,338,516	3,378,989	6,534,729	7,937,737	19,189,971
Trade and other payables	-	5,879,632	-	-	5,879,632
	1,338,516	**9,258,621**	**6,534,729**	**7,937,737**	**25,069,603**

26.3 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 8 January 2017 was $38 298 163 (9 January 2016: $44 478 717).

The Group monitors capital on the basis of the gearing ratio and level of borrowings and this is calculated as interest-bearing debt, divided by shareholder's equity. During the period, the Group's strategy was to maintain a gearing ratio of below 1. As at 8 January 2017 the gearing was 0.35 (9 January 2016: 0.66).

27 Interests of directors in share capital

The interests, direct and indirect of the directors in office, aggregated as to beneficial interest and non-beneficial interest are as follows :

Directors Name	52 weeks to 8 January 2017 Beneficial	52 weeks to 8 January 2017 Non-beneficial	52 weeks to 9 January 2016 Beneficial	52 weeks to 9 January 2016 Non-beneficial
R Mlotshwa	4,000	100	4,000	100
C F Dube	-	100	-	100
V Mpofu	5,000	100	5,000	100
L Masterson	1,857,799	100	1,857,799	100
T N Sibanda	-	100	-	100
L L Tsumba	-	100	-	100
Z Vella	-	100	-	100
J B Galloway	592,204	-	406,666	-
Nominees	-	300	-	300
	2,459,003	**1,000**	**2,273,465**	**1,000**

No changes in Directors' shareholdings have occurred between the financial year end and the date of publishing of this annual report.


Edgars

	52 weeks to 8 January 2017 $	52 weeks to 9 January 2016 $ (restated)
28 Related party disclosures (Group & Company)		
Compensation of key management personnel of the Group		
Short-term employee benefits	1,768,885	1,712,916
Pension and medical benefits	216,962	164,819
Share-based payment transactions	42,822	132,594
Total compensation paid to key management personnel	**2,028,669**	**2,010,329**

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

For further details on share options granted to key management personnel, refer to note 9.

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.

Intercompany balances have no fixed repayment terms and are interest free.

Transactions and balances between Edgars Stores Limited and Carousel (Private) Limited (wholly owned subsidiary)

	52 weeks to 8 January 2017 $	52 weeks to 9 January 2016 $ (restated)
Transactions		
Rental of premises	146,373	133,572
Purchases	3,358,353	4,978,731
Impairment of inter-company receivable	1,030,406	-
	4,535,132	5,112,303
Balances		
Debtors/ creditors balance	1,686,582	181,657
Intercompany loan	5,451,214	5,155,891
	7,137,796	**5,337,548**

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

	52 weeks to 8 January 2017 $	52 weeks to 9 January 2016 $ (restated)
Transactions		
Franchise fees	940,952	177,627
Balances		
Accrual for franchise fees	940,952	177,627

Edcon Holdings (Pty) Ltd has provided a guarantee on the Company loan (note 21).

29 PRIOR PERIOD ERROR

Enterprise Resource Planning (ERP) Project costs

Enterprise Resource Planning project costs were incorrectly capitalised during the 53 weeks ended 10 January 2015 and incorrectly classified as property, plant and equipment for the 52 weeks ended 9 January 2016. This resulted in opening retained earnings for the year ended 9 January 2016 being overstated by $164,158, tax payable being overstated by $56,930, intangible assets at being understated by $1,523,819, intangible assets amortisation being understated by $74,614, property, plant and equipment at cost being overstated by $1,744,907 and property, plant and equipment accumulated depreciation being overstated by $74,614. The comparatives have been restated accordingly.

Impact on Statement of financial position:

	52 weeks to 9 January 2016 $
Decrease in retained earnings	164,158
Decrease in taxation payable	56,930
Increase in intangible assets	1,449,205
Decrease in property,plant and equipment	(1,670,293)

The software costs amounting to $1,449,205 meet the recognition criteria of IAS 38: Intangible assets. However, the costs were incorrectly classified as property, plant and equipment under computer equipment and software. The qualifying costs have now been reclassified from property, plant and equipment to intangible assets and the comparable amounts have been restated retrospectively.

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 company to continue operating as a 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.

Analysis of Ordinary Shares

MEMBER ANALYSIS				
VOLUME	SHARES	%	HOLDERS	%
1-5000	1 081 626	0.37	872	70.32
5001-10000	604 727	0.21	85	6.85
10001-25000	1 558 442	0.53	97	7.82
25001-50000	1 276 936	0.43	35	2.82
50001-100001	2 613 439	0.89	34	2.74
100001-200000	4 900 086	1.67	38	3.06
200001-500000	11 846 448	4.03	38	3.06
500001-1000000	11 340 182	3.86	16	1.29
1000001 and Above	258 828 652	88.02	25	2.02
TOTAL	**294 050 538**	**100.00%**	**1 240**	**100%**

INDUSTRY	SHARES	SHARES %	HOLDERS	SHAREHOLDERS %
FOREIGN COMPANIES	112 138 510	38.14	1	0.08
PENSION FUNDS	52 387 718	17.82	114	9.19
CHARITABLE AND TRUSTS	37 208 332	12.65	26	2.1
LOCAL COMPANIES	33 743 789	11.48	107	8.63
FOREIGN NOMINEE	33 573 599	11.42	8	0.65
LOCAL INDIVIDUAL RESIDENT	23 174 331	7.88	889	71.69
FUND MANAGERS	921 965	0.31	11	0.89
INSURANCE COMPANIES	460 290	0.16	4	0.32
NEW NON RESIDENT	313 095	0.11	39	3.15
LOCAL NOMINEE	98 449	0.03	23	1.85
DECEASED ESTATES	24 757	0.01	9	0.73
OTHER INVESTORS & TRUSTS	5 003	-	2	0.16
DIRECTOR	700	-	7	0.56
Totals	**294 050 538**	**100.00**	**1 240**	**100.00**

Financial Year Ending 8 January 2017

Interim Results for the Half Year ending 9 July 2016	Published	30 September 2016
Analysts Briefing and Announcement of Results		22 March 2017
Notice to Shareholders		April 2017
Annual Report including Annual Financial Statements	Published	May 2017
Annual General Meeting		7 June 2017

Financial Year Ending 7 January 2018

Interim Results for the Half Year ending 9 July 2017	Published	September 2017
Analysts Briefing and Announcement of Interim Results		14 September 2017
Analysts Briefing and Announcement of Results for Financial Year 2017		March 2018
Annual Report including Annual Financial Statements	Published	May 2018
Annual General Meeting		June 2018

Notice is hereby given that the 68th Annual General Meeting of members will be held at Edgars Training Auditorium, 1st Floor LAPF House, 8th Avenue / Jason Moyo Street, Bulawayo, 7th June 2017 at 09.00 hours. Following is the Agenda for the meeting:

Ordinary Business

1. To approve minutes of the Annual General Meeting held on 2 June 2016.

2. To receive and adopt the annual financial statements and reports of the directors and auditors for the financial year ended 8 January 2017.
NB: The full annual report can be viewed online at *www.edgars.co.zw*

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

3.1 Mr TN Sibanda, Mr Z Vella and Mr C Dube retire by rotation and being eligible they offer themselves for re-election.

3.2. Dr U Ferndale having been appointed as a Director subsequent to the last Annual General Meeting of the company and who in terms of the Articles of Association of the company is now required to retire from the Board at this Annual General Meeting and being eligible, offers himself for re-election.

4. To approve the remuneration of the directors for the year ended 8 January 2017.

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

"The Directors be and are hereby authorized to do all that is necessary to make available to Edgars Stores Limited's Employee Share Ownership Trust 25 450 000 (Twenty Five Million Four Hundred and Fifty Thousand)ordinary shares equivalent to 9.24% of the total issued share capital of the company which shareholding shall result in the company meeting the 51% indigenization threshold provided for in the Indigenization and Economic Empowerment Act (Chapter 14.33) and Regulations made thereunder, and:

The Directors be and are hereby authorized to carry out any necessary consequential amendment to the Memorandum and Articles of Association of the company for the purposes of giving effect to the special resolution.

The rules of the Employee Share Ownership Trust will be available for inspection at the company's registered office at least 14days before the meeting.

By Order of the Board
15 May 2017
Group Secretary

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

Please complete the Proxy form available on the website to appoint a proxy. Visit *www.edgars.co.zw*

Duly completed Proxy forms must be lodged with or posted to the Group Secretary, Edgars Stores Limited,9th Avenue/ Herbert Chitepo, Bulawayo or the Transfer Secretary, Corpserve Registrars (Pvt) Ltd at Corner Kwame Nkrumah / 1st Street P.O Box 2208, Harare and to be received by not later than 0900hrs on 5th June 2017.

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

For use by members at the Annual General Meeting of the company to be held on 7th June 2017 at 09.00 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 proxy to act for me / us at the Annual General Meeting, which will be held at the Edgars Training, Auditorium, 1st floor LAPF House, 8th Avenue / Jason Moyo Street, Bulawayo on Wednesday, 7th of June 2017 at 09.00 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 2 June 2016)*			
Ordinary Resolution No 2 *(Receipt and adoption of the annual financial statements for the year ended 8 January 2017)*			
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 *(Authorization of Edgars Stores Limited's Employee Share Ownership Trust)*			

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

Signed at ______________________ on ______________________ 2017

Signature ______________________

(ASSISTED BY ME WHERE APPLICABLE)

Instructions overleaf

Instructions for Signing and Lodging this Proxy

Notes:

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

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

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

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

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

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

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

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

9. Forms of proxy have to be lodged with or posted to the Group Secretary, Edgars Stores Limited, Cnr 9th Avenue/ Herbert Chitepo Street, Bulawayo, or the Transfer Secretaries, Corpserve (Private) Limited, at Cnr Kwame Nkrumah Avenue/1st Street, P O Box 2208, Harare and to be received by not later than 09.00 hours on 5th of June 2017.

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

Corporate Information

Incorporated in the Republic of Zimbabwe

Company registration number 379/1948

Registered office

Edgars Head Office

Cnr Ninth Avenue / Herbert Chitepo Street/ Bulawayo

Telephone: 263-9-881626/35

Fax:263-9-68443

E-mail: info@edgars.co.zw

Website: http://www.edgars.co.zw

Postal address

P O Box 894, Bulawayo, Zimbabwe

Company Secretary

Buhlebenkosi Mpofu

Transfer Secretaries

Corpserve (Pvt) Ltd

4th Floor ZB Centre

Cnr Kwame Nkrumah Avenue/ 1st Street

P O Box 2208, Harare, Zimbabwe

Telephone: 263-4-750711/2

Auditors

Ernst & Young Chartered Accountants (Zimbabwe)

Derry House

Cnr Fife Street/6th Avenue

P O Box 437, Bulawayo, Zimbabwe

Telephone: 263-9-76111

Legal Advisors

Coghlan & Welsh Legal Practitioners

Barclays Bank Building

8th Avenue, P O Box 22, Bulawayo, Zimbabwe

Telephone: 263-9-888371/8

Bankers

Barclays Bank Zimbabwe Limited

Cnr Main Street/8th Avenue

P O Box 702, Bulawayo, Zimbabwe

Telephone: 263-9-881121/7

Co-ordination: Group Finance

Design and production: Charisma

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

Edgars Stores
Limited