



Edgars Stores  
Limited



ANNUAL

REPORT

2015



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# 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.

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

	9 January 2016 52 weeks \$000	10 January 2015 53 weeks \$000
Group Summary		
Retail sales revenue	62,272	72,072
Earnings attributable to ordinary shareholders	3,964	5,184
Cash inflow/ (outflow) from operating activities	4,102	(2,231)
Total assets	55,226	54,931
Market capitalisation	17,908	24,620
Ordinary share performance (cents per share)		
Earnings		
Basic	1.54	2.02
Diluted	1.51	1.93
Net equity	9.07	5.65
Market price	6.10	8.40
Financial statistics		
Return on ordinary shareholders equity	14.9	23.6
Liquidity ratios		
Current	2.55	2.67%
Gearing	66%	89%
Borrowing times covered by stock and debtors	2.5	2.3



# Corporate Board

## Executive Directors

**Linda Masterson\*** (60) FCIS  
Group Managing Director  
Joined the company in 1988  
Appointed to the Board in 1991  
Appointed Group Managing Director in April 2010

**Vusumuzi Mpofo** (48) ACMA, FCIS,  
RP Acc (Z)  
Group Operations Director  
Joined the company in 2000  
Appointed to the Board in 2008

**Zebhediah Vella** (58) BA Hons.  
Accountancy and Economics  
Group Manufacturing Director  
Joined the company in 1989  
Appointed to the Board in 1999

**James B. Galloway** (56) CA(Z)  
Group Finance Director  
Joined the company in 2011  
Appointed to the Board in 2012

## Non-Executive Directors

**Themba N. Sibanda** • (61)  
B.Acc (Z), CA (Z)  
Chairman  
Appointed to the Board in 2003

**Canaan F. Dube\*** • (59)  
LLB (Hons), LLB, MBA  
Appointed to the Board in 2004

**Dr. Leonard L. Tsumba\*** • (72)  
Phd, M.A, BSBA  
Appointed to the Board in 2006

**Raymond Mlotshwa** (65) 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

**Deborah Millar\*** • (47) Bcomm (Hons) CA(SA)  
Resigned from the Board in 2015

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

The Group performed relatively well given the sharp decline in the operating environment and economy as a whole. However, the Group was not entirely spared, and saw a marked reduction in consumer appetite and confidence reflecting in turnover, which trend became more pronounced in the fourth quarter following retrenchments. Delayed payment of workers resulted in Christmas trading being extremely subdued and sales in that quarter were 23% below prior year.

**Inclusive of the gain on revaluation of assets, Total Comprehensive Income was 12% down on last year from a 13% decline in top line; while Profit for the Period reduced to \$4million.**

## Retail Operations

The decline in turnover was mainly attributable to a drop in Edgars Chain sales which were down 24% from 2014. This was from the high base of extended credit having been launched in the previous year and so we expected reduced turnover. Even so, the Chain performed below expectations.

The Jet Chain's turnover increased by 23% to \$19.1million (2014: \$15.6million), contributing 31% to consolidated Group turnover (2014: 22%). Profitability in the Chain also improved to 7.5% of sales (2014: 4.3%), on the back of credit and the benefits of scale. Given the macro economic environment, the discount chain is the natural choice for cash strapped customers.

Due to the poor Christmas trading, both chains ended the year overstocked, which is being addressed and has improved since year end.

## Credit Management

Despite the deterioration in disposable incomes, customers have been paying, albeit not as timely as in the past. Total gross write offs for the year amounted to \$2.2million, which equates to 4.1% of lagged credit sales and 0.6% of lagged debtors (2014: 1.9% and 0.4% respectively). At year end total trade debtors were \$31.1million net of provisions for doubtful debt of 6% (2014: 2%).

Cost reduction initiatives in managing the debtors' book and collections are intensifying.

## Manufacturing

As a result of being highly dependent on group retail, the factory's own production sales decreased by 10%. It is through exports, where volumes are larger, that the factory will hopefully realise meaningful productivity. Unfortunately, the combination of a high cost base and the strengthening United States Dollar lead to exports being uncompetitively priced. The unit is continuing with its productivity improvement exercise and measures to right size are being implemented. Exports, at marginal profitability, are being pursued, in line with national goals.

## Financing and cash flow

Through conservative cash management, borrowings were reduced from \$20.3million to \$18million. Resultantly, gearing reduced to 66% (2014: 100%).

## Capital expenditure

Spend to date was in respect of:

Information technology	\$1 646 000
Factory plant and equipment	\$ 28 000
Other equipment	\$ 478 000

Our priority remains the IT upgrade project which is now at an advanced stage. We have already identified process improvement opportunities through the project activities to date, and foresee significant cost savings post implementation.

## Outlook

We do not forecast an improvement in the short term, but are gearing the organisation for a leaner, and more productive future, by remaining committed to reducing costs and increasing productivity. There will be some business reorganisation costs in achieving this which will impact 2016 profit but ensure that we are well placed for 2017 and beyond. Focus is on continuing to better provide customers with the value they are seeking, improving product pipeline logistics, merchandise assortments and differentiation between the two retail chains.

## Dividend

In the current context, your company will not declare a dividend.

## Appreciation

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

TN Sibanda  
Chairman



# Corporate Governance Report

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 four non-executive directors.

The names and credentials of the directors in office at 9 January 2016 are detailed on page 9. 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 2015 financial year and attendance at each are contained below.

## Attendance at Corporate Board Meetings: 2015

Board Attendance	March 2015	May 2015	September 2015	December 2015
T N Sibanda*	✓	✓	✓	✓
C F Dube*	✓	✓	✓	✓
L L Tsumba*	✓	X	✓	✓
R Mlotshwa*	✓	✓	✓	✓
D Millar*	✓	X	✓	X
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 9. Mr. C. Dube chairs the Committee and the other members are Dr. L.L. Tsumba and Ms. D. Millar. The Group Managing Director and Group Finance Director are required to attend all meetings of the Committee as invitees. The External Auditors and Head of Group Internal Audit also attend the meetings.

### Remuneration Committee

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

Attendance at board committee meetings was as follows:

## Attendance at Audit Committee Meetings

Audit	March 2015	May 2015	September 2015	December 2015
C F Dube*	✓	•	✓	✓
L L Tsumba*	✓	•	✓	✓
D Millar*	✓	•	✓	X
L Masterson	✓	•	✓	✓

## Attendance at Remuneration Committee Meetings

Remuneration	March 2015	May 2015	September 2015	December 2015
T N Sibanda*	✓	•	✓	•
C F Dube*	✓	•	✓	•
L L Tsumba*	✓	•	✓	•
D Millar*	✓	•	✓	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 provide an independent assessment of the Group's systems of internal financial control and express an independent opinion on the Group Financial Statements. An external audit offers reasonable but not absolute assurance on financial results.

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

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

### Employee Relationships

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

### Employment Equity

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

### 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 9 January 2016 incorporate the results for the fifty-two weeks ended 9 January 2016. In preparing these Financial Statements, the same accounting principles and methods of computation are applied as in prior periods.

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

### Directors' Responsibilities

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

### Auditors' Responsibilities

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

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

T N Sibanda



Non-Executive Chairman

L Masterson



Group Managing Director

On 3 March 2016



# Independent Auditor's Report



Building a better working world

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Chartered Accountants (Zimbabwe)  
Registered Public Auditors  
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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDGARS STORES LIMITED

We have audited the accompanying consolidated and company financial statements of Edgars Stores Limited as set out on pages 20 to 69, which comprise the statements of financial position as at 9 January 2016, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the 52 weeks then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

### Directors' responsibility for the financial statements

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

### Auditors' responsibility

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

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

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

### Opinion

In our opinion, the consolidated and company financial statements present fairly, in all material respects, the financial position of Edgars Stores Limited as at 9 January 2016, its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

### Report on other legal and regulatory requirements

In our opinion, the 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).

**ERNST & YOUNG**

CHARTERED ACCOUNTANTS (ZIMBABWE)  
REGISTERED PUBLIC AUDITORS

**BULAWAYO**  
16 MARCH 2016

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 52 weeks to 9 January 2016

Group		Notes	Company			
52 weeks to 9 January 2016	53 weeks to 10 January 2015		52 weeks to 9 January 2016	53 weeks to 10 January 2015		
\$	\$		\$	\$		
63,902,246	73,036,678		Revenue	5	63,446,267	72,624,872
62,272,355	72,071,863		Sale of merchandise	5	61,816,376	71,660,055
(33,603,198)	(38,651,078)		Cost of sales		(34,930,111)	(40,139,836)
28,669,157	33,420,785		Gross profit		26,886,265	31,520,222
(69,314)	(27,679)		Other gains and losses	6	(62,382)	(25,321)
(6,104,432)	(3,788,491)		Credit management and debt collection costs		(6,104,432)	(3,788,491)
(12,620,890)	(13,285,782)		Store expenses		(12,620,890)	(13,285,782)
(11,577,910)	(12,023,167)		Other operating expenses		(10,094,369)	(10,399,365)
10,511,127	5,123,429		Finance income	7.6	10,511,127	5,123,429
(2,735,219)	(1,943,703)		Finance costs	7.7	(2,691,280)	(1,891,210)
6,072,519	7,475,392		Profit before tax		5,824,039	7,253,482
(2,108,486)	(2,291,588)		Income tax expense	14	(2,014,275)	(2,051,588)
3,964,033	5,183,805		Profit for the year		3,809,764	5,201,894
			Other comprehensive income			
			Items that may not be reclassified to Profit and Loss			
792,372	-		- Revaluation of property, plant and equipment	13	972,196	-
(187,391)	-		- Deferred tax liability arising on revaluation	14	(187,391)	-
604,981	-		- Other comprehensive income for the year (net of tax)		784,805	-
4,569,014	5,183,805		Total comprehensive income for the year		4,594,569	5,201,894
			Earnings per ordinary share	11		
1.54	2.02		Basic (cents per share)		1.48	2.03
1.51	1.93		Diluted (cents per share)		1.45	1.94

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 9 January 2016

Group		Notes	Company	
9 January 2016	10 January 2015		9 January 2016	10 January 2015
\$	\$		\$	\$
			Assets	
			Non-current assets	
-	-		Intercompany loan	5,155,891
9,519,088	7,872,382	13	Property, plant and equipment	8,807,774
-	94,210	14	Deferred tax asset	-
26,667	111,667	15	Intangible asset	26,667
9,545,755	8,078,259		Total non-current assets	13,990,332
			Current assets	
12,802,185	11,688,588	16	Inventories	9,294,802
32,344,417	34,315,693	17	Trade and other receivables	31,922,239
534,045	848,731		Cash and bank balances	516,189
45,680,647	46,853,012		Total current assets	41,733,230
55,226,402	54,931,271		Total assets	55,723,562
			Equity and liabilities	
			Capital and reserves	
378,089	352,472	18	Issued capital	378,089
2,603,903	2,646,355	18	Other reserves	2,585,834
23,635,942	18,921,247		Retained earnings	24,279,561
26,617,934	21,920,075		Total capital and reserves	27,243,484
			Non-current liabilities	
3,845,923	3,948,647	14	Deferred tax liabilities	3,845,923
6,859,007	11,527,946	21	Long term loans	6,859,007
10,704,930	15,476,593		Total non-current liabilities	10,704,930
			Current liabilities	
5,879,632	8,373,553	19	Trade and other payables	5,879,634
857,972	346,963	20	Current tax liabilities	857,972
11,165,934	8,814,088	21	Interest bearing loans and borrowings	11,037,542
17,903,538	17,534,604		Total current liabilities	17,775,148
28,608,468	33,011,197		Total liabilities	28,480,078
55,226,402	54,931,271		Total equity and liabilities	55,723,562
9.07	7.48		Net equity per share ( cents)	9.28
			Gearing:	
0.66	0.89		-Gross	0.64
(0.16)	0.03		-Net	(0.16)



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 52 weeks to 9 January 2016

	Notes	Issued capital and premium	Equity- settled employee benefits reserve	Revaluation reserve	Change in functional currency reserve	Retained earnings	Total
		\$	\$	\$	\$	\$	\$
<b>Group</b>							
<b>Balance at 4 January 2014</b>		251,184	699,455	1,022,569	750,662	13,737,442	16,461,312
Total comprehensive income for the period		-	-	-	-	5,183,805	5,183,805
Profit for the period		-	-	-	-	5,183,805	5,183,805
Other comprehensive income		-	-	-	-	-	-
Issue of ordinary shares under employee share option plan		101,288	-	-	-	-	101,288
Share based payment expense	9.1	-	173,669	-	-	-	173,669
<b>Balance at 10 January 2015</b>		352,472	873,124	1,022,569	750,662	18,921,247	21,920,074
Total comprehensive income for the period		-	-	604,981	-	3,964,033	4,569,014
Profit for the period		-	-	-	-	3,964,033	3,964,033
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	-	103,229	-	-	-	103,229
Transfer to distributable reserve	18.2	-	-	-	(750,662)	750,662	-
<b>Balance at 9 January 2016</b>		378,089	976,353	1,627,550	-	23,635,942	26,617,934
<b>Company</b>							
<b>Balance at 4 January 2014</b>		251,184	699,455	824,676	335,717	14,932,186	17,043,218
Total comprehensive income for the period		-	-	-	-	5,201,894	5,201,894
Profit for the period		-	-	-	-	5,201,894	5,201,894
Other comprehensive income		-	-	-	-	-	-
Issue of ordinary shares under employee share option plan		101,288	-	-	-	-	101,288
Share based payment expense	9.1	-	173,669	-	-	-	173,669
<b>Balance at 10 January 2015</b>		352,472	873,124	824,676	335,717	20,134,080	22,520,069
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	-	103,229	-	-	-	103,229
Transfer to distributable reserve	18.2	-	-	-	(335,717)	335,717	-
<b>Balance at 9 January 2016</b>		378,089	976,353	1,609,481	-	24,279,561	27,243,484

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the 52 weeks to 9 January 2016

Group		Company		
52 weeks to 9 January 2016	53 weeks to 10 January 2015	Notes	52 weeks to 9 January 2016	53 weeks to 10 January 2015
\$	\$		\$	\$
6,072,519	7,475,392		5,824,039	7,253,482
(10,511,127)	(5,123,429)		(10,511,127)	(5,123,429)
2,735,219	1,943,703		2,691,280	1,891,210
3,851,717	2,631,414	12.1	3,746,227	2,575,981
(3,998,318)	(11,479,812)	12.2	(3,487,699)	(11,463,251)
(1,849,990)	(4,552,732)		(1,737,280)	(4,866,007)
10,511,127	5,123,429		10,511,127	5,123,429
(2,764,977)	(1,945,223)		(2,721,039)	(1,892,596)
(1,793,382)	(856,728)	12.3	(1,793,382)	(856,728)
4,102,778	(2,231,254)		4,259,426	(2,491,902)
(2,152,019)	(1,750,103)		(2,085,920)	(1,475,559)
26,031	340		26,031	340
-	-		(520,033)	236,708
(2,125,988)	(1,749,763)		(2,579,922)	(1,238,511)
25,617	101,288		25,617	101,288
13,629,661	14,016,247		13,629,661	13,516,247
(15,946,754)	(10,194,116)		(15,619,712)	(9,952,702)
(2,291,476)	3,923,419		(1,964,434)	3,664,833
(314,686)	(57,598)		(284,930)	(65,580)
848,731	906,327		801,119	866,699
534,045	848,731		516,189	801,119





For the 52 weeks to 9 January 2016

## 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 Group has always managed its retail operations on a 52-week retail calendar in line with the industry. As a result of using the 52-week retail calendar, a 53rd week reporting period is required approximately every six years for realignment. The financial position and results for the 52 weeks to 9 January 2016 are therefore not entirely comparable to the 53 weeks to 10 January 2015.

The consolidated financial statements of the Group for the 52 weeks to 9 January 2016 were authorized for issue in accordance with a resolution of the directors on 3 March 2016.

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

### Statement of compliance

The financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS), promulgated by the International Accounting Standards Board (IASB).

### 2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of Edgars Stores Limited and its subsidiaries as at 9 January 2016. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the 52 weeks to 9 January 2016

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 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the 52 weeks to 9 January 2016

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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the 52 weeks to 9 January 2016

### 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the 52 weeks to 9 January 2016

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 recognised 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 9.2.

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 9.3.

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the 52 weeks to 9 January 2016

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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the 52 weeks to 9 January 2016

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the 52 weeks to 9 January 2016

### 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  
Computer software 5-10 years  
Plant and machinery 5-10 years  
Leasehold Improvements The lease period or shorter periods as may be determined  
Motor vehicles 5-7 years

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

### 2.3.10 Intangible assets

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the 52 weeks to 9 January 2016

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

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

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

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

### 2.3.11 Leases

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

### Group as a lessee

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

### Group as a lessor

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

### 2.3.12 Borrowing costs

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

### 2.3.13 Inventories

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

Raw materials - average purchase cost

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

Merchandise - average cost



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the 52 weeks to 9 January 2016

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

### *2.3.14 Cash and short-term deposits*

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

### *2.3.15 Provisions*

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the 52 weeks to 9 January 2016

### 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the 52 weeks to 9 January 2016

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. Amendments and improvements to IFRS that became effective for the Group in the current year did not have a material effect on the Group's financial statements.

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

### 3.1 Judgments

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

#### 3.1.1 Consolidation of structured entities

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

#### 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the 52 weeks to 9 January 2016

### *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 share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 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 provision for impairment of trade receivables*

The Group calculates this provision as being the trade receivables in arrears at the reporting date. The figure is arrived at after taking into consideration the performance of the debtors' book and has proved adequate based on past experience. Further details are provided in note 17.

### *3.2.6 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 assumptions about expected redemption rates. As points issued under the programme do not expire, such estimates are subject to significant uncertainty. As at 9 January 2016, the estimated liability for unredeemed points was \$66 369.

### *3.3 Standards issued but not yet effective*

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

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

### *IFRS 9 Financial Instruments*

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the 52 weeks to 9 January 2016

### *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.

### *Amendments to IAS 27: Equity Method in Separate Financial Statements*

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Group will consider these amendments when they became effective.

### *IFRS 11 Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11*

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Group will consider the amendments when it enters into transactions where the amendments are applicable.

### *Annual Improvements 2012-2014 Cycle*

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

#### *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*

Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment must be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted. The Group will consider the amendment, if applicable, when it becomes effective.

### *IFRS 7 Financial Instruments: Disclosures*

#### *(i) Servicing contracts*

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments. The Group will consider the amendment, where applicable, when it becomes effective.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the 52 weeks to 9 January 2016

### *(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements*

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively. The Group will consider the amendments in preparing its interim financial statements when they become effective.

### *IAS 34 Interim Financial Reporting*

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively. The Group will consider the amendments, when they become effective, when preparing its interim financial report.

### *IAS 1 Disclosure Initiative – Amendments to IAS 1*

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Group will consider the amendments once effective when preparing its financial statements.

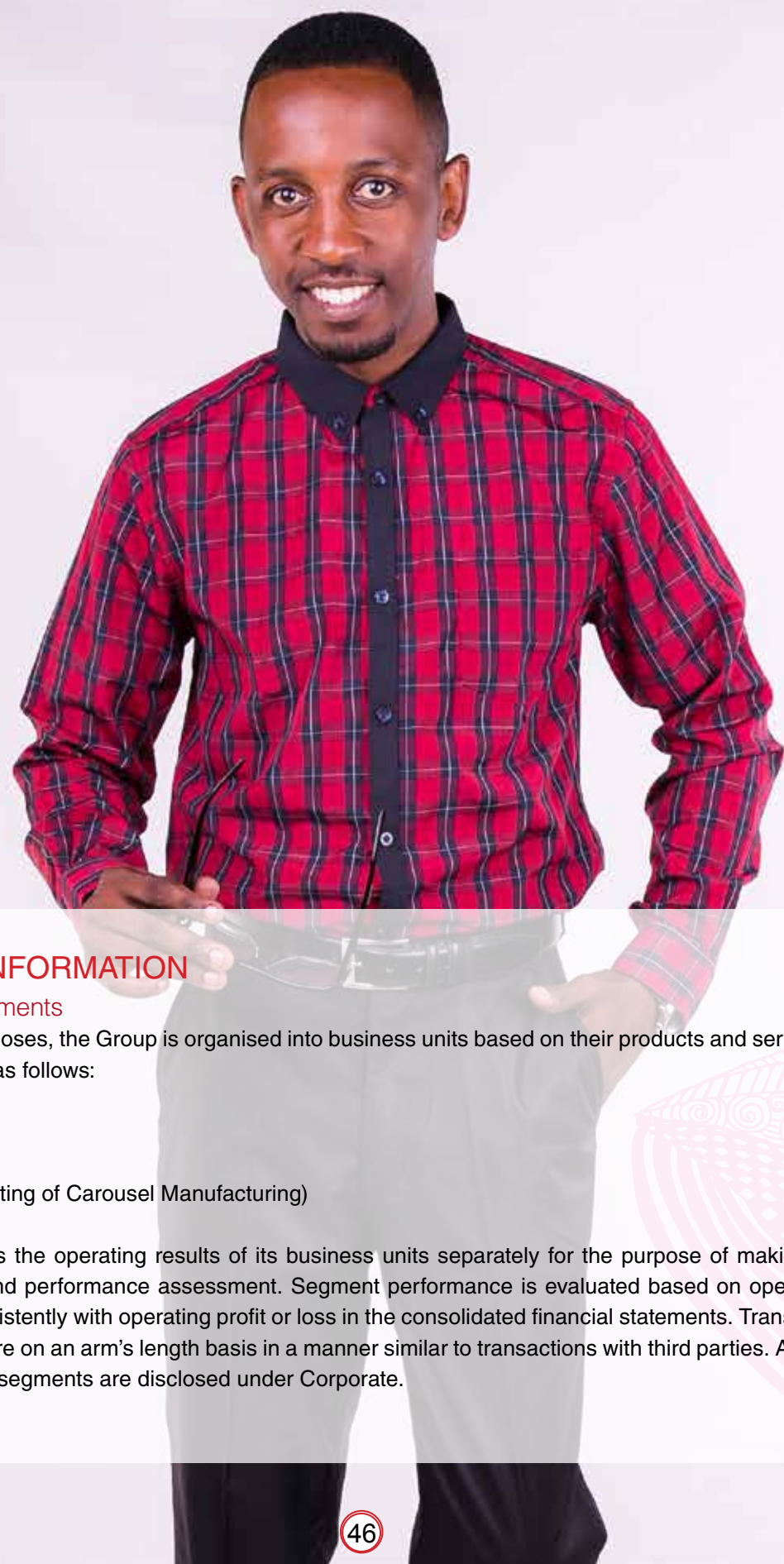
### *IFRS 16 - Leases*

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the 52 weeks to 9 January 2016



## 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 Segment revenues and results

Segment information						Adjustments & Eliminations	Consolidated
9 January 2016	Edgars	Jet	Manufacturing	Corporate	Total Segments		
<b>Revenue</b>							
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)	-
<b>Total revenue</b>	<b>44,311,532</b>	<b>19,134,735</b>	<b>5,434,710</b>	<b>-</b>	<b>68,880,977</b>	<b>(4,978,731)</b>	<b>63,902,246</b>
<b>Results</b>							
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	-	-	-	10,511,127	10,511,127	-	10,511,127
<b>Segmental profit</b>	<b>2,620,336</b>	<b>1,457,378</b>	<b>103,403</b>	<b>1,746,324</b>	<b>5,927,441</b>	<b>145,078</b>	<b>6,072,519</b>
<b>Total assets</b>	<b>36,715,533</b>	<b>9,033,470</b>	<b>4,887,285</b>	<b>9,956,972</b>	<b>60,593,260</b>	<b>(5,366,858)</b>	<b>55,226,402</b>
<b>Total liabilities</b>	<b>(1,953,461)</b>	<b>(978,783)</b>	<b>(5,465,939)</b>	<b>(25,577,143)</b>	<b>(33,975,326)</b>	<b>5,366,858</b>	<b>(28,608,468)</b>
<b>10 January 2015</b>							
	<b>Edgars</b>	<b>Jet</b>	<b>Manufacturing</b>	<b>Corporate</b>	<b>Total Segments</b>	<b>Adjustments &amp; Eliminations</b>	<b>Consolidated</b>
<b>Revenue</b>							
External customers	57,030,758	15,594,114	411,806	-	73,036,678	-	73,036,678
Inter-segments	-	-	7,233,467	-	7,233,467	(7,233,467)	-
<b>Total revenue</b>	<b>57,030,758</b>	<b>15,594,114</b>	<b>7,645,273</b>	<b>-</b>	<b>80,270,145</b>	<b>(7,233,467)</b>	<b>73,036,678</b>
<b>Results</b>							
Depreciation & Amortisation	(394,449)	(221,384)	(61,237)	(356,723)	(1,033,793)	-	(1,033,793)
Taxation expense	-	-	(240,000)	(2,051,588)	(2,291,588)	-	(2,291,588)
Finance cost	-	-	(52,493)	(1,891,210)	(1,943,703)	-	(1,943,703)
Finance Income	-	-	-	5,123,429	5,123,429	-	5,123,429
<b>Segment profit</b>	<b>9,206,188</b>	<b>680,597</b>	<b>409,664</b>	<b>(2,688,598)</b>	<b>7,607,851</b>	<b>(132,459)</b>	<b>7,475,392</b>
<b>Total assets</b>	<b>41,123,692</b>	<b>5,080,537</b>	<b>4,921,373</b>	<b>8,719,259</b>	<b>59,844,861</b>	<b>(4,913,588)</b>	<b>54,931,271</b>
<b>Total liabilities</b>	<b>(654,902)</b>	<b>52,450</b>	<b>(5,346,980)</b>	<b>(31,975,354)</b>	<b>(37,924,786)</b>	<b>4,913,588</b>	<b>(33,011,197)</b>



	Group		Company	
	52 weeks to 9	53 weeks to 10	52 weeks to 9	53 weeks to 10
	January 2016	January 2015	January 2016	January 2015
	\$	\$	\$	\$
<b>5 Revenue</b>				
The following is an analysis of the Group's revenue for the year (excluding investment revenue)				
Sale of merchandise	62,272,355	72,071,863	61,816,376	71,660,057
Retail sales	61,816,376	71,660,057	61,816,376	71,660,057
Manufacturing sales to third parties - local sales	455,979	411,806	-	-
Edgars Club subscriptions	1,181,710	727,173.74	1,181,710	727,173.74
Hospital Cash Plan and funeral insurance commission	448,181	237,641	448,181	237,641
	<u>63,902,246</u>	<u>73,036,678</u>	<u>63,446,267</u>	<u>72,624,872</u>
<b>6 Other gains and losses</b>				
Loss on disposal of plant & equipment	58,464	8,466	58,462	8,466
Impairment of goodwill (note 15)	45,000	-	45,000	-
Net foreign exchange (gains)/ losses	(34,150)	19,213	(41,080)	16,855
	<u>69,314</u>	<u>27,679</u>	<u>62,382</u>	<u>25,321</u>
<b>7 Profit / (loss)</b>				
Profit / (loss) for the period has been arrived at after charging (crediting):				
<b>7.1 Auditors remuneration :</b>				
Audit Fees	108,959	75,712	108,959	75,712
Fees for consulting & other services	23,441	2,850	23,441	2,850
	<u>132,400</u>	<u>78,562</u>	<u>132,400</u>	<u>78,562</u>
<b>7.2 Depreciation expense</b>				
Depreciation of property, plant and equipment (note 13)	<u>1,213,094</u>	<u>993,794</u>	<u>1,115,520</u>	<u>932,457</u>
<b>7.3 Amortisation expense</b>				
Amortisation of intangible assets (note 15)	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>

	Group		Company	
	52 weeks to 9	53 weeks to 10	52 weeks to 9	53 weeks to 10
	January 2016	January 2015	January 2016	January 2015
	\$	\$	\$	\$
<b>7.4 Operating lease expenses :</b>				
Land and buildings :				
Minimum lease payments	4,080,346	4,053,102	4,080,346	4,053,102
Contingent rents	172,570	427,642	172,570	427,642
Sublease receipts	(129,471)	(123,935)	(263,043)	(257,507)
	<u>4,123,445</u>	<u>4,356,809</u>	<u>3,989,873</u>	<u>4,223,237</u>
Disclosures on leases have been provided in Note 23				
<b>7.5 Fees payable</b>				
Managerial, technical, administrative and secretarial				
Fees paid outside the Group	456,288	353,095	446,002	343,743
Outsourcing of IT	220,510	131,351	220,510	131,351
	<u>676,798</u>	<u>484,446</u>	<u>666,512</u>	<u>475,094</u>
<b>7.6 Finance income</b>				
Debtors interest charges	5,417,376	1,818,614	5,417,376	1,818,614
Late payment charges	5,088,358	3,298,803	5,088,358	3,298,803
Other interest received	5,393	6,012	5,393	6,012
	<u>10,511,127</u>	<u>5,123,429</u>	<u>10,511,127</u>	<u>5,123,429</u>
<b>7.7 Finance costs</b>				
Interest on debt and borrowings	<u>2,735,219</u>	<u>1,943,703</u>	<u>2,691,280</u>	<u>1,891,210</u>
<b>8 Directors and employees</b>				
<b>8.1 Employees</b>				
The Group employed 834 (2014- 868) permanent employees of which 540 (2014- 571) were employed in retailing and 294 (2014- 297) in the manufacturing division.				
The aggregate remuneration and associated cost of permanent and casual employees including directors was:				
Salaries and wages	12,531,688	12,804,852	11,850,003	12,012,476
Pension contributions (note 8.3)	1,098,039	1,082,926	903,708	891,164
Medical aid contributions	484,845	453,413	420,639	393,796
	<u>14,114,572</u>	<u>14,341,191</u>	<u>13,174,350</u>	<u>13,297,436</u>

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

	Group		Company	
	52 weeks to 9 January 2016	53 weeks to 10 January 2015	52 weeks to 9 January 2016	53 weeks to 10 January 2015
	\$	\$	\$	\$
<b>8.2 Directors' emoluments</b>				
Non executive directors :				
- Fees	107,275	73,588	107,275	73,588
Executive directors :				
- Remuneration	1,053,348	937,599	1,053,348	937,599
- Retirement and medical aid benefits	99,707	96,408	99,707	96,408
	<u>1,260,330</u>	<u>1,107,595</u>	<u>1,260,330</u>	<u>1,107,595</u>

**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 trading profit:

Edgars Pension Fund	840,359	826,206	707,360	695,964
National Social Security Authority	257,680	256,720	196,347	195,200
	<u>1,098,039</u>	<u>1,082,926</u>	<u>903,708</u>	<u>891,164</u>

**9 Share based payments****9.1 The expense recognised for employee services received during the year is shown in the following table:**

	2015	2014	2015	2014
	\$	\$	\$	\$
Expense arising from equity-settled share-based payment transactions	(103,229)	173,669	(103,229)	173,669
Expense arising from cash-settled share-based payment transactions	235,823	1,633	235,823	1,633
	<u>132,594</u>	<u>175,302</u>	<u>132,594</u>	<u>175,302</u>

**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
	<u>31,000,000</u>

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 2015 and 2014. Cancelled and forfeited 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 9 January 2016	52 weeks to 9 January 2016	53 weeks to 10 January 2015	53 weeks to 10 January 2015
	No.	WAEP USc	No.	WAEP USc
Outstanding at the beginning of the period	16,441,502	8.10	18,198,169	7.90
Granted during the year	-	-	-	-
Exercised during the year	(470,000)	5.45	(1,756,667)	5.80
Outstanding at the end of the period	15,971,502	8.14	16,441,502	8.10
Exercisable at the end of the period	11,469,669	-	5,664,557	-
Weighted average remaining contractual life (years)	5.40	-	6.38	-

**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 9 January 2016 was \$30 998 (10 January 2015- \$1 633)

No SARs had vested, nor had any been forfeited at 9 January 2016 and 10 January 2015, respectively.

There were no cancellations or modifications to the awards in 2015 or 2014.

Inputs to the valuation model for the SARs for the years ended 9 January 2016 and 10 January 2015 respectively:

	2014 issue	2015 issue		
<b>2015</b>				
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		
<b>2014</b>				
Weighted average fair values at the measurement date (USc)	4.47	-		
Expected Volatility	66%	-		
Risk free interest rate	11%	-		
Expected Dividend Yield	0%	-		
Expected Life (years)	6	-		
	<b>Group</b>	<b>Company</b>		
	<b>52 weeks to 9</b>	<b>53 weeks to 10</b>	<b>52 weeks to 9</b>	<b>53 weeks to 10</b>
	<b>January 2016</b>	<b>January 2015</b>	<b>January 2016</b>	<b>January 2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**10 Taxes****Taxes recognised in profit or loss**

Tax comprises:

Current tax in respect of the current year	-withholding tax	(3)	(2)	(2)	(2)
	-normal tax	(2,304,388)	(1,210,649)	(2,304,388)	(1,210,649)
Deferred tax relating to the origination and reversal of temporary differences		195,905	(1,080,937)	290,115	(840,937)
		<u>(2,108,486)</u>	<u>(2,291,588)</u>	<u>(2,014,275)</u>	<u>(2,051,588)</u>

Taxes recognised in other comprehensive income

Deferred tax recognised on revaluation of property, plant and equipment

	(187,391)	-	(187,391)	-
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The charge for the year can be reconciled to the accounting profit as follows:

Profit before tax for the year:	6,072,519	7,475,392	5,824,039	7,253,482
Tax calculated at 25.75% ( inclusive of AIDS levy)	(1,563,674)	(1,924,913)	(1,499,690)	(1,867,772)
Effect of revenue exempt from taxation	329	428	329	426
Effect of expenses which are not tax deductible	(518,285)	(24,413)	(514,914)	(184,242)
Unrecognised deferred tax in respect of manufacturing subsidiary losses	(26,856)	(342,689)	-	-
Tax charge recognised in profit or loss	<u>(2,108,486)</u>	<u>(2,291,588)</u>	<u>(2,014,275)</u>	<u>(2,051,588)</u>

Expenses which are not tax deductible include provision for doubtful debts, donations, fines and penalties, impairments and excess pension fund contributions

**11 Earnings per share**

	000's	000's	000's	000's
<b>11.1 Weighted average number of ordinary shares (basic)</b>				
Issued ordinary shares at the beginning of the period	293,097	291,340	293,097	291,340
Effect of treasury shares (note 18.1.1)	(36,475)	(36,475)	(36,475)	(36,475)
Effect of share options exercised	266	1,173	266	1,173
Weighted average number of ordinary shares used in calculating earnings per share	<u>256,888</u>	<u>256,038</u>	<u>256,888</u>	<u>256,038</u>
<b>11.2 Weighted average number of ordinary shares (diluted)</b>				
Weighted average number of ordinary shares (basic)	256,888	256,039	256,888	256,039
Effect of share options on issue	6,007	12,285	6,007	12,285
Weighted average number of ordinary shares (diluted)	<u>262,895</u>	<u>268,324</u>	<u>262,895</u>	<u>268,324</u>

**11.3 Attributable basis**

Profit attributable to ordinary shareholders	(3,964,033)	(5,183,805)	3,809,764	5,201,894
Adjustments to basic earnings	-	-	-	-
Profit adjusted for cost of dilutive instruments	<u>(3,964,033)</u>	<u>(5,183,805)</u>	<u>3,809,764</u>	<u>5,201,894</u>
Basic earnings per share (cents)	1.54	2.02	1.48	2.03
Diluted earnings per share (cents)	1.51	1.93	1.45	1.94

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 52 weeks to 9 January 2016



	Group		Company	
	52 weeks to 9 January 2016	53 weeks to 10 January 2015	52 weeks to 9 January 2016	53 weeks to 10 January 2015
	\$	\$	\$	\$
<b>12 Cash flow</b>				
<b>12.1 Non-cash items</b>				
Share based payment expense	132,594	175,302	132,594	175,302
Depreciation	1,213,094	993,794	1,115,520	932,457
Inventory write-down	1,128,160	1,251,365	1,127,669	1,251,364
Amortisation and impairment of intangible assets	85,000	40,000	85,000	40,000
Net loss on disposal of property, plant and equipment (note 6)	58,464	8,466	58,462	8,466
Provision for doubtful debts	1,234,405	162,487	1,226,982	168,392
	<u>3,851,717</u>	<u>2,631,414</u>	<u>3,746,227</u>	<u>2,575,981</u>
<b>12.2 Working capital requirements</b>				
Increase in inventories	(2,241,269)	(1,731,418)	(2,002,950)	(1,761,905)
Decrease/ (increase) in accounts receivable	736,872	(10,798,694)	856,825	(10,767,414)
(Decrease)/ increase in accounts payable	(2,493,921)	1,050,300	(2,341,575)	1,066,068
	<u>(3,998,318)</u>	<u>(11,479,812)</u>	<u>(3,487,699)</u>	<u>(11,463,251)</u>
<b>12.3 Taxation paid</b>				
Taxation liability at the beginning of the year	(346,963)	(6,960)	(346,963)	(6,960)
Current taxation provided (note 10 )	(2,304,391)	(1,210,651)	(2,304,390)	(1,210,651)
Taxation liability at the end of the year	857,972	346,963	857,972	346,963
	<u>(1,793,382)</u>	<u>(856,728)</u>	<u>(1,793,382)</u>	<u>(856,728)</u>

## 13 Property, plant and equipment

	Group						Total
	Land & Buildings	Leasehold Improvements	Furniture, fittings & equipment	Computer equipment and software	Motor Vehicles	Plant & Machinery	
	\$	\$	\$	\$	\$	\$	\$
Cost or valuation							
Balance at 4 January 2014	1,312,249	2,240,038	2,256,057	679,700	1,117,318	1,662,277	9,267,639
Additions	-	317,997	655,409	507,717	62,384	206,596	1,750,103
Disposals	-	-	(3,966)	(5,683)	(48,324)	(11,647)	(69,620)
Balance at 10 January 2015	1,312,249	2,558,035	2,907,500	1,181,734	1,131,378	1,857,226	10,948,122
Additions	7,538	76,593	259,443	1,624,111	156,465	27,869	2,152,019
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	1,494,338	2,634,628	3,120,995	2,536,285	821,473	644,094	11,251,814
Accumulated depreciation or impairment							
Balance at 4 January 2014	(64,306)	(366,446)	(457,873)	(175,993)	(435,097)	(642,931)	(2,142,646)
Eliminated on disposals of assets	-	-	2,896	4,425	48,309	5,070	60,700
Current year expense	(32,257)	(237,767)	(291,356)	(140,978)	(188,211)	(103,225)	(993,794)
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)	(251,685)	(208,115)	(123,139)	(1,213,094)
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)	(169,382)	(23,572)	(2,003)	(1,732,725)
Net carrying amount at 9 January 2016	1,494,316	1,771,001	2,446,876	2,366,903	797,901	642,091	9,519,088
Net carrying amount at 10 January 2015	1,215,686	1,953,822	2,161,167	869,188	556,379	1,116,140	7,872,382

	Company						Total
	Land & Buildings	Leasehold Improvements	Furniture, fittings & equipment	Computer equipment and software	Motor Vehicles	Plant & Machinery	
	\$	\$	\$	\$	\$	\$	\$
Cost or valuation							
Balance at 4 January 2014	1,312,249	2,234,172	2,241,100	663,470	1,044,320	472,280	7,967,591
Additions	-	317,997	610,839	482,271	40,689	23,763	1,475,559
Disposals	-	-	(3,967)	(5,677)	(48,324)	(11,647)	(69,615)
Balance at 10 January 2015	1,312,249	2,552,169	2,847,972	1,140,064	1,036,685	484,396	9,373,535
Additions	7,538	76,593	258,863	1,646,105	96,775	46	2,085,920
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	1,494,339	2,628,762	2,980,735	2,490,124	723,867	207,315	10,525,142
Accumulated depreciation or impairment							
Balance at 4 January 2014	(64,306)	(365,543)	(454,250)	(172,517)	(374,838)	(120,916)	(1,552,370)
Eliminated on disposals of assets	-	-	2,623	4,562	48,309	5,069	60,563
Current year expense	(32,257)	(237,180)	(286,738)	(137,717)	(181,560)	(57,005)	(932,457)
Balance at 10 January 2015	(96,563)	(602,723)	(738,365)	(305,672)	(508,089)	(172,852)	(2,424,264)
Current year expense	(32,280)	(258,827)	(328,477)	(247,906)	(190,788)	(57,242)	(1,115,520)
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)	(668,630)	(173,544)	(13,589)	(32)	(1,717,368)
Net carrying amount at 9 January 2016	1,494,316	1,767,212	2,312,105	2,316,580	710,278	207,283	8,807,774
Net carrying amount at 10 January 2015	1,215,686	1,949,446	2,109,607	834,392	528,596	311,544	6,949,273

**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 31 December 2015, fair value 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.

	Valuation technique	Significant unobservable inputs	Range	
			52 weeks to 9 January 2016	53 weeks to 10 January 2015
Residential property	Market comparable method	Price per square meter	\$9 to \$60	\$0.5 to \$1.50
Commercial property	Income approach	Capitalisation rate	12% to 17%	10% to 15%

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 31 December 2015 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.

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

	Group		Company	
	52 weeks to 9 January 2016	53 weeks to 10 January 2015	52 weeks to 9 January 2016	53 weeks to 10 January 2015
	\$	\$	\$	\$
Cost	8,382,338	6,422,538	7,931,578	6,014,174
Accumulated depreciation	(1,494,591)	(1,145,154)	(1,047,818)	(794,515)
Net carrying amount	6,887,747	5,277,384	6,883,760	5,219,659

**14 Deferred tax balances**

	Group						
	Opening balance at 4 January 2014	Recognised in profit or loss	Recognised directly in other comprehensive income	Closing balance at 10 January 2015	Recognised in profit or loss	Recognised directly in other comprehensive income	Closing balance at 9 January 2016
	\$	\$	\$	\$	\$	\$	\$
Property, plant and equipment	(842,370)	(296,872)	-	(1,139,243)	(558,797)	(187,391)	(1,885,431)
Provisions	-	-	-	-	-	-	-
Section 18 installment allowances	(2,310,299)	(584,240)	-	(2,894,539)	799,144	-	(2,095,395)
Other	(80,685)	(1,742)	-	(82,428)	22,911	-	(59,517)
	(3,233,354)	(882,855)	-	(4,116,209)	263,257	(187,391)	(4,040,343)
<b>Tax losses and credits</b>							
Tax losses	459,855	(198,082)	-	261,773	(67,352)	-	194,421
	(2,773,499)	(1,080,937)	-	(3,854,436)	195,904	(187,391)	(3,845,923)

	Company						
	Opening balance at 4 January 2014	Recognised in profit or loss	Recognised directly in other comprehensive income	Closing balance at 10 January 2015	Recognised in profit or loss	Recognised directly in other comprehensive income	Closing balance at 9 January 2016
	\$	\$	\$	\$	\$	\$	\$
Property, plant and equipment	(701,862)	(255,949)	-	(957,812)	(529,805)	(187,391)	(1,675,007)
Provisions	53,245	(12,791)	-	40,454	1,023	-	41,477
Section 18 installment allowances	(2,311,976)	(582,497)	-	(2,894,473)	797,009	-	(2,097,464)
Other	(147,116)	10,300	-	(136,816)	21,887	-	(114,929)
	(3,107,710)	(840,937)	-	(3,948,647)	290,115	(187,391)	(3,845,923)
<b>Tax losses and credits</b>							
Tax losses	-	-	-	-	-	-	-
	(3,107,710)	(840,937)	-	(3,948,647)	290,115	(187,391)	(3,845,923)

	Group		Company	
	52 weeks to 9 January 2016	53 weeks to 10 January 2015	52 weeks to 9 January 2016	53 weeks to 10 January 2015
	\$	\$	\$	\$

**14 Deferred tax balances (continued)**

Reflected in the statement of financial position as follows:

Deferred tax asset	-	94,210	-	-
Deferred tax liability	(3,845,923)	(3,948,647)	(3,845,923)	(3,948,647)
Deferred tax (liabilities) / assets	(3,845,923)	(3,854,437)	(3,845,923)	(3,948,647)

Tax losses for which no deferred tax asset has been recognised amount to \$1 542 862 (2014- \$1 197 995)

	expiry date	52 weeks to 9	53 weeks to 10
		January 2016	January 2015
		\$	\$
Tax loss in respect of 2010 year end	31 December 2016	-	503,538
Tax loss in respect of 2011 year end	31 December 2017	1,542,862	694,458
		1,542,862	1,197,995

**15 Intangible assets**

	Company and Group		
	Definite life intangible asset	Goodwill	Total
	\$	\$	\$
Cost at 4 January 2014	160,000	45,000	205,000
Purchased during year	-	-	-
Cost at 10 January 2015	160,000	45,000	205,000
Purchased/ acquired during the year	-	-	-
Cost at 9 January 2016	160,000	45,000	205,000
Accumulated amortisation at 4 January 2014	(53,333)	-	(53,333)
Amortisation	(40,000)	-	(40,000)
Accumulated amortisation at 10 January 2015	(93,333)	-	(93,333)
Amortisation	(40,000)	-	(40,000)
Impairment	-	(45,000)	(45,000)
Accumulated amortisation and impairment at 9 January 2016	(133,333)	(45,000)	(178,333)
Carrying amount at 9 January 2016	26,667	-	26,667
Carrying amount at 10 January 2015	66,667	45,000	111,667

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 a remaining amortisation period of 0.67 years (2014- 1.67 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.

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 11% (2014: 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 has recognised an impairment charge of \$45 000 in the current year against goodwill with a carrying amount of \$45 000. This has been recorded in other gains/ losses in the statement of profit or loss.

	Group		Company	
	52 weeks to 9 January 2016	53 weeks to 10 January 2015	52 weeks to 9 January 2016	53 weeks to 10 January 2015
	\$	\$	\$	\$

**16 Inventories**

Raw materials	2,676,417	2,275,324	-	-
Work in progress	119,107	234,824	-	-
Goods in transit	32,683	166,069	-	-
Merchandise	9,705,782	8,719,229	9,180,829	8,283,679
Consumable stores	268,196	293,142	113,973	135,846
	12,802,185	11,688,588	9,294,802	8,419,525

The amount of write-down of inventories recognised in cost of sales is:

	1,128,160	1,251,365	1,127,669	1,251,364
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The value of inventory sold during the year, included as cost of sales is:

	31,058,512	35,545,678	34,210,082	39,078,575
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**17 Trade and other receivables**

Trade accounts receivable	33,032,667	33,821,503	32,941,257	33,782,206
Less: - Specific provision for impairment of receivables	(1,909,122)	(674,717)	(1,901,999)	(675,017)
Other accounts receivable	1,220,872	1,168,907	882,981	898,857
	32,344,417	34,315,693	31,922,239	34,006,046

The movement in the provision for impairment is as follows:

Opening balance	(674,717)	(512,230)	(675,017)	(506,625)
Increase in provision	(1,234,405)	(162,487)	(1,226,982)	(168,392)
Closing balance	(1,909,122)	(674,717)	(1,901,999)	(675,017)

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.

In the year ended 9 January 2016, due to deterioration in collections of receivables, the Group changed its estimate of the provision for impairment of receivables related to its customers. This change in estimate resulted in an increase compared to the year ended 10 January 2015, to the provision for impairment of receivables, by approximately \$315 000 (\$234 000 net of tax) in the year ended 9 January 2016.

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

	Group		Company	
	52 weeks to 9 January 2016	53 weeks to 10 January 2015	52 weeks to 9 January 2016	53 weeks to 10 January 2015
	\$	\$	\$	\$

**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 000s	Share capital \$	Share premium \$	Issued capital total \$
Balance at 4 January 2014	291,340	29,135	222,050	251,184
Issue of shares under employee share option plan	1,757	176	101,112	101,288
Balance at 10 January 2015	293,097	29,311	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	29,358	348,732	378,089

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

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

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

	Group		Company	
	52 weeks to 9 January 2016	53 weeks to 10 January 2015	52 weeks to 9 January 2016	53 weeks to 10 January 2015
	\$	\$	\$	\$
<b>18.2 Other reserves</b>				
Equity-settled employee benefits reserve	976,353	873,124	976,353	873,124
Change in functional currency reserve	-	750,662	-	335,717
Revaluation reserve	1,627,550	1,022,569	1,609,481	824,676
	<u>2,603,903</u>	<u>2,646,355</u>	<u>2,585,834</u>	<u>2,033,517</u>
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 represents the residual equity in existence as at the date of the change over. The Directors of the Company resolved to transfer to distributable reserves the remaining balance. This transfer has taken place through the Statement of Changes in Equity and has 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.				
<b>19 Trade and other payables, and provisions</b>				
Trade accounts payable	2,620,689	4,429,410	2,777,883	4,476,316
Sundry accounts payable and accrued expenses	3,258,943	3,944,143	3,101,751	3,744,893
	<u>5,879,632</u>	<u>8,373,553</u>	<u>5,879,634</u>	<u>8,221,209</u>
Trade and other payables are interest-free. Payment terms range from 30 days to 120days.				
<b>20 Current tax liabilities</b>				
Normal tax	857,972	346,963	857,972	346,963
	<u>857,972</u>	<u>346,963</u>	<u>857,972</u>	<u>346,963</u>
<b>21 Interest bearing loans and borrowings</b>				
Bank overdrafts	1,338,516	2,325,268	1,338,516	2,325,268
Bills discounted	990,000	1,000,000	990,000	1,000,000
Loans	15,696,425	17,016,766	15,568,033	16,561,331
	<u>18,024,941</u>	<u>20,342,034</u>	<u>17,896,549</u>	<u>19,886,599</u>
Less: Long-term portion of loan disclosed under non-current liabilities	(6,859,007)	(11,527,946)	(6,859,007)	(11,402,946)
Current portion	<u>11,165,934</u>	<u>8,814,088</u>	<u>11,037,542</u>	<u>8,483,653</u>
<b>21.1 Unsecured – at amortised cost</b>				
Bank overdrafts	636,830	970,422	636,830	970,422
Bills discounted	990,000	-	990,000	-
	<u>1,626,830</u>	<u>970,422</u>	<u>1,626,830</u>	<u>970,422</u>



	Group		Company	
	52 weeks to 9 January 2016	53 weeks to 10 January 2015	52 weeks to 9 January 2016	53 weeks to 10 January 2015
	\$	\$	\$	\$
<b>21.2 Secured – at amortised cost</b>				
Bank overdrafts	701,686	1,354,846	701,686	1,354,846
Bills discounted	-	1,000,000	-	1,000,000
Loans	15,696,425	17,016,766	15,568,033	16,561,331
	<u>16,398,111</u>	<u>19,371,612</u>	<u>16,269,719</u>	<u>18,916,177</u>
	<u>18,024,941</u>	<u>20,342,034</u>	<u>17,896,548</u>	<u>19,886,599</u>

**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 11.13% (2014 -11.07%) per annum

(iii) Tenures range between 90 days and 3 years

**22 Fair value measurement**

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

Quantitative disclosures fair value measurement hierarchy for assets as at 9 January 2016:

	Fair value measurement using	
	Significant unobservable inputs (Level 3)	Significant unobservable inputs (Level 3)
	52 weeks to 9 January 2016	53 weeks to 10 January 2015
	\$	\$
Assets measured at fair value:		
Land and buildings	1,494,316	1,215,686
Plant and machinery	642,091	1,116,140
Furniture, fittings and equipment	2,446,876	2,161,167
Computer equipment and software	2,366,903	869,188
Motor vehicles	797,901	556,379

Assets measured at fair value:

Land and buildings	1,494,316	1,215,686
Plant and machinery	642,091	1,116,140
Furniture, fittings and equipment	2,446,876	2,161,167
Computer equipment and software	2,366,903	869,188
Motor vehicles	797,901	556,379

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:

Within one year	3,549,201	3,331,287	3,549,201	3,331,287
After one year but not more than five years	6,005,860	2,823,785	6,005,860	2,823,785
More than five years	-	-	-	-
	<u>9,555,061</u>	<u>6,155,072</u>	<u>9,555,061</u>	<u>6,155,072</u>

	Group		Company	
	52 weeks to 9 January 2016	53 weeks to 10 January 2015	52 weeks to 9 January 2016	53 weeks to 10 January 2015
	\$	\$	\$	\$
Commitments for capital expenditure not provided for in the financial statements are as follows:				
Authorised and contracted for	743,097	1,295,630	743,097	95,630
Authorised but not yet contracted for	1,891,472	1,704,370	1,891,472	1,465,600
	<u>2,634,569</u>	<u>3,000,000</u>	<u>2,634,569</u>	<u>1,561,230</u>

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**

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.

9 January 2016	Adjusted interest	Future Interest at Current Rate	Impact on profit or loss gain/ (loss)	Tax Effect	Impact on equity gain/ (loss)
<b>All figures in US\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Increase of 200 basis points in interest rates	2,343,242	1,982,744	(360,498)	(92,828)	(267,670)
Decrease of 200 basis points in interest rates	1,622,245	1,982,744	360,498	92,828	267,670

10 January 2015	Adjusted interest	Future Interest at Current Rate	Impact on profit or loss gain/ (loss)	Tax Effect	Impact on equity gain/ (loss)
<b>All figures in US\$</b>					
Increase of 200 basis points in interest rates	2,644,464	2,237,624	(406,840)	(104,761)	(302,079)
Decrease of 200 basis points in interest rates	1,830,783	2,237,624	406,840	104,761	302,079

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 9 January 2016	53 weeks to 10 January 2015
	South African Rand	South African Rand
Foreign denominated balances		
Assets		
Cash and cash equivalents	657,698	588,633
Liabilities		
Trade payables	(1,185,534)	(3,718,707)
Total net position	(527,836)	(3,130,074)
Impact of US\$ strengthening by 10% -gain/(loss) in US\$		
Impact on profit before tax	3,199	28,455
Impact of US\$ weakening by 10% -gain/(loss) in US\$		
Impact on profit before tax	(3,910)	(34,779)

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).

- 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
9 January 2016	31,123,545	22,134,204	7,222,899	1,766,442
10 January 2015	33,146,786	27,033,691	4,592,907	1,520,188

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 9 January 2016	53 weeks to 10 January 2015
	\$	\$
<b>Unutilised banking facilities:</b>		
Total banking and loan facilities	23,447,076	33,100,000
Actual interest bearing debt (note 21)	(18,024,941)	(20,342,034)
Unutilised banking facilities	5,422,135	12,757,966

**Reserve capacity:**

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

Maximum permissible interest bearing debt	71,764,535	67,924,357
Actual interest bearing debt (note 21)	(18,024,941)	(20,342,034)
	53,739,593	47,582,323
Cash and cash equivalents	534,045	848,731
Unutilised borrowing capacity	54,273,639	48,431,054

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

	On demand	less than 3mths	3-12 mths	1-5years	Total
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
	<u>1,338,516</u>	<u>9,130,229</u>	<u>6,534,729</u>	<u>7,937,737</u>	<u>24,941,211</u>
10 January 2015					
Interest bearing loans and borrowings	2,325,268	2,887,639	5,463,104	12,090,684	22,766,695
Trade and other payables	-	8,373,553	-	-	8,373,553
	<u>2,325,268</u>	<u>11,261,192</u>	<u>5,463,104</u>	<u>12,090,684</u>	<u>31,140,248</u>

### 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 9 January 2016 was \$44 642 875 (10 January 2015: \$42 262 108).

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 9 January 2016 the gearing was 0.65 (10 January 2015: 0.90)

### 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 9 January 2016		53 weeks to 10 January 2015	
	Beneficial	Non-beneficial	Beneficial	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	406,666	-	203,333	-
Nominees	-	300	-	300
	<u>2,273,465</u>	<u>1,000</u>	<u>2,070,132</u>	<u>1,000</u>

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

During the course of the period, no director of the company had any material interest in any contract of significance with the company or any of its subsidiaries which would have given rise to a related conflict of interest.

### 28 Related party disclosures (Group & Company)

	52 weeks to 9 January 2016	53 weeks to 10 January 2015
	\$	\$
Compensation of key management personnel of the Group		
Short-term employee benefits	1,712,916	1,580,438
Post-employment pension and medical benefits	164,819	187,827
Share-based payment transactions	132,594	175,302
Total compensation paid to key management personnel	<u>2,010,329</u>	<u>1,943,567</u>

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 and Carousel Manufacturing

Transactions		
Rental of premises	133,572	133,572
Purchases	4,978,731	7,233,467
	<u>5,112,303</u>	<u>7,367,039</u>
Balances		
Debtors/ creditors balance	181,657	103,343
Intercompany loan	5,155,891	4,635,858
	<u>5,337,548</u>	<u>4,739,201</u>

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

Transactions		
Franchise fees	177,627	277,665
Balances		
Accrual for franchise fees	177,627	277,665

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

### 29 Report of the directors

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

### 30 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.

### 31 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

VOLUME	SHAREHOLDING ANALYSIS		MEMBER ANALYSIS	
	SHARES	%	HOLDERS	%
1-5000	1 080 888	0.37	872	70.38
5001-10000	603 727	0.21	85	6.86
10001-25000	1 609 112	0.55	100	8.07
25001-50000	1 309 900	0.45	35	2.82
50001-100001	2 699 943	0.92	37	2.99
100001-200000	3 815 648	1.30	30	2.42
200001-500000	11 887 188	4.05	39	3.15
500001-1000000	10 720 322	3.65	15	1.21
1000001 and Above	259 840 476	88.51	26	2.10
<b>TOTAL</b>	<b>293 567 204</b>	<b>100.00</b>	<b>1239</b>	<b>100</b>

INDUSTRY	SHARES	SHARES %	HOLDERS	SHAREHOLDERS %
FOREIGN COMPANIES	112 138 510	38.20	1	0.08
LOCAL COMPANIES	64 153 713	21.85	109	8.80
PENSION FUNDS	52 706 207	17.95	112	9.04
CHARITABLE AND TRUSTS	37 147 303	12.65	25	2.02
INSURANCE COMPANIES	15 394 285	5.24	5	0.40
LOCAL INDIVIDUAL RESIDENT	7 104 288	2.42	890	71.83
FUND MANAGERS	4 068 085	1.39	14	1.13
NEW NON RESIDENT	348 400	0.12	39	3.15
FOREIGN NOMINEE	313 396	0.11	2	0.16
LOCAL NOMINEE	105 830	0.04	25	2.02
OTHER INVESTORS & TRUSTS	77 950	0.03	4	0.32
DECEASED ESTATES	8 537	-	6	0.48
DIRECTOR	700	-	7	0.56
<b>Totals</b>	<b>293 567 204</b>	<b>100.00</b>	<b>1 239</b>	<b>100.00</b>



# Shareholders Financial Calendar

## Financial Year Ending 9 January 2016

Interim Results for the Half Year ending 4 July 2015	Published	September 2015
Analysts Briefing and Announcement of Results		16 March 2016
Notice to Shareholders	Published	April 2016
Annual Report including Annual Financial Statements		May 2016
Annual General Meeting		2 June 2016

## Financial Year Ending 7 January 2017

Interim Results for the Half Year ending 9 July 2016	Published	September 2016
Analysts Briefing and Announcement of Interim Results		14 September 2016
Analysts Briefing and Announcement of Results for Financial Year 2016		March 2017
Annual Report including Annual Financial Statements	Published	May 2017
Annual General Meeting		June 2016



## Notice to Members

Notice is hereby given that the 67th Annual General Meeting of members will be held at Edgars Training Auditorium, 1st Floor LAPF House, 8th Avenue/ Jason Moyo Street, Bulawayo, 2 June 2016 at 09.00 hours. Following is the Agenda for the meeting:-

### Ordinary Business

1. To approve minutes of the Annual General Meeting held on 28 May 2015.
2. To receive and adopt the annual financial statements and reports of the directors and auditors for the financial year ending 09 January 2016.  
NB: The full annual report can be viewed online at [www.edgars.co.zw](http://www.edgars.co.zw)
3. To appoint directors in accordance with the provisions of the company's Articles of Association.
  - Dr L.L. Tumba, Mr R. Mlotshwa and Mr V Mpofo retire by rotation and being eligible they offer themselves for re-election.
4. To approve the remuneration of the directors.
5. To appoint auditors for the ensuing year and to approve their remuneration for the past year.

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

By order of the Board

16 March 2016

Group Secretary

**EDGARS STORES LIMITED**

(“the company”)  
FORM OF PROXY

For use by members at the Annual General Meeting of the company to be held on 2 June 2016 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/our proxy to act for me/us at the Annual General Meeting, which will be held at the Edgars Training Auditorium, 1st Floor LAPF House, 8th Avenue/ Jason Moyo Street, Bulawayo on Thursday, 2 June 2016 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.

	<b>For</b> No of votes Poll	<b>Against</b> No of votes Poll	<b>Abstain</b> No of votes Poll
<b>Ordinary Resolution No 1</b> <i>(Approval of minutes of the AGM of 28 May 2015)</i>			
<b>Ordinary Resolution No 2</b> <i>(Receipt and adoption of the annual financial statements for the year ending 09 January 2016)</i>			
<b>Ordinary Resolution No 3</b> <i>(Election of Directors as a single resolution)</i>			
<b>Alternatively: Ordinary Resolution No 3</b> <i>(Election of Directors)</i>			
<b>Ordinary Resolution No 4</b> <i>(Approval of the remuneration of directors)</i>			
<b>Ordinary Resolution No 5</b> <i>(Appointment of auditors &amp; approval of their remuneration)</i>			

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

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2016

Signature \_\_\_\_\_

(ASSISTED BY ME WHERE APPLICABLE)

**Instructions for Signing and Lodging this Proxy**

Notes:

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- Any alterations or corrections to this form of proxy have to be initialed by the signatory (/ies).
- 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.
- 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 31 May 2016.
- This proxy form is to be completed only by those members who either still hold shares in a certificated form, or whose shares are recorded in their own name in electronic form in the sub register.



# Corporate Information

## **Edgars Stores Limited**

Incorporated in the Republic of Zimbabwe

Company registration number 379/1948

### **Registered office**

Edgars Head Office

Cnr Ninth Avenue / Herbert Chitepo Street/ 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**

Tjeludo Ndlovu

### **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**

E-mail: info@charismaagency.net

Website: [www.charismaagency.net](http://www.charismaagency.net)

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





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