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Revenue up 2.3% to \$218.6 million

EBITDA increased by 34.3% to \$7.3 million

Profit for the period up 87.1% to \$2.3 million

Earnings per share up 81.8% to 0.20 cents

Net asset value per share up 4.5% to 6.46 cents

CHAIRMAN'S STATEMENT

OVERVIEW

The operating environment continued to be hampered by weak and declining macro-economic performance which was characterised by low manufacturing productivity, increasing unemployment, depressed consumer spending and limited access to cash. Prices of goods across the various product groups continued to decrease albeit at a reducing rate with the government statistical office reporting negative inflation of 1.33% at the end of September 2016 compared to negative 3.11% in 2015. The Group's internal food deflation rate for September 2016 was 1.34% compared to 4.5% in the same month last year.

The country, which is predominantly dependent on importation of goods mainly from South Africa, struggled to effect international settlements for most of 2016. This situation, coupled with the import restrictions introduced through Statutory Instrument 64 of 2016, started to negatively impact the supply of products. While the Group has managed to secure reasonable supply of goods for the period under review, a few product lines started to disappear from the shelves towards the end of the reporting period and these shortages are expected to become more frequent in medium term.

Despite these difficult conditions, the Group recorded an increase in both revenue and profitability. Gross margins improved due to efficient procurement, while operating costs were managed down to achieve improved profitability.

Two new stores were opened during the period under review, namely OKmart Gweru on 17 July 2016 and OKmart Victoria Falls on 1 September 2016. The new shops have demonstrated good potential to generate sales and we are confident they will contribute meaningfully to the performance of the Group. The i-Tech store in Eastlea did not perform to expectation as a standalone operation and so was closed down on 31 July 2016 and stock moved into the OKmart chain and selected OK Conventional stores.

GROUP PERFORMANCE

Revenue generated for the period increased by 2.3% to \$218.6 million from the \$213.6 million posted in the comparable period in prior year. Profit before tax was 139.2% up at \$3.1 million from \$1.3 million in the previous year, while profit after tax increased by 87.1% to \$2.3 million from \$1.2 million in 2015.

Overheads decreased to \$33.0 million from \$34.2 million in the previous year as Group-wide initiatives to contain costs continued. Controls over shrinkage were effective and will continue to be enhanced.

Capital expenditure for the period was \$5.5 million, up from \$3.9 million in prior year in line with the performance of the Group. The cost of borrowing was negligible as the Group funded its operations from internally generated funds.

DIVIDEND

At a meeting held on 3 November 2016 the Board decided that it would not declare a dividend and that it would be preferable to channel resources to re-investment in the business.

OUTLOOK

The prevailing difficulties in the economic environment are expected to persist in the second half of the financial year. The Group will continue to focus on securing product supply to ensure adequate offering for its customers as well as on cost containment initiatives to achieve profitable operations.

Partial refurbishment will be carried out at OK Gwanda and OK Kwekwe before year-end to improve facilities. Larger stores will be opened at Houghton Park in Harare and in Chipinge in the second half of the financial year. The small outlet of OK Herbert Chitepo in Bulawayo is struggling to operate profitably and will be closed on 30 November 2016 as the Group continues its rationalisation efforts to improve efficiency.

Directorate

The Group announces the appointment of Mr. Rutenhuro James Moyo, who joined the Board as an independent non-executive director with effect from 1 August 2016. Mr. Moyo brings to the Board wide business experience which will be of significant value to the Group.

D B Lake
Chairman

3 November 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 30 September

	30 Sep 2016 Unaudited	30 Sep 2015 Unaudited
Revenue	218,596,298	213,640,263
Changes in trade inventories	(913,433)	(1,820,961)
Merchandise and consumables used	(181,430,826)	(176,118,253)
Employee benefits expense	(13,522,782)	(13,831,034)
Depreciation	(3,645,554)	(3,753,971)
Share based payment expense	(30,000)	(180,000)
Net operating costs	(15,842,628)	(16,483,970)
Finance costs	(77,872)	(141,925)
Profit before tax	3,133,203	1,310,149
Tax (note 5)	(846,100)	(87,792)
Profit for the period	2,287,103	1,222,357
Other comprehensive income		
Fair value adjustment on available for sale equity investments	14,681	(1,114)
Income tax relating to components of other comprehensive income	(147)	-
Other comprehensive income/(loss) for the period net of tax	14,534	(1,114)
Total comprehensive income for the period	2,301,637	1,221,243
Weighted average number of ordinary shares in issue:	1,160,518,426	1,157,993,844
Share performance - cents		
: attributable earnings basis	0.20	0.11
: headline earnings basis	0.19	0.11
: net asset value	6.46	6.18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT

	30 Sep 2016 Unaudited	30 Sep 2015 Unaudited	31 March 2016 Audited
Assets			
Non-current assets			
Property and equipment	58,103,365	57,429,415	56,269,850
Long-term receivables	2,720,713	2,246,862	2,715,044
Goodwill	400,000	400,000	400,000
Long-term investments	350,626	340,796	335,945
Deferred tax assets	123,043	66,145	123,043
	<u>61,697,747</u>	<u>60,483,218</u>	<u>59,843,882</u>
Current assets			
Inventories	48,417,333	48,934,792	47,245,582
Trade and other receivables	5,606,083	13,779,744	8,840,672
Prepaid expenses and merchandise supplies	3,824,404	7,297,948	5,259,591
Current tax assets	111,848	487,150	770,488
Short-term loans receivables	143,385	97,213	153,640
Cash and cash equivalents	12,232,196	6,822,255	3,168,105
	<u>70,335,249</u>	<u>77,419,102</u>	<u>65,438,078</u>
Total assets	132,032,996	137,902,320	125,281,960
Equity and liabilities			
Capital and reserves			
Share capital	116,051	115,799	116,051
Share premium	27,338,961	27,086,755	27,338,961
Share based payment reserve	143,215	815,562	113,215
Investment reserve	63,299	53,612	48,765
Revaluation reserve	7,317,988	5,626,819	7,317,988
Non-distributable reserve	9,820,399	9,820,399	9,820,399
Retained earnings	30,193,536	27,987,932	27,906,433
	<u>74,993,449</u>	<u>71,506,878</u>	<u>72,661,812</u>
Non-current liabilities			
Deferred tax liabilities	10,033,577	9,033,592	9,940,513
Long-term borrowings (note 6)	-	266,065	-
	<u>10,033,577</u>	<u>9,299,657</u>	<u>9,940,513</u>
Current liabilities			
Trade and other payables	46,551,425	53,946,890	40,053,834
Short-term borrowings (note 6)	454,545	1,685,639	1,111,612
Bank overdraft	-	1,463,256	1,514,189
	<u>47,005,970</u>	<u>57,095,785</u>	<u>42,679,635</u>
Total equity and liabilities	132,032,996	137,902,320	125,281,960

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 30 September

	30 Sep 2016 Unaudited	30 Sep 2015 Unaudited
Cash flows from operating activities		
Cash generated from trading (note 7)	6,957,959	5,446,641
Working capital changes	9,875,616	(4,251,606)
Cash generated from operations	16,833,575	1,195,035
Net finance costs	(62,723)	(113,252)
Tax paid	(94,543)	(515,799)
Net cash generated from operating activities	16,676,309	565,984
Cash flows from investing activities		
Cash utilized in investment activities to maintain operations		
Replacement of property and equipment	(2,403,403)	(1,633,236)
Proceeds from disposal of property and equipment	78,899	38,060
Cash utilized in investment activities to expand operations:		
Additions to property and equipment	(3,121,044)	(2,235,128)
Increase in long-term receivables	(5,669)	(1,175,946)
Net cash utilized in investment activities	(5,451,217)	(5,006,250)

	30 Sep 2016 Unaudited	30 Sep 2015 Unaudited
Financing activities		
Dividend paid	-	(1,260,308)
Decrease in borrowings	(657,067)	(826,679)
Decrease in short-term loan receivables	10,255	12,127
Net cash used in financing activities	(646,812)	(2,074,860)
Net increase/(decrease) in cash and cash equivalents	10,578,280	(6,515,126)
Cash and cash equivalents at the beginning of the period	1,653,916	11,874,125
Cash and cash equivalents at the end of the period	12,232,196	5,358,999
Represented by:		
Cash	12,232,196	6,822,255
Bank overdraft	-	(1,463,256)
	<u>12,232,196</u>	<u>5,358,999</u>

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the half year ended 30 September

	6 months to 30 Sep 2016 Unaudited	6 months to 30 Sep 2015 Unaudited	12 months to 31 March 2016 Audited
Shareholders' equity at the beginning of the period	72,661,812	71,365,943	71,365,943
Arising from shares issued	-	-	252,458
Arising from share options	30,000	180,000	50,000
Dividend paid	-	(1,260,308)	(1,364,091)
- prior year final	-	-	-
Total comprehensive income for the period	2,301,637	1,221,243	2,357,502
Shareholders' equity at the end of the period	74,993,449	71,506,878	72,661,812

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 30 September 2016

1 General Information

The Group is a leading supermarket retailer whose business covers three major categories, comprising groceries, basic clothing and textiles and houseware products. At the reporting date the Group was operating from sixty three shops countrywide and had two wholly owned subsidiaries.

2 Statement of compliance

The interim financial results have been prepared in accordance with International Financial Reporting Standards, the requirements of the Companies Act (Chapter 24:03), ZSE Listing Rules and the relevant Statutory Instruments.

3 Currency of reporting

The financial statements are presented in the United States Dollars, which is the functional currency of the Group.

4 Significant accounting policies

The principal accounting policies of the Group are consistent, in all material respects, with those adopted in the previous year.

5 Taxation

Current income tax

	6 months to 30 Sep 2016	6 months to 30 Sep 2015
- Standard	730,680	-
- Aids levy	21,920	-
Withholding tax	583	1,347
Deferred tax movement	92,917	86,445
	<u>846,100</u>	<u>87,792</u>

6 Borrowings

	6 months to 30 Sep 2016	6 months to 30 Sep 2015
Long-term	-	266,065
Short-term	454,545	1,685,639
	<u>454,545</u>	<u>1,951,704</u>

Loan balance outstanding at reporting period is unsecured and will be repaid in full before the end of the current financial year. It attracts interest at 9% per annum.

7 Cash generated from trading

	30 Sep 2016	30 Sep 2015
Profit before tax	3,133,203	1,310,149
Adjusted for:		
Finance costs	77,872	141,925
Share based payment expense	30,000	180,000
Employee share participation costs	120,000	75,733
Depreciation	3,645,554	3,753,971
Finance income	(15,149)	(28,673)
(Profit)/loss on sale of property and equipment	(33,521)	13,536
	<u>6,957,959</u>	<u>5,446,641</u>

8 Capital expenditure

	30 Sep 2016	30 Sep 2015
Authorised but not contracted for	<u>5,524,447</u>	<u>3,868,364</u>

9 Capital commitments

There were no capital commitments at reporting date.

10 Contingent liabilities

There were no contingent liabilities at reporting date.

11 Going concern

The Directors have reviewed the prospects of the Group and are satisfied that the Group is a going concern and therefore continue to apply the going concern assumption in the preparation of these half year financial results.