

Directors' Responsibility

The Company's directors are responsible for the preparation and fair presentation of the Group's financial statements, of which this press release represents an extract. These financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies' Act (Chapter 24:03). The principal accounting policies of the company are consistent with those applied in the previous year.

Audit Statement

The Group's external auditors Ernst & Young have issued an unqualified audit opinion on the financial statements of the Group for the period ended 10 July 2016. The signed audit opinion is available for inspection at the Company's registered office.

Trading Performance

Group merchandise sales for the 52 weeks to 10 July 2016 of \$17,240,078 were 18.6% lower than those of the 53 week period ended 12 July 2015 (the prior period). On a comparable 52 week period sales declined 17.7%.

Individual chain sales performance was as follows;

	1st half to 10-Jan-16	2nd half to 10-Jul-16	Period to 10-Jul-16
Truworths	(1.5%)	(39.5%)	(20.5%)
Topics	+7.8%	(44.8%)	(18.9%)
Number 1	(8.2%)	(15.5%)	(11.0%)
Group	+2.5%	(40.4%)	(18.6%)

Traditionally the first half is the stronger half in terms of sales performance.

Credit Management

The number of accounts increased by 6.9% over the comparative period to 85,475. 12,103 of these had signed up for the Instore Credit Card at period end compared to 8,258 in the comparative period end.

Trade receivables decreased by 1.9% due to a lower sales outturn in the second half of the financial year. Other receivables decreased by 43.9% due to having been settled outstanding amounts by the Salary Service Bureau and a reduction in prepayments.

The allowance for doubtful debts was increased in view of the deteriorating macroeconomic environment. The doubtful debt allowance for the year was 8.9% of trade receivables compared to 6.0% last year. In monetary terms the doubtful debt allowance increased by 45.7%.

Late salary payments resulted in late settlement of monthly instalments, as a result 68.7% of the group's account holders were able to make purchases compared to 81.9% at the prior period end.

Financial Performance

The gross profit margin decreased from 47.2% in the prior year to 44.4% as markdowns were effected to stimulate sales. Trading expenses decreased by 4.4%. The operating margin decreased from 0.7% in the prior year to (7.8%).

Capital Expenditure

Capital expenditure was limited to essential expenditure during the period and was as follows;

	This period \$	Prior period \$
Computer technology & infrastructure	34,791	221,325
Motor vehicles	-	85,550
Factory and appliances	67,710	65,289
Store development	-	58,887
- New Store*	-	57,894
- Store refurbishment**	32,875	51,023
- Store relocation***	-	-
	135,376	539,968

Dividend

The Board deemed it prudent not to declare a dividend due to the difficulties in the trading environment.

Outlook

The credit and consumer environment has continued to deteriorate since period-end. Management have focused on cost reduction and cost reductions have been achieved. This process is going to be continuous in line with trading conditions.

Management of trade receivables remains a focus area to improve the quality of the debtors book and cash flows. Group retail sales for the first 11 weeks of the new financial year have been below the corresponding prior period.

C.P.M. Peech
Chairman

B. Ndebele
Chief Executive Officer

29 September 2016

Registered Office

Stand 808
Seke Road
Prospect Park
Harare

GROUP STATEMENT OF FINANCIAL POSITION

Note	at 10 July 2016 US \$	at 12 July 2015 US \$
ASSETS		
Non-current assets		
Property, plant and equipment	1,802,581	2,218,395
Intangible assets	249,284	288,461
Deferred tax	408,800	214,062
	15,765,333	18,783,900
Current assets		
Inventories	6,628,467	7,899,114
Receivables - trade	7,852,731	8,444,270
- other	804,785	1,435,826
Cash and cash equivalents	479,350	1,004,690
	18,225,998	21,504,818
Total Assets		
EQUITY & LIABILITIES		
Equity		
	4,858,376	5,887,824
Non-current liabilities		
Deferred tax	1,109,586	1,294,324
Long term borrowings	2,465,361	5,554,432
	9,792,675	8,768,238
Current liabilities		
Payables - trade	989,751	2,533,862
- other	688,843	808,029
Short term borrowings	8,070,521	5,398,423
Tax payable	43,560	27,924
	18,225,998	21,504,818
Total Equity & Liabilities		
Number of shares in issue (net of treasury shares)	380,901,152	380,901,152
Net asset value per share (cents)	1.28	1.55

GROUP STATEMENT OF COMPREHENSIVE INCOME

Note	52 weeks to 10 July 2016 US \$	53 weeks to 12 July 2015 US \$
Revenue		
	19,636,499	23,125,156
Retail merchandise sales		
Cost of sales	(9,588,832)	(11,186,402)
Gross profit	7,651,246	10,005,257
Other income	204,430	53,497
	(9,944,871)	(10,378,652)
Trading expenses		
Depreciation and amortisation	(560,171)	(575,682)
Employment costs	(3,854,254)	(3,787,867)
Occupancy costs	(3,087,056)	(3,221,010)
Trade receivable costs	(302,877)	(462,596)
Other operating costs	(2,140,513)	(2,331,497)
	(2,089,195)	(319,898)
Retail trading loss		
Manufacturing loss	(180,406)	(97,700)
Finance income	2,327,746	1,829,633
Finance cost	(1,408,138)	(1,271,936)
(Loss) / profit before tax	(1,349,993)	140,099
Tax	320,545	(51,121)
	(1,029,448)	88,978
(Loss) / profit for the period		
	(1,029,448)	88,978
Other comprehensive income		
	-	-
Total comprehensive income for the period		
	(1,029,448)	88,978
Earnings per share		
Basic earnings per share (cents)	(0.27)	0.02
Headline earnings per share (cents)	(0.27)	0.02
Diluted basic earnings per share (cents)	(0.27)	0.02
Key ratios		
Gross margin (%)	44.4	47.2
Trading expenses to turnover (%)	57.7	49.0
Trading margin (%)	(12.1)	(1.5)
Operating margin (%)	(7.8)	0.7

GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital US\$	Non-distributable reserve US\$	Retained earnings US\$	Total US\$
Balance at 07 July 2014	38,090	1,856,611	3,904,145	5,798,846
Total comprehensive income for the period	-	-	88,978	88,978
Balance at 12 July 2015	38,090	1,856,611	3,993,123	5,887,824
Total comprehensive loss for the period	-	-	(1,029,448)	(1,029,448)
Balance at 10 July 2016	38,090	1,856,611	2,963,675	4,858,376

GROUP STATEMENT OF CASH FLOWS

	52 weeks to 10 July 2016 US \$	53 weeks to 12 July 2015 US \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash (utilised in) / generated from trading	(900,058)	674,691
Working capital movements	47,964	(2,497,066)
Net cash utilised in operations	(852,094)	(1,822,375)
Net interest received	919,608	557,697
Tax paid	(43,293)	(35,030)
Net cash generated from / (utilised in) operating activities	24,221	(1,299,708)
Cash utilised in investing activities		
Acquisition of property, plant and equipment	(132,588)	(508,165)
Net cash generated from financing activities		
(Decrease) / increase in borrowings	(416,973)	2,096,300
Net (decrease) / increase in cash and cash equivalents	(525,340)	288,427
Cash and cash equivalents at beginning of period	1,004,690	716,263
Cash and cash equivalents at end of period	479,350	1,004,690

SUPPLEMENTARY INFORMATION

- PRESENTATION CURRENCY**
The financial results are presented in United States Dollars which is the functional reporting currency of the Group.
- ACCOUNTING POLICIES**
The accounting policies and methods of computation applied in the preparation of the Group's 2016 annual financial statements, are in terms of IFRS and consistent with those applied in the preparation of the Group's annual financial statements for the period ended 12 July 2015.
- LONG TERM BORROWINGS**
The long-term borrowings of \$2,465,361 (2015: \$5,554,432) comprise debentures of \$nil (2015: \$2,000,000) and a bank loan of \$2,465,361 (2015: \$3,554,432). The debentures were unsecured at an interest rate of 12.5% per annum and mature on 13 April 2017. The bank loan bears interest of 11.5% per annum and is secured by cross company guarantees from Topic Stores (Private) Limited and Bravette Manufacturing (Private) Limited and a Power of Attorney to register a cession over book debts for \$6,700,000. The loan is repayable monthly in equal instalments until 31 May 2019.
- SHORT TERM BORROWINGS**
Short-term borrowings of \$8,070,521 (2015: \$5,398,423) are secured up to the amount of \$5,570,521 (2015: \$4,879,419) by cross company guarantees from Topic Stores (Private) Limited and Bravette Manufacturing Company (Private) Limited, cession over book debts of \$1,500,000. The remaining short term borrowings of \$2,500,000 (2015: \$519,004) are unsecured.
- REVENUE**

	52 weeks to 10 July 2016 US \$	53 weeks to 12 July 2015 US \$
Sale of merchandise	17,308,753	21,295,523
- Retail sales	17,240,078	21,191,659
- Factory sales to third parties	68,675	103,864
Interest receivable	2,327,746	1,829,633
- Account receivable	2,303,163	1,807,986
- Other	24,583	21,647
Total	19,636,499	23,125,156
- DEPRECIATION AND AMORTISATION**

	52 weeks to 10 July 2016 US \$	53 weeks to 12 July 2015 US \$
Retail charge	560,171	575,682
Manufacturing charge	27,537	29,295
Total charge	587,708	604,977
- TAX**

	52 weeks to 10 July 2016 US \$	53 weeks to 12 July 2015 US \$
Current tax charge for the period	(58,929)	(28,686)
Deferred tax credit / (charge) for the period	379,474	(22,435)
Total tax charge	320,545	(51,121)
- EARNINGS PER SHARE**
No adjustments have been made in calculating diluted earnings per share as there are no diluting instruments.
- SEGMENT INFORMATION**

	Manufacturing		Retail		Eliminations		Consolidated	
	2016 US \$	2015 US \$	2016 US \$	2015 US \$	2016 US \$	2015 US \$	2016 US \$	2015 US \$
External Sales	68,675	103,864	17,240,078	21,191,659	-	-	17,308,753	21,295,523
Inter-segment sales	1,619,285	2,141,088	-	-	(1,619,285)	(2,141,088)	-	-
Total sales revenue	1,687,960	2,244,952	17,240,078	21,191,659	(1,619,285)	(2,141,088)	17,308,753	21,295,523
Segment result								
Loss for the period	(228,406)	(146,700)	(2,089,195)	(319,898)	(48,000)	(48,000)	(2,269,601)	(417,598)
Finance income	-	-	2,327,746	1,829,633	-	-	2,327,746	1,829,633
Finance cost	-	-	(1,408,138)	(1,271,936)	-	-	(1,408,138)	(1,271,936)
Tax credit / (expense)	58,612	37,518	261,933	(88,639)	-	-	320,545	(51,121)
Net (loss) / profit	(169,794)	(108,183)	(907,654)	149,160	(48,000)	(48,000)	(1,029,448)	88,978
- LEASE COMMITMENTS**
The Group leases its premises in terms of operating leases which are contracted for periods between 1-5 years. Some of these leases provide for minimum annual rental plus contingent rentals based on turnover. The minimum lease commitments are as follows

	at 10 July 2016 US \$	at 12 July 2015 US \$
Operating lease commitments payable within one year	2,027,941	1,803,674
After one year but not more than five years	1,972,308	1,711,070
	4,000,249	3,514,744
- CONTINGENT LIABILITIES**
There are no contingent liabilities.
- CAPITAL COMMITMENTS**
Capital expenditure authorised but not contracted:

	at 10 July 2016 US \$	at 12 July 2015 US \$
	350,000	500,000
- EVENTS AFTER THE END OF REPORTING PERIOD**
No event material to the understanding of this report has occurred between the end of the reporting period and the date of approval.