



ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 30 June, 2016 P' 000	Year ended 30 June, 2015 P' 000
Revenue	7 369 005	5 945 234
Cost of sales	(5 924 214)	(4 653 413)
Gross profit	1 444 791	1 291 821
Other income	52 265	8 611
Operating income	1 497 056	1 300 432
Expenditure	(1 348 442)	(1 032 864)
Administrative expenses	(1 086 843)	(817 993)
Selling and distribution expenses	(49 322)	(48 322)
Other operating expenses	(212 577)	(166 549)
Operating profit before interest	148 614	267 568
Interest cost	2.02%	4.50%
Interest income	(26 664)	(28 522)
Profit before taxation	127 400	243 226
Taxation	(22 495)	(45 988)
Profit for the year	104 905	197 238
Attributable to:		
Owners of the company	109 527	202 826
Non-controlling interests	(4 622)	(5 588)
Other comprehensive income		
Foreign currency translation differences from foreign operations	(19 861)	(16 068)
Attributable to:		
Owners of the company	(21 055)	(16 542)
Non-controlling interests	1 194	474
Profit and total comprehensive income for the year	85 044	181 170
Attributable to:		
Owners of the company	88 472	186 284
Non-controlling interests	(3 428)	(5 114)
Earning per share - Thebe	8.48	17.11
Headline earnings per share - Thebe	7.25	16.92
Dividend per share - Thebe (declared and paid)	4.88	4.51

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June, 2016 P' 000	30 June, 2015 P' 000
Assets		
Non-current assets	1 740 579	1 269 313
Plant and equipment	1 082 968	746 050
Deferred taxation	51 431	19 572
Investments in new projects	95 560	30 165
Goodwill	510 620	473 526
Current assets	1 115 648	1 149 383
Inventories	703 539	535 653
Investments	3	3
Advances and deposits	83 213	66 023
Trade and other receivables	191 444	186 148
Amounts due from related entities	4 993	17 735
Cash and cash equivalents	132 456	343 821
Total assets	2 856 227	2 418 696
Equity and Liabilities		
Equity	1 473 593	1 451 538
Share capital	875 476	875 476
Preference shares	87	86
Retained earnings	634 823	588 286
Non controlling interests	(1 393)	2 035
Foreign currency translation reserve	(35 400)	(14 345)
Non-current liabilities	468 072	312 429
Long term borrowings	412 897	273 591
Deferred lease liabilities	55 175	38 838
Current liabilities	914 562	654 729
Current portion of deferred lease liabilities	4 651	4 805
Bank overdrafts	80 371	62 566
Trade and other payables	694 503	453 130
Amounts due to related entities	9 551	38 301
Taxation payable	20 027	16 742
Current portion of long term borrowings	105 459	79 185
Total equity and liabilities	2 856 227	2 418 696

COMMENTARY

1. Basis of preparation and accounting policies

The abridged consolidated financial results and financial position of Choppies Enterprises Limited are extracted from the audited group annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), under the historical cost convention except for certain financial instruments which are disclosed at fair value.

2. Financial overview & review of operations

Number of stores	2015	2016	Δ
Botswana	73	79	6
South Africa	36	61	25*
Zimbabwe	20	30	10
Zambia	-	5	5
Kenya	-	8	8
Total	129	183	54

Group Highlights

Strategy

Choppies strategy of creating a strong African supermarket business moved forward at an accelerated pace during the past year with the establishment of businesses in Zambia and Kenya.

Botswana

Despite challenging economic conditions, the Botswana operations traded well and maintained market share. The continued devaluation of the Rand put downward pressure on prices and thus revenues. EBITDA increased by 7% with net profit after tax increasing by 1%, due to an increase in the depreciation charge related to the Botswana operations.

South Africa

The South African business, other than the newly acquired business, Jwayelani, incurred significant losses occasioned by very depressed trading in areas dominated by mining. Focused management action has resulted in an improvement in sales and margins. While trading conditions remain challenging, early indications are that these actions will advance South Africa to improved results.

The acquisition of Jwayelani, which trades in KwaZulu-Natal and the Eastern Cape, was successfully executed. Jwayelani consists of 21 stores, a distribution centre and a meat processing factory. The business has performed well and added to the critical mass of our South African operations.

Zimbabwe

Losses were incurred in Zimbabwe due to depressed economic conditions, which have resulted in a shortage of cash in circulation, causing customer purchases per transaction to drop markedly. However, footfall increased strongly demonstrating the desire of customers to shop at Choppies. Renewed management focus has resulted in improved margins in recent months. We anticipate returning to profitability in the coming year.

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Particulars	Stated Capital P' 000	Preference Shares P' 000	Retained Earnings P' 000	Foreign currency translation reserve P' 000	Non controlling interests P' 000	Total P' 000
Balance at 30 June 2014	421 474	85	438 418	2 197	7 149	869 323
Total comprehensive income for the year	-	-	202 826	(16 542)	(5 114)	181 170
Profit	-	-	202 826	-	(5 588)	197 238
Other comprehensive income	-	-	-	(16 542)	474	(16 068)
Transactions with Owners	454 002	1	(52 958)	-	-	401 045
Issue of ordinary shares	454 002	-	-	-	-	454 002
Dividend declared	-	-	(52 958)	-	-	(52 958)
Issue of preference shares	-	1	-	-	-	1
Balance at 30 June 2015	875 476	86	588 286	(14 345)	2 035	1 451 538
Total comprehensive income for the year	-	-	109 527	(21 055)	(3 428)	85 044
Profit	-	-	109 527	-	(4 622)	104 905
Other comprehensive income	-	-	-	(21 055)	1 194	(19 861)
Transactions with Owners	-	1	(62 990)	-	-	(62 989)
Dividend declared	-	-	(62 990)	-	-	(62 990)
Issue of preference shares	-	1	-	-	-	1
Balance as at 30 June 2016	875 476	87	634 823	(35 400)	(1 393)	1 473 593

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

Particulars	Year ended 30 June, 2016 P' 000	Year ended 30 June, 2015 P' 000
Net cash flows generated from operating activities	198 757	5 196
Net cash flows used in investment activities	(566 845)	(283 687)
Net cash flows generated from financing activities	138 918	501 907
Net movement in cash and cash equivalents	(229 170)	223 416
Cash and cash equivalents at the beginning of the year	281 255	57 839
Cash and cash equivalents at the end of the year	52 085	281 255

ABRIDGED SEGMENTAL RESULTS

Particulars	Botswana P' 000	South Africa P' 000	Zimbabwe P' 000	Zambia P' 000	Kenya P' 000	Total P' 000
2016						
Statement of profit or loss and other comprehensive income						
Revenue:						
Trading income	4 545 097	1 534 999	1 201 593	40 844	46 472	7 369 005
Other income	45 926	4 540	1 762	24	13	52 265
Total segment revenue	4 591 023	1 539 539	1 203 355	40 868	46 485	7 421 270
Reportable segment gross profit	925 692	316 153	188 709	6 133	8 104	1 444 791
Reportable segment profit/(loss) before taxation	261 792	(93 630)	(16 225)	(7 282)	(17 255)	127 400
Reportable segment depreciation	77 517	49 911	17 433	1 409	1 834	148 104
Reportable segment EBITDA	353 134	(43 105)	7 679	(5 873)	(15 118)	296 717
Reportable segment profit/(loss) after taxation	203 202	(68 079)	(12 384)	(4 694)	(13 140)	104 905
Statement of financial position						
Reportable segment assets	1 384 114	745 168	531 327	82 894	112 724	2 856 227
Reportable segment liabilities	750 785	291 250	270 262	29 257	41 080	1 382 634
2015						
Statement of profit or loss and other comprehensive income						
Revenue:						
Trading income	3 806 193	1 275 589	863 452	-	-	5 945 234
Other income	5 220	2 322	1 069	-	-	8 611
Total segment revenue	3 811 413	1 277 911	864 521	-	-	5 953 845
Reportable segment gross profit	851 713	284 248	155 860	-	-	1 291 821
Reportable segment profit/(loss) before taxation	253 761	(23 712)	13 177	-	-	243 226
Reportable segment depreciation	59 631	45 343	11 506	-	-	116 480
Reportable segment EBITDA	330 649	23 052	30 349	-	-	384 050
Reportable segment profit/(loss) after taxation	200 979	(12 008)	8 267	-	-	197 238
Statement of financial position						
Reportable segment assets	1 510 388	509 705	398 603	-	-	2 418 696
Reportable segment liabilities	556 803	144 754	265 601	-	-	967 157

Zambia and Kenya

Operations commenced in Zambia and Kenya with the opening of 5 and 8 stores, respectively, as well as establishing distribution facilities. Our operations in these countries will remain loss making in FY2017 as we continue to build our store base and invest in operational infrastructures.

Overall trading

Group operating margins were negatively impacted by the costs of establishing new geographical locations and opening new stores and distribution centres.

3. Prospects

While profits suffered due to the reasons noted above, cash flows remain robust. Strong growth in group revenue and a 25% increase in footfall, facilitated by new store openings, further demonstrates the strong consumer appeal of Choppies. The group's expansion plans are progressing well. Choppies expects to commence operations in Tanzania and Mozambique in the coming months. The group plans to roll out more than 20 stores in all regions by the close of FY 2017.

4. Dividends

Final Distribution

Notice is hereby given that the gross final dividend of 2.8266 thebe (or South African Rand cents equivalent) per share in respect of the year ended 30 June 2016 was declared on 20 September 2016, for payment to those ordinary shareholders registered in the books of the Company at the close of business on 21 October 2016. Net dividend cheques will be dispatched or electronically paid by the transfer secretaries on or about 21 November 2016.

Notice is hereby given that, as approved by the Botswana Stock Exchange, dividend payments of less than P50 will be paid electronically to shareholders. We now request all shareholders to contact the transfer secretaries, Grant Thornton Business Services (Proprietary) Limited, by post/fax/hand delivery providing their bank account details to enable dividends to be paid electronically.

In respect of shareholders registered on the Johannesburg Stock Exchange:

The last date to trade shall be Tuesday, 18 October 2016 and shall commence trading ex the dividend on Wednesday, 19 October 2016. The record date to appear in the register to participate in the dividend will be Friday, 21 October 2016 and the dividend will be paid on Monday, 21 November 2016. The South African branch register will be closed for the purposes of dematerialisation, rematerialisation on Wednesday, 19 October 2016 to Friday, 21 October 2016, both dates inclusive, and for transfers between the South African register and the South African and Botswana registers between Monday, 17 October 2016 and Friday 21 October 2016 both dates inclusive. The exchange rate applicable for the conversion of Thebe to Cents and tax implications for payment to shareholders on the South African register will be confirmed in a separate announcement to be released on SENS on Monday 17 October, being the finalisation date. The issued shares at the declaration date is 1 291 628 341. The dividend has been declared from income reserves.

Distributable reserves available for the final dividend are net of Botswana withholding taxes at 7.5% deducted from dividends received from group entities, and as such, can be distributed to shareholders registered on Botswana Stock Exchange free of any further deduction. In respect of shareholders registered on the Johannesburg Stock Exchange, the dividends payable are subject to withholding tax as required under the South African Income Tax Act. This dividend is treated as a foreign dividend.

For and on behalf of the Board

F.G. Mogae
(Chairman)

R. Otapathu
(Chief Executive Officer)

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