3.67  -  

well within the Group’s servicing capability and leaves scope to finance store expansion plans over the near term.

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Our ongoing monitoring and analysis of the markets in which we operate, buttressed by continued investment in equity share management and company infrastructure, enables us to maintain our price advantage without compromising quantity and profitability.

The Group’s effective use of technology is enhancing, driven by the necessity for growth in the sector due to the focus on value in today’s smaller retailer in areas that are currently underserved by traditional retailers. With the recent commissioning of our warehouses in Namibia, we are well positioned for growth, as we are the capital of servicing to these stores.

The loss reported in stop sales operations is because of the initial operating expenses of the newly opened stores. The operations will become profitable at the time of the business reaching its critical state.

The organisation is working on developing house branded products across all the key categories. Dedicated and cross-functional teams are working on the house brands. Other categories, which will progressively improve in share of house brands in the key categories. Partnerships with manufacturers, product improvement and innovation and innovation also help in better performance of the house brands.

The financial position remains healthy, with strong debt ratios accounting for part of the decline. The overall debt equates of equity ratios. The debt-equity ratio of about 7:1 is well within the lenders’ servicing capability and allows scope to finance store expansion plans over the next few years.

significant events after the reporting date

- The Group declared a dividend of 5.8% per share in respect of the year ended 30 June 2013. The declared dividend was reduced to 4.8% per share on 8 November 2013, in order to conserve cash where possible.

- The Group reported losses after tax of P 158,299 in the year ended 30 June 2012, after taxation.

- The Group reported profits after tax of P 158,299 in the year ended 30 June 2012, after taxation.

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For and on behalf of the Board

F.C. Mogae  

Chairman

D. Otpaha  

Deputy Chairman

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Revenue  

Net Profit  

Net asset value  

Retail Space  

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

ABRIDGED SEGMENTAL RESULTS

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 which have been prepared in accordance with International Financial Reporting Standards (IFRS), on the historical cost convention except for financial instruments which are disclosed at fair value.

2. Financial overview and review of operations

2012-2013 has been yet another strong year for Choppies, building further on the good performance in 2011-12. The steps taken by the organisation during the previous year have had a positive effect on the results for the year ended 30 June 2013. The rapid expansion of the business continues to add to the bottom line with the 100% acquisition of MegaSave (Pty) Ltd and SupaSave (Pty) Ltd for a consideration of P 42,374,270 was finalized and is effective from 01 July 2013.

While the company continues to grow, it is at the same time expanding its financial base, sustaining strong profitability and maintaining efficient operating margins.

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Expansions into other sub saharan African countries are being contemplated by the group and are expected to yield positive results in the near future.

The opportunities explored in the previous year, have given the organisation firmer ground to build a more efficient and productive business. Despite a challenging year to secure, preserve and enhance its economic value, have enabled it to provide better financial results thereby adding value to the stakeholders’ satisfaction.

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