



REVIEWED  
CONDENSED  
CONSOLIDATED  
PRELIMINARY  
FINANCIAL  
RESULTS

for the year ended  
30 June 2016

**AFRICAN & OVERSEAS**  
ENTERPRISES LIMITED

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	%	Year ended 30 June 2016 Reviewed R'000	Year ended 30 June 2015 Audited R'000
<b>Revenue</b>	4.1	<b>558 229</b>	536 217
Turnover	4.2	<b>537 588</b>	516 086
Cost of sales		<b>(248 937)</b>	(225 698)
<b>Gross profit</b>	(0.6)	<b>288 651</b>	290 388
Other income	(8.1)	<b>15 176</b>	16 509
Other operating costs	5.9	<b>(294 550)</b>	(278 227)
<b>Operating profit</b>	(67.6)	<b>9 277</b>	28 670
Dividend income		<b>20</b>	18
Finance income		<b>5 445</b>	3 604
Finance costs		<b>(222)</b>	(214)
<b>Profit before tax</b>	(54.7)	<b>14 520</b>	32 078
Income tax expense		<b>(4 946)</b>	(9 501)
<b>Profit for the period</b>	(57.6)	<b>9 574</b>	22 577
<b>Other comprehensive income</b>			
Actuarial gain/(loss) on post-retirement defined benefit plan		<b>708</b>	(77)
Gain on available-for-sale investments		-	52
<b>Total comprehensive income for the period</b>		<b>10 282</b>	22 552
<b>Profit attributable to:</b>			
Ordinary and "N" ordinary shareholders of the parent		<b>4 241</b>	11 821
Preference shareholders		<b>33</b>	33
Profit attributable to equity holders of the parent		<b>4 274</b>	11 854
Non-controlling interest		<b>5 300</b>	10 723
<b>Profit for the year</b>		<b>9 574</b>	22 577
<b>Total comprehensive income attributable to:</b>			
Ordinary and "N" ordinary shareholders of the parent		<b>4 746</b>	11 808
Preference shareholders		<b>33</b>	33
Profit attributable to equity holders of the parent		<b>4 779</b>	11 841
Non-controlling interest		<b>5 503</b>	10 711
<b>Total comprehensive income for the year</b>		<b>10 282</b>	22 552
<b>Reconciliation of headline earnings</b>			
<b>Earnings attributable to equity holders</b>		<b>4 241</b>	11 821
Adjusted for:			
Profit from disposal of property, plant and equipment		<b>(28)</b>	(1 840)
Impairment (reversal)/loss on equipment and shopfittings		<b>(305)</b>	305
<b>Headline earnings</b>		<b>3 908</b>	10 286
<b>Basic earnings per ordinary share (cents)</b>	(64.2)	<b>37.2</b>	103.8
<b>Headline earnings per ordinary share (cents)</b>	(62.0)	<b>34.3</b>	90.3
<b>Diluted earnings per ordinary share (cents)</b>	(64.2)	<b>37.1</b>	103.6
<b>Diluted headline earnings per ordinary share (cents)</b>	(62.0)	<b>34.2</b>	90.1
Weighted average number of equity shares on which earnings per share is based ('000's)		<b>11 387</b>	11 387
Weighted average number of equity shares on which diluted earnings per share is based ('000's)		<b>11 418</b>	11 414

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2016 Reviewed R'000	As at 30 June 2015 Audited R'000
<b>ASSETS</b>		
Non-current assets	<b>155 705</b>	151 146
Property, plant and equipment	<b>53 355</b>	54 467
Investment property	<b>71 849</b>	72 539
Intangible assets	<b>23 432</b>	17 396
Other investments	<b>576</b>	576
Deferred tax asset	<b>6 493</b>	6 168
Current assets	<b>185 827</b>	175 955
Inventories	<b>61 319</b>	70 084
Trade and other receivables	<b>38 876</b>	22 904
Forward exchange contracts	<b>–</b>	883
Income tax receivable	<b>1 114</b>	303
Cash and cash equivalents	<b>84 518</b>	81 781
<b>Total assets</b>	<b>341 532</b>	327 101
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves	<b>262 410</b>	261 960
Share capital	<b>1 200</b>	1 200
Share premium	<b>6 076</b>	6 076
Other reserves	<b>1 045</b>	540
Retained earnings	<b>136 688</b>	136 581
Non-controlling interest	<b>117 401</b>	117 563
Non-current liabilities	<b>22 274</b>	21 548
Post-retirement liability	<b>1 991</b>	2 673
Accrued operating lease liability	<b>18 104</b>	17 084
Deferred tax liability	<b>2 179</b>	1 791
Current liabilities	<b>56 848</b>	43 593
Trade and other payables	<b>54 634</b>	43 573
Forward exchange contracts	<b>2 176</b>	–
Income tax payable	<b>38</b>	20
<b>Total equity and liabilities</b>	<b>341 532</b>	327 101

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 30 June 2016 Reviewed R'000	Year ended 30 June 2015 Audited R'000
Operating profit before working capital changes	<b>36 013</b>	50 328
Working capital changes	<b>4 737</b>	4 849
Interest received	<b>5 445</b>	3 604
Interest paid	<b>(222)</b>	(214)
Dividends paid	<b>(9 832)</b>	(50)
Dividends received	<b>20</b>	18
Income tax paid	<b>(5 676)</b>	(814)
<b>Net cash inflows from operating activities</b>	<b>30 485</b>	57 721
Additions to property, plant, equipment and investment property	<b>(20 288)</b>	(37 070)
Additions to intangible assets	<b>(7 685)</b>	(3 823)
Proceeds from disposal of property, plant, equipment and investment property	<b>225</b>	6 266
<b>Net cash outflows from investing activities</b>	<b>(27 748)</b>	(34 627)
<b>Net increase in cash and cash equivalents</b>	<b>2 737</b>	23 094
Cash and cash equivalents at the beginning of the year	<b>81 781</b>	58 687
<b>Cash and cash equivalents at the end of the year</b>	<b>84 518</b>	81 781

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Year ended 30 June 2016 Reviewed R'000	Year ended 30 June 2015 Audited R'000
<b>Share capital</b>	<b>1 200</b>	<b>1 200</b>
<b>Share premium</b>	<b>6 076</b>	<b>6 076</b>
<b>Other reserves</b>		
Opening balance	540	553
Actuarial gains on post-retirement defined benefit plans	505	(42)
Gain on available-for-sale financial instruments	–	29
Closing balance	<b>1 045</b>	<b>540</b>
<b>Retained earnings</b>		
Opening balance	136 581	124 760
Profit for the year	4 274	11 854
Preference dividends paid	(33)	(33)
Ordinary dividends paid	(4 134)	–
Closing balance	<b>136 688</b>	<b>136 581</b>
<b>Non-controlling interest</b>		
Opening balance	117 563	106 869
Profit for the year	5 300	10 723
Preference dividends paid	(17)	(17)
Ordinary dividends paid	(5 648)	–
Other comprehensive income/(loss)	203	(12)
Closing balance	<b>117 401</b>	<b>117 563</b>
<b>Total capital and reserves</b>	<b>262 410</b>	<b>261 960</b>

## GROUP SEGMENTAL REPORTING

	Year ended 30 June 2016 Reviewed R'000	Year ended 30 June 2015 Audited R'000
<b>Revenue</b>		
Total external retail revenue	538 579	517 314
Retail segment revenue	542 437	521 822
Intersegment revenue earned	(3 858)	(4 508)
Total external property revenue	14 185	11 417
Property segment revenue	19 277	15 942
Intersegment revenue earned	(5 092)	(4 525)
Dividends received	20	18
Interest income	5 445	3 604
Profit on sale of property	–	3 864
Total group revenue	<b>558 229</b>	<b>536 217</b>
<b>Segment operating profit/(loss)</b>		
Retail segment profit	9 372	26 807
Property segment profit	8 450	7 825
Group services operating loss	(8 545)	(5 962)
Total group operating profit	<b>9 277</b>	<b>28 670</b>
<b>Depreciation and amortisation</b>		
Retail	20 118	20 121
Property	3 466	2 103
Total group depreciation and amortisation	<b>23 584</b>	<b>22 224</b>
<b>Segment assets</b>		
Retail	223 584	216 705
Property	79 042	79 204
Group services*	38 906	31 192
Total group segment assets	<b>341 532</b>	<b>327 101</b>
<b>Segment liabilities</b>		
Retail	68 856	55 895
Property	7 485	4 987
Group services*	2 781	4 259
Total group segment liabilities	<b>79 122</b>	<b>65 141</b>
<b>Capital expenditure</b>		
Retail	25 100	21 433
Property	2 873	19 460
Total group capital expenditure	<b>27 973</b>	<b>40 893</b>

\* Group services include corporate costs.

## OTHER INFORMATION

		<b>Year ended 30 June 2016 Reviewed</b>	Year ended 30 June 2015 Audited
Capital commitments			
Authorised – not contracted for	(R'000)	<b>20 786</b>	35 950
Authorised – contracted for	(R'000)	<b>10 655</b>	5 566
Gross profit margin	(%)	<b>53.7</b>	56.3
Operating profit margin	(%)	<b>1.7</b>	5.6
Retail segment operating profit margin	(%)	<b>1.7</b>	5.2
Net asset value per share	(R)	<b>12.43</b>	12.38

## NOTES

### 1 Review of the independent auditors

These condensed consolidated preliminary financial statements of African and Overseas Enterprises Limited for the year ended 30 June 2016 have been reviewed by the company's auditors, KPMG Inc., who expressed an unmodified review conclusion. The auditor's report does not necessarily report on all of the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial statements from the issuer's registered office.

### 2 Basis of preparation

The condensed consolidated preliminary financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa. The JSE Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain

the information required by IAS 34: Interim Financial Reporting.

These reviewed financial statements have been prepared under the supervision of the group financial director, Damian Johnson CA(SA).

### 3 Accounting policies

The accounting policies applied in the preparation of the condensed consolidated preliminary financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

### 4 Note to the financial statements

- 4.1 Intangible assets – The balance of intangible assets has increased during the year due to the acquisition and implementation of a new IT ERP system.
- 4.2 Trade and other receivables – The balance of trade and other receivables has increased at 30 June 2016 due to an increase in prepayments made in respect of imported merchandise.
- 4.3 Financial instruments – Financial instruments included in trade and other receivables, trade and other payables and forward exchange contract liabilities are short term in nature, settled within 12 months, and the carrying value substantially approximates the fair value.

# COMMENTARY

The principal operating subsidiary Rex Trueform Clothing Company Limited reports as follows:

## “Group results

The group's performance unfortunately did not meet expectations mainly due to the performance of the retail segment, the volatility of the Rand and the unseasonably warm winter. Consumer confidence and spending has been adversely impacted by, amongst other things, the sluggish economy, the increase in living costs, the increase in interest rates and regulatory changes to credit legislation introduced during the year.

Revenue increased by 4.1% to R558.6 million (2015: R536.6 million). The gross profit generated from the retail segment decreased by 0.6% to R288.7 million (2015: R290.4 million). Other income, which includes rental income, decreased by 7.7%. Other income increased by 19.5% if the prior year R3.9 million profit on the sale of the Atlantis property is excluded. Trading expenses were contained and increased by 5.5%.

The above resulted in the operating profit decreasing by 61.5% to R11.5 million (2015: profit of R29.9 million). The prior year operating profit includes an amount of R3.9 million in respect of the profit on sale of the Atlantis property. Excluding the prior year profit on sale of the Atlantis property, the operating profit decreased by 55.8%. Profit after tax decreased by 50.6% to R11.8 million (2015: profit of R23.8 million) resulting in the earnings per share decreasing by 50.6%.

## Retail (Queenspark)

Queenspark, while operating in a challenging market, produced an operating profit of R9.4 million compared to a R26.8 million operating profit in the prior period. Turnover increased by a modest 4.2%, with the regulatory changes to credit legislation mostly impacting the second half of the year.

The gross profit margin decreased to 53.7% (2015: 56.3%) impacted by the weakening of the Rand. A new enterprise resource planning system was implemented during the year. The company will focus on deriving benefits from this.

## Property

The operating profit of this segment amounted to R8.5 million (2015: R7.8 million which included the R3.9 million profit on sale of the non-strategic property located in Atlantis). Excluding the impact of the prior year sale of the Atlantis property, the segment operating profit increased by 113.3%.

This improvement is driven by the successful development of the Rex Trueform Office Park.

## Group services

Group services costs increased by 34% to R6.3 million (2015: R4.7 million). This increase included the once-off corporate costs relating to the recent comparable offer made by a consortium to the company's ordinary and “N” ordinary shareholders. Excluding the once-off costs, the group services costs increased by 7.9%.

## Prospects

### Retail (Queenspark)

The sale of the current summer season's stock during the first eight weeks of the 2017 financial year has been below expectations due to the difficult trading conditions. During the 2016 financial year the company started selling its products on the Zando website and results so far have been pleasing. This is part of the company's strategy towards servicing a larger client base.

Various other initiatives are to be introduced going forward with a view to improving turnover, however the tough economic trading conditions and regulatory changes to credit legislation will, amongst other things, continue to impact the business in the short term.

## Property

The business has yet to develop two further properties and has been considering various development options during the year. The one property is classified as a Heritage site, which limits the development opportunities and has caused a delay in the development process. The business will continue to consider feasibility with a view to developing the properties.”

## Dividend

The directors have proposed a distribution of 17 cents per share in respect of the ordinary and “N” ordinary shares. Shareholders will be asked to approve this proposal of the board at the annual general meeting of the company.

Signed on behalf of the board

**ML Krawitz**  
(Chairman)

**CEA Radowsky**  
(Chief Executive Officer)

Cape Town  
8 September 2016

## African and Overseas Enterprises Limited

(Incorporated in the Republic of South Africa – Registration number 1947/027461/06)  
 (“the company” or “the group” or “African and Overseas”)

**JSE share codes:** AOO – AON – AOVF **ISIN:** ZAE000000485 – ZAE000009718 – ZAE000000493

**Directors:** ML Krawitz† (Chairman), CEA Radowsky (Chief Executive Officer), DS Johnson (FD), PM Naylor\*, RV Orlin\*, HJ Borkum\* and MJA Golding† † Non-executive \* Independent non-executive

PE Shub was a non-executive director of the company until her retirement on 15 August 2016. On 2 September 2016 MJA Golding was appointed as a non-executive director of the company by the board in order to fill the vacancy arising from the retirement of PE Shub.

**Registered office:** Rex Buildings, 263 Victoria Road, Salt River, Cape Town, 7925

**Secretary:** AT Snitcher

**Transfer secretaries:** Computershare Investor Services Proprietary Limited  
70 Marshall Street, Johannesburg, 2001

**Sponsor:** Java Capital

**QUEENSPARK**  
cath.nic **JCREW** plus collection  
100

www.queenspark.com • www.rextrueform.com