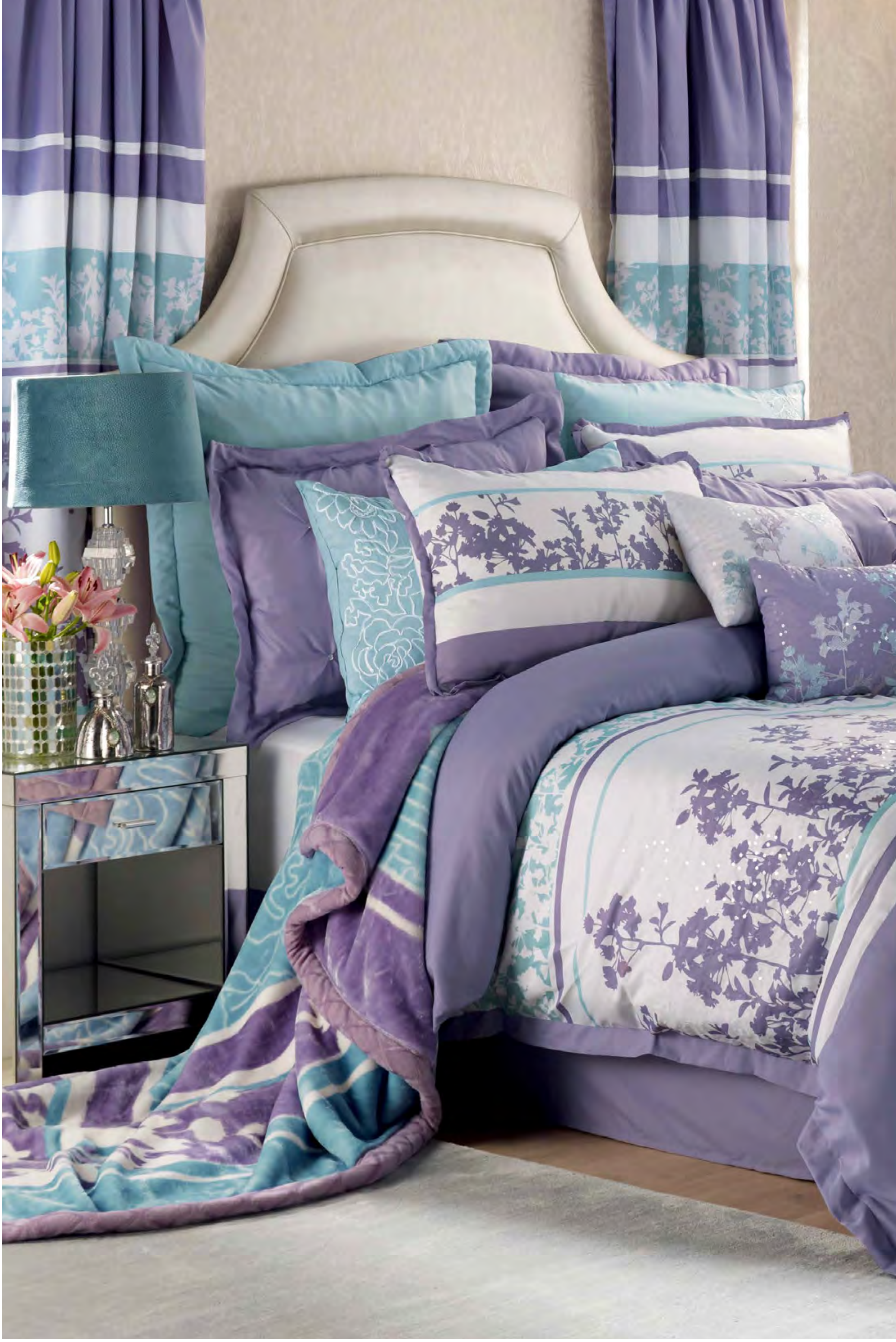
2015 Notice of Annual General Meeting and Annual Financial Statements

for the year ended **31 December 2015**

HomeChoice International PLC

HiL PLC



Contents

Directors' approval

Directors' responsibility for and approval of the group annual financial statements

The directors are required in terms of the Maltese Companies Act (Cap 386 of the laws of Malta) to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and International Financial Reporting Standards which give a true and fair view of the state of affairs of the group and the parent company as at the end of the financial 12 months and the results of its operations and cash flows for the period then ended. In preparing the financial statements the directors are also responsible for selecting and applying consistently suitable accounting policies; making accounting judgements and estimates that are reasonable in the circumstances; and ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business as a going concern.

The external auditors are engaged to express an independent opinion on the financial statements. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities the directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. They are also responsible for safeguarding the assets of the group and the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The external auditors are responsible for independently reviewing and reporting on the group's financial statements. The financial statements have been examined by the group's external auditors and their report is presented on page 7.

The financial statements of HomeChoice International PLC for the year ended 31 December 2015 are included in the Annual Report 2015, which is published in hard copy printed form and may be made available on the company's website. The directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

The directors confirm that, to the best of their knowledge:

- the financial statements give a true and fair view of the financial position of the group and the parent company as at 31 December 2015, and of the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards; and
- the annual report includes a fair review of the development and performance of the business; and
- the position of the group and the parent company, together with a description of the principal risks and uncertainties that the group and the parent company face.

The financial statements set out on pages 8 to 70 which have been prepared on the going concern basis, were approved by the directors on 14 March 2016 and are signed on their behalf by:

S Portelli
Chairman

P Burnett
Finance Director

Audit and risk committee report

The audit and risk committee is pleased to present its report for the financial year ended 31 December 2015 to the shareholders of HomeChoice International PLC.

Role of the committee

The audit and risk committee is governed by a board-approved charter that guides the committee in terms of its authority and objectives. The responsibilities of the committee include the following:

- reviewing the annual financial statements and any other financial information presented to shareholders, ensuring compliance with International Financial Reporting Standards;
- overseeing integrated reporting and considering factors and risks that could impact on the integrity of the integrated report;
- nominating the external auditors for appointment, monitoring and reporting on their independence, approving the terms of engagement and scope of the audit, and fees paid;
- overseeing the group's risk management processes, identifying and reviewing the group's exposure to significant risks and its risk mitigation strategy;
- providing assurance on the adequacy and effectiveness of the group's systems of internal financial and operational control, and compliance with laws and procedures;
- monitoring and supervising the effective functioning and performance of internal audit, ensuring that it operates independently of management and approving the annual audit plan; and
- considering the appropriateness of the expertise and experience of the finance director and group's finance function.

Committee composition and meetings

The committee comprises three independent non-executive directors, namely Charles Rapa (chairman), Amanda Chorn and Stanley Portelli. Meetings are also attended by invitees including the finance director and heads of internal and external audit.

King III recommends that a chairman of a board of directors is not also a member of its audit committee. As outlined above, the group's chairman, Stanley Portelli, is a member of the audit and risk committee. Stanley is an experienced director with extensive legal, financial services and corporate experience in Malta. The board believes he can make a valuable contribution to the deliberations of the audit committee, which will not be compromised by his role as chairman of the board. This departure from King III is permitted under the listing rules of the JSE. The committee typically meets four times during the year and has established an annual meeting plan agenda. The chairman of the committee reports to the board after each committee meeting and also attends the annual general meeting of shareholders to answer any questions that may arise concerning the activities of the committee. The effectiveness of the committee is assessed as part of the annual board and committee self-evaluation process.

Activities of the committee

The main activities undertaken by the committee are summarised as follows:

Annual financial statements

The committee reviewed the group's annual financial statements and considered matters such as the selection of accounting policies and disclosure of financial information. The committee is satisfied that the annual financial statements comply with International Financial Reporting Standards and recommended their approval to the board.

Integrated annual report

The committee has reviewed the disclosures in the integrated annual report and is satisfied that it is reliable and does not conflict with the annual financial statements. The committee also gave due consideration to the need for assurance of the report and decided not to obtain independent assurance at this time.

External audit

The committee nominated for appointment the external auditor, reviewed the audit plan, the terms of engagement and the audit fee budget. The committee has appraised the independence, expertise and objectivity of PricewaterhouseCoopers as external auditor, as well as approved the terms of engagement and the fees paid. The committee is satisfied that both the external auditor and the engagement partner are independent of the group and management, and are able to express an independent opinion on the group's annual financial statements. The committee determined the nature and extent of any non-audit services and is satisfied that appropriate safeguards have been adopted to maintain the independence of the external auditor when providing non-audit services.

The committee reviewed the external auditor's opinion on the financial statements and considered any reports on risk exposure and weaknesses in internal controls. The committee also met with the external auditor separately without management being present. The committee concludes that the skills, independence, audit plan, reporting and overall performance of the external auditor are acceptable and hereby recommends for approval by the shareholders the reappointment of PricewaterhouseCoopers as external auditor, and Joseph Camilleri as the engagement partner for 2016.

Internal control and risk management

The committee has assisted the board in assessing the adequacy of the risk management process and has an oversight role regarding the management of risk. Having considered, analysed, reviewed and debated information provided by management and internal audit, the committee is satisfied that the internal controls

Audit and risk committee report

(continued)

of the group have been effective in all material aspects throughout the year under review.

Compliance with laws and regulations

The committee reviewed the processes in place to ensure compliance with legal and regulatory provisions, and believes that they are appropriate. The committee was not made aware of any material breach of laws or legislation during the year.

Internal audit

The internal audit function provides assurance to the board on the adequacy and effectiveness of the group's internal control and risk management processes. The committee has ensured that the internal audit department has functioned independently and has the authority to enable it to fulfil its duties. The committee has approved the internal audit plan and has reviewed the activities and findings of the internal audit function. The committee has reviewed reports on the controls regarding security, financial and accounting systems and reporting, and satisfied itself that management maintains an effective control environment and identifies and manages critical risk areas.

Expertise of the finance director and finance function

The committee has considered the appropriateness of the expertise and experience of Paul Burnett, the finance director. The committee believes that he possesses the appropriate expertise and experience to meet his responsibilities. The committee has also considered the collective expertise, resources and experience of the group's finance function and concluded that it is appropriate.

Going concern

The committee has reviewed management's assessment of the going concern and has recommended to the board that the group will be a going concern for the foreseeable future.

Election of committee members

The following members have made themselves available for election to the committee and are hereby proposed to shareholders for consideration and approval at the annual general meeting:

- Charles Rapa
- Stanley Portelli
- Amanda Chorn

Approval of the audit and risk committee report

The committee confirms that it has functioned in accordance with its terms of reference and that its report to shareholders has been approved by the board.

Charles Rapa
Chairman of the audit and risk committee

Qormi, Republic of Malta
14 March 2016

Report of the directors

for the year ended 31 December 2015

Nature of business

HomeChoice International PLC (HIL) is an investment holding company incorporated in Malta and listed in the General Retailers sector on the JSE Limited. Through its Retail (HomeChoice) and Financial Services (FinChoice) businesses, the group sells innovative homewares merchandise, personal technology and loan products to the rapidly expanding mass middle-income market in southern Africa. As a leading home-shopping retailer, products are offered through online channels, call centres, sales agent networks and mail order catalogues. The omni-channel model and digital financial services business provide a strong platform for realising the group's ambitions of becoming a pan-African retailer.

Regulatory and supervisory structure

The Financial Services Board (FSB) is responsible for supervising the company's listing and regulates its ongoing compliance with JSE Listings Requirements. During the year under review the company complied with all its rules, Listings Requirements and procedures in a manner that warrants its continued listing and there were no conflicts of interest that were required to be referred to the FSB.

Audit and risk committee

The audit and risk committee is governed by a board-approved charter that guides the committee in terms of its authority and objectives. The directors confirm that the audit and risk committee has addressed the specific responsibilities required in terms of this charter. Further details are contained within the audit and risk committee report on pages 3 and 4.

Directors

The following directors held office during the year and offer themselves for election as directors at the annual general meeting of shareholders on 12 May 2016:

- Gregoire Lartigue – Chief Executive Officer
- Paul Burnett – Finance Director
- Shirley Maltz – Executive Director
- Stanley Portelli – Independent Non-executive Director (Chairman)
- Amanda Chorn – Independent Non-executive Director
- Richard Garratt – Non-executive Director
- Eduardo Gutierrez-Garcia – Non-executive Director
- Robert Hain – Independent Non-executive Director
- Charles Rapa – Independent Non-executive Director

Company secretary

The company secretary is George Said. His business and postal addresses appear on the inside back cover of this report.

Subsidiary companies

Details of the company's investments in subsidiaries are set out on page 62 of this report. The interest of the company in the aggregate profits before taxation of the subsidiary companies is R553,5 million (2014: R526,3 million).

Trading and financial performance

The group has achieved good growth despite the deteriorating economic environment and mass market consumers being under pressure from rising inflation, a weak job market and reduced access to credit.

Group revenue increased by 14% to R2,2 billion, with strong performances from both Retail and Financial Services. Retail sales grew 11% with pleasing volume growth reflecting changes in product mix and the introduction of new ranges. Retail sales were, however, negatively impacted by credit policy tightening, higher levels of staff attrition in the call centre and disruption during the build of the new call centre building.

The impact of the deterioration in the Rand on merchandise imports was well managed and the gross profit margin improved by 90 basis points to 50,7%. Gains in the margin were achieved through selected price increases, operating efficiencies in our logistics operations and a focus on costs throughout the supply chain. Efficiency gains are being realised from the new distribution centre completed in 2013.

Group debtor costs increased by 20% to R397 million (2014: R330 million) compared to revenue growth of 14%. Debtor costs in 2014 were impacted by the change in accounting treatment of the Financial Services debt review book which is now included in the loan book with a conservative provision of 80%. On a comparable basis, group debtor costs have increased by 16%. The retail credit performance deteriorated as a result of the tough consumer economy and higher levels of fraud. Credit-granting criteria were tightened and fraud detection systems improved. Early new and existing customer vintages are showing improvements.

Other trading expenses were well managed, however exceeded revenue growth due to an increase in amortisation expenses arising from the continued investment in IT systems and a R9 million acceleration in amortisation costs. Group operating profit increased by 11% to R580 million and EBITDA increased strongly by 17% to R632 million.

Cash and capital management

Cash management and collections of the debtors' books remains a key focus and the group generated cash from operations of R358 million, a 53% increase over 2014. The improvement in the cash generated was primarily influenced by lower growth in the Retail debtors' book, net of an increase in the Financial Services loan book and better management of working capital over the year-end. Cash conversion (cash generated from operations

Report of the directors

for the year ended 31 December 2015 (continued)

expressed as a percentage of EBITDA) increased substantially from 43,1% in 2014 to 56,7% in 2015.

The group continues to invest for growth. A new 1 000-seat call centre and retail showroom have been developed at HomeChoice's South African head office at a cost of R100 million, and the group continues to invest in its IT and digital platforms. Cash and cash equivalents at year-end increased from R63 million to R87 million.

The financial position of the group remains strong, with net asset value increasing by 10% to 1 719 cents per share. The net debt to equity ratio of 26% remains comfortably within management's targeted range of below 40%.

Capital management

The capital management strategy of the group continues to be focused on investing in organic growth through innovative Retail and Financial Services offers to our customers, expanding the group's customer base and identifying opportunities in new markets to optimise returns to shareholders.

Distributions to shareholders

In the 2015 financial year, dividends of R228 million were paid to shareholders. This represented the final dividend for 2014 of 161 cents per share and the half-year dividend for 2015 of 64 cents per share. The dividend cover has been increased from 2,2 times to 2,6 times, within the target range of 2,2 – 2,8. The directors intend declaring a final dividend for 2015 of 84 cents, payable in June 2016.

Stated and share capital

The unissued shares are under the control of the directors until the next annual general meeting. Details of the authorised and issued share capital are contained in note 12 to the group annual financial statements.

Treasury shares and share buy-back transactions

The company has 600 000 treasury shares which are held by the HomeChoice Development Trust. Further details are contained in note 13 to the group annual financial statements. The percentage of called up share capital held as treasury shares is 0,6%.

Share incentive option scheme

The group has established a share option incentive scheme in which options to acquire shares in the company have been granted to employees of the group. The group has no legal or constructive obligation to repurchase or settle the options in cash. Further details are reflected in note 14 to the group annual financial statements.

Borrowing powers

The borrowing powers of the group are not limited in terms of the memorandum and articles of incorporation of the companies.

Future developments

HomeChoice aims to drive customer and revenue growth through its omni-channel retail model and digital customer engagement strategy, supported by the extension of product ranges and new categories. The benefits of the first "bricks and mortar" showroom and the new call centre will start to be realised in the 2016 financial year. FinChoice continues to be a niche financial services provider focused on technology-based customer engagement.

The group remains committed to the mass market consumer segment which is expected to continue to migrate up the LSM spectrum. The group's proven business model, positioning in a growth sector and focused expansion strategies should ensure sustainable returns to shareholders.

Going concern

The annual financial statements have been prepared on the going concern basis. The directors have reviewed the group's cash flow forecast for the 12 months to 31 December 2016 and, in the light of this review and the current financial position, they are satisfied that the group has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

Events subsequent to the reporting date

No event which is material to the understanding of this report has occurred between the end of the reporting period and the date of this report.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution for their reappointment will be proposed at the annual general meeting.

By order of the board

Gregoire Lartigue
Chief Executive Officer

Paul Burnett
Finance Director

14 March 2016

Independent auditor's report

to the shareholders of HomeChoice International PLC

Report on the financial statements for the year ended 31 December 2015

We have audited the consolidated and separate financial statements of HomeChoice International PLC (together the "financial statements") on pages 8 to 70, which comprise the consolidated and separate statements of financial position as at 31 December 2015, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

As explained more comprehensively in the Statement of directors' responsibilities for the financial statements on page 2, the directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and International Financial Reporting Standards, as well as with the requirements of the Maltese Companies Act, 1995, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the group and the parent company as at 31 December 2015, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with International Financial Reporting Standards as issued by the International Accounting Standards Board and have been properly prepared in accordance with the requirements of the Maltese Companies Act, 1995.

Report on other legal and regulatory requirements for the year ended 31 December 2015

We also have responsibilities under the Maltese Companies Act, 1995 to report to you if, in our opinion:

- the information given in the Directors' Report is not consistent with the financial statements;
- adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- we have not received all the information and explanations we require for our audit; and
- certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.

PricewaterhouseCoopers
78 Mill Street
Qormi, Malta

Joseph Camilleri
Partner

14 March 2016

Group statement of financial position

at 31 December 2015

	Notes	2015 R'000	2014 R'000
Assets			
Non-current assets			
Property, plant and equipment	4	**422 243**	299 387
Intangible assets	5	**101 928**	91 125
Loans to employees	6	**207**	1 302
Investment in associates	7	**13 248**	7 676
Deferred taxation	8	**25 708**	18 819
		563 334	418 309
Current assets			
Inventories	9	**170 391**	166 363
Taxation receivable		**4 271**	12 232
Trade and other receivables	10	**1 787 273**	1 504 773
Trade receivables – Retail		**982 061**	865 466
Loans receivable – Financial Services		**790 575**	621 804
Other receivables		**14 637**	17 503
Cash and cash equivalents	11	**88 300**	63 005
		2 050 235	1 746 373
Total assets		**2 613 569**	2 164 682
Equity and liabilities			
Equity attributable to equity holders of the parent			
Stated and share capital	12.1	**1 025**	1 018
Share premium	12.2	**2 987 580**	2 982 202
Reorganisation reserve	12	**(2 960 639)**	(2 960 639)
		27 966	22 581
Treasury shares	13	**(2 666)**	(2 666)
Other reserves	15	**4 502**	3 030
Retained earnings		**1 721 626**	1 555 381
Total equity		**1 751 428**	1 578 326
Non-current liabilities			
Interest-bearing liabilities	16	**164 324**	266 234
Deferred taxation	8	**112 282**	92 721
Other payables	17	**5 070**	4 340
		281 676	363 295
Current liabilities			
Interest-bearing liabilities	16	**221 102**	30 203
Taxation payable		**18**	2 882
Trade and other payables	18	**184 550**	158 465
Provisions	19	**12 357**	31 078
Bank overdraft	11	**1 780**	433
Shareholder loan	20	**160 658**	–
		580 465	223 061
Total liabilities		**862 141**	586 356
Total equity and liabilities		**2 613 569**	2 164 682
Additional information			
Rand/Euro exchange rate		**0,0590**	0,0707

These financial statements were approved by the board of directors, authorised for issue on 14 March 2016 and signed on its behalf by:

Stanley Portelli
Chairman

Paul Burnett
Financial Director

Group statement of comprehensive income

for the year ended 31 December 2015

	Notes	**2015 R'000**	2014 R'000
Revenue		**2 232 967**	1 958 575
Retail sales		**1 197 131**	1 082 473
Finance charges and initiation fees earned		**893 722**	745 179
Finance charges earned		**652 083**	537 807
Initiation fees earned		**241 639**	207 372
Fees from ancillary services		**142 114**	130 923
Cost of retail sales		**(590 010)**	(543 108)
Debtor costs	23	**(397 469)**	(329 902)
Other trading expenses	23	**(666 913)**	(562 879)
Other net gains and losses	21	**(1 873)**	(3 787)
Other income	22	**3 692**	2 633
Operating profit		**580 394**	521 532
Interest received		**3 375**	1 948
Interest paid	24	**(32 809)**	(21 883)
Share of loss of associates		**(1 137)**	(2 556)
Profit before taxation		**549 823**	499 041
Taxation	25	**(155 264)**	(143 721)
Profit and total comprehensive income for the year		**394 559**	355 320
Earnings per share (cents)			
Basic	32.1	**388,9**	352,5
Diluted	32.2	**382,1**	349,0
Additional information (%)			
Retail gross profit margin		**50,7**	49,8

The retail gross profit margin percentage has been calculated as retail sales less cost of retail sales, divided by retail sales.

Group statement of changes in equity

for the year ended 31 December 2015

	Stated and share capital R'000	Share premium R'000	Treasury shares R'000	Reorgan-isation reserve R'000	Other reserves R'000	Retained earnings R'000	Equity attributable to owners of the parent R'000
Balance at 1 January 2014	30 980	–	(13 733)	–	1 902	1 266 575	1 285 724
Changes in equity							
Profit and total comprehensive income for the year	–	–	–	–	–	355 320	355 320
Treasury shares cancelled	(11 067)		11 067				–
Shares issued on incorporation of HomeChoice International PLC	183						183
Shares repurchased	(183)						(183)
Shares issued in exchange for shareholding in HomeChoice Holdings Limited	1 014	2 979 539	(2 666)	–	–	–	2 977 887
Net assets acquired	(19 913)	–	2 666	(2 960 639)	–	–	(2 977 886)
Shares issued	4	2 663	–	–	–	–	2 667
Dividends paid	–	–	–	–	–	(66 514)	(66 514)
Share option scheme	–	–	–	–	1 128	–	1 128
Total changes	(29 962)	2 982 202	11 067	(2 960 639)	1 128	288 806	292 602
Balance at 1 January 2015	1 018	2 982 202	(2 666)	(2 960 639)	3 030	1 555 381	1 578 326
Changes in equity							
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**394 559**	**394 559**
Shares issued	**7**	**5 378**	**–**	**–**	**–**	**–**	**5 385**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(228 314)**	**(228 314)**
Share option scheme	**–**	**–**	**–**	**–**	**1 472**	**–**	**1 472**
Total changes	**7**	**5 378**	**–**	**–**	**1 472**	**166 245**	**173 102**
Balance at 31 December 2015	**1 025**	**2 987 580**	**(2 666)**	**(2 960 639)**	**4 502**	**1 721 626**	**1 751 428**

Group statement of cash flows

for the year ended 31 December 2015

	Notes	**2015 R'000**	2014 R'000
Cash flows from operating activities			
Operating cash flows before working capital changes	27	**636 923**	546 177
Movements in working capital	27	**(278 434)**	(312 612)
Cash generated from operations	27	**358 489**	233 565
Interest received		**3 375**	1 948
Interest paid	24	**(31 483)**	(21 883)
Taxation paid	28	**(137 495)**	(137 927)
Net cash inflow from operating activities		**192 886**	75 703
Cash flows from investing activities			
Purchase of property, plant and equipment		**(140 434)**	(18 004)
Proceeds on disposal of property, plant and equipment		**377**	492
Purchase of intangible assets	5	**(46 819)**	(38 906)
Loans repaid by employees		**1 095**	6 830
Loans granted to employees		**–**	(1 302)
Investment in associates		**(6 709)**	(3 696)
Net cash outflow from investing activities		**(192 490)**	(54 586)
Cash flows from financing activities			
Proceeds from the issuance of shares		**5 385**	2 667
Proceeds from interest-bearing liabilities		**279 464**	111 671
Repayments of interest-bearing liabilities		**(30 342)**	(24 964)
Finance-raising costs paid		**(2 641)**	(500)
Dividends paid		**(228 314)**	(66 514)
Net cash inflow from financing activities		**23 552**	22 360
Net increase in cash and cash equivalents and bank overdrafts		**23 948**	43 477
Cash, cash equivalents and bank overdrafts at the beginning of the year		**62 572**	19 095
Cash, cash equivalents and bank overdrafts at the end of the year	11	**86 520**	62 572

Group segmental analysis

for the year ended 31 December 2015

	Retail			Financial Services		
	2015 R'000	% change	2014 R'000	2015 R'000	% change	2014 R'000
Segmental revenue	**1 754 999**		1 571 846	**477 968**		385 988
Retail sales	**1 197 131**	10,6	1 082 473	**–**		–
Finance charges and initiation fees earned	**492 296**	14,4	430 496	**401 426**	27,6	314 683
Fees from ancillary services	**65 572**	11,4	58 877	**76 542**	7,3	71 305
Dividends received	**–**		–	**–**		–
Intersegment revenue	**–**		–	**–**		–
Revenue from external customers	**1 754 999**	11,7	1 571 846	**477 968**	23,8	385 988
EBITDA* **	**377 702**	11,8	337 946	**233 358**	23,4	189 064
Depreciation and amortisation	**(50 467)**		(20 889)	**(974)**		(616)
Interest received				**553**		209
Interest paid				**(32 034)**		(28 348)
Segmental results*	**327 235**		317 057	**200 903**		160 309
Interest received	**2 255**		1 595			–
Interest paid	**(5 198)**		(5 070)			–
Profit before taxation	**324 292**	3,4	313 582	**200 903**	25,3	160 309
Taxation	**(90 762)**		(89 074)	**(55 478)**		(43 614)
Profit for the year	**233 530**	4,0	224 508	**145 425**	24,6	116 695
Segmental assets**	**1 412 344**		1 244 768	**848 456**		671 802
Segmental liabilities**	**317 029**		285 109	**35 217**		31 951
Operating cash flows before working capital changes	**376 886**	11,1	339 252	**233 736**	23,5	189 223
Movements in working capital	**(100 351)**		(174 643)	**(169 147)**		(140 920)
Cash generated/(utilised) by operations	**276 535**	68,0	164 609	**64 589**	33,7	48 303
Gross profit margin (%)	**50,7**		49,8	**–**		–
Segmental results margin (%)	**18,6**		20,2	**42,0**		41,5
Capital expenditure						
Property, plant and equipment	**33 834**		14 519	**955**		825
Intangible assets	**44 505**		38 463	**13**		307
Items included in segmental results:						
Interest received – Other and Financial Services	**–**		–	**553**		209
Interest paid – Other and Financial Services	**–**		–	**(32 034)**		(28 348)
Share of loss of associates	**–**		–	**–**		–
Marketing costs	**161 547**	8,5	148 906	**19 308**	11,4	17 338
Staff costs	**211 815**	14,3	185 315	**50 766**	13,9	44 567
Depreciation and amortisation	**50 467**	141,6	20 889	**974**	58,2	616
Other costs	**150 509**	19,1	126 339	**31 577**	22,0	25 892
Other trading expenses	**574 338**	19,3	481 449	**102 625**	16,1	88 413
Debtor costs	**254 374**	15,2	220 725	**143 095**	31,1	109 177
Total trading expenses (refer to note 23)	**828 712**	18,0	702 174	**245 720**	24,4	197 590

* *Refer to note 1.27 for further details on segments and segmental results.*

** *Excluding group loans, including loans to share trust.*

*** *Comparative figures for other and elimination have been restated to provide a more accurate reflection of other segment EBITDA. This restatement amounts to R14,973 million and relates to a once-off realisation of profit on donation of treasury shares between subsidiaries.*

Property			Other			Eliminations			Total		
2015 R'000	% change	2014 R'000	**2015 R'000**	% change	2014 R'000	**2015 R'000**	% change	2014 R'000	**2015 R'000**	% change	2014 R'000
31 075		28 556	**–**		–	**–**		–	**2 264 042**		1 986 390
–		–	**–**		–	**–**		–	**1 197 131**	10,6	1 082 473
–		–	**–**		–	**–**		–	**893 722**	19,9	745 179
31 075		28 556	**–**		–	**–**		–	**173 189**	9,1	158 738
–		–	**–**		–	**–**		–	**–**		–
(31 075)		(27 815)	**–**		–	**–**		–	**(31 075)**		(27 815)
–	(100,0)	741	**–**		–	**–**		–	**2 232 967**	14,0	1 958 575
30 259	9,3	27 681	**(12 032)**	(7,0)	(12 941)	**2 900**		–	**632 187**	16,7	541 749
(1 272)		(1 269)	**(224)**		–	**7**		–	**(52 930)**		(22 774)
			39 016		35 622	**(38 504)**		(35 504)	**1 065**		327
			(20 105)		(9 553)	**37 232**		28 344	**(14 907)**		(9 557)
28 987		26 412	**6 655**		13 128	**1 635**		(7 160)	**565 415**		509 745
55		26							**2 310**	42,5	1 621
(13 975)		(14 415)	**–**		–	**1 271**		7 160	**(17 902)**	45,2	(12 325)
15 067	25,3	12 023	**6 655**	(49,3)	13 128	**2 906**		–	**549 823**	10,2	499 041
(4 218)		(3 366)	**(4 806)**		(7 667)	**–**		–	**(155 264)**		(143 721)
10 849	25,3	8 657	**1 849**	(66,1)	5 461	**2 906**		–	**394 559**	11,0	355 320
337 355		233 779	**27 445**		17 833	**(12 031)**		(3 500)	**2 613 569**		2 164 682
253 479		162 629	**268 493**		110 167	**(12 077)**		(3 500)	**862 141**		586 356
30 505	10,2	27 681	**(7 104)**	(28,7)	(9 966)	**2 900**	(22 407,7)	(13)	**636 923**	16,6	546 177
(1 012)		(313)	**(4 894)**		3 261	**(3 030)**		3	**(278 434)**		(312 612)
29 493	7,8	27 368	**(11 998)**	78,9	(6 705)	**(130)**	1 200,0	(10)	**358 489**	53,5	233 565
–		–	**–**		–	**–**		–	**50,7**		49,8
93,3		92,5	**–**		–	**–**		–	**25,3**		26,0
105 067		5 845	**578**		–	**–**		–	**140 434**		21 188
–		–	**2 423**		136	**(122)**		–	**46 819**		38 906
–		–	**39 016**		35 622	**(38 504)**		(35 504)	**1 065**		327
–		–	**(20 105)**		(9 553)	**37 232**		28 344	**(14 907)**		(9 557)
–		–	**(1 137)**		(2 556)	**–**		–	**(1 137)**		(2 556)
–		–	**–**		–	**–**		–	**180 855**	8,8	166 244
–		–	**1 534**	(10,7)	1 718	**–**		–	**264 115**	14,0	231 600
1 272	0,3	1 269	**224**		–	**(7)**		–	**52 930**	132,4	22 774
1 093	21,4	900	**14 107**	11,6	12 636	**(28 273)**	20,3	(23 506)	**169 013**	18,8	142 261
2 365	9,0	2 169	**15 865**	10,5	14 354	**(28 280)**	20,3	(23 506)	**666 913**	18,5	562 879
–		–	**–**		–	**–**		–	**397 469**	20,5	329 902
2 365	9,0	2 169	**15 865**	10,5	14 354	**(28 280)**	20,3	(23 506)	**1 064 382**	19,2	892 781

Notes to the group annual financial statements

for the year ended 31 December 2015

1. Accounting policies

1.1 Presentation of annual financial statements

The significant accounting policies applied in the preparation of the separate and consolidated financial statements are set out below. The consolidated financial statements of HomeChoice International PLC and its subsidiaries and the separate financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (EU) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations by the International Financial Reporting Interpretations Committee (IFRIC) and the requirements of the Maltese Companies Act.

All IFRS issued by the IASB and effective at the beginning of the financial period covered by these consolidated and separate financial statements have been adopted by the EU through the endorsement procedures established by the European Commission. The standards and amendments endorsed by the EU have a different implementation date to that of the IASB.

The standards and amendments endorsed by the EU which have a different implementation date to that of the IASB have no impact on the consolidated and separate financial statements and therefore these statements comply with both International Financial Reporting Standards as adopted by the EU and the International Financial Reporting Standards issued by the IASB.

Note 2.2 sets out standards and interpretations that are not yet effective in terms of IFRS issued by the IASB but relevant to the group. IFRS 9, IFRS 15, IFRS 16 and IAS 7 (Amendment) have not yet been endorsed by the EU.

1.2 Basis of consolidation

The consolidated annual financial statements include those of the company and its subsidiaries, including any special purpose entities such as the employee share trust. The capital reorganisation of HomeChoice Holdings Limited to HomeChoice International PLC has been accounted for in accordance with the principles of reorganisation accounting as applicable to group reorganisations. The consolidated financial statements are therefore presented as if HomeChoice International PLC had been the parent company of the group throughout the periods presented.

1.3 Basis of preparation

These annual financial statements have been prepared on the historical cost basis. The consolidated and separate annual financial statements are expressed in South African Rand (ZAR or R). The principal accounting policies applied in the preparation of these annual financial statements are set out below and are consistent with those adopted in the prior year, except for new and amended standards and interpretations as set out in note 2. The application of these new and amended standards and interpretations had no impact on the comparative results.

1.4 Investment in subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal. All intergroup transactions, balances, income and expenses are eliminated on consolidation. In the company's financial statements, investments in subsidiaries are carried at cost less any impairment.

1.5 Investment in associate

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. Refer to note 1.8

for the impairment of non-financial assets, including goodwill. The group's share of its associates' post-acquisition profits or losses is recognised in profit and loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. When the group reduces its level of significant influence or loses significant influence, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal. Accounting policies of associates have been changed, where necessary, to ensure consistency with the policies adopted by the group.

1.6 Property, plant and equipment

Property, plant and equipment are initially recognised at cost, being the cash price equivalent at the recognition date. The cost of an asset comprises any costs incurred in bringing the asset to the location and condition necessary for it to operate as intended by management. Property, plant and equipment are subsequently stated at cost, less accumulated depreciation and accumulated impairment in value. Freehold land is stated at cost less any accumulated impairment in value and is not depreciated. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

All other repairs and maintenance expenditures are charged to profit and loss during the financial period in which they are incurred. Depreciation commences when the assets are available for their intended use.

Property, plant and equipment are depreciated on a straight-line basis over the expected useful lives of the various classes of assets, after taking into account residual values. Useful lives of property, plant and equipment, the depreciation method, depreciation rates and residual values are reviewed on an annual basis. The annual rates applied for depreciation are as follows:

Buildings*	10,0%
Furniture and fittings	4,0% – 33,3%
Office equipment	7,7% – 33,3%
Computer equipment	11,1% – 50,0%
Motor vehicles	14,3% – 25,0%
Plant and machinery	14,3% – 33,3%

* *Main building components are not depreciated as their residual value exceeds cost.*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss in the year the asset is derecognised. An asset's carrying amount is written down immediately to its recoverable amount if the assets' carrying amount is greater than its estimated recoverable amount.

1.7 Intangible assets

Intangible assets are initially recognised at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. If assessed as having a finite useful life it is amortised over its useful economic life using a straight-line basis and tested for impairment, if there is an indication that it may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss. Intangible assets include licences and computer software (including development costs). All of the group's intangible assets are assessed as having finite useful lives. The annual amortisation rates applied are as follows:

Licences	10,0% – 33,3%
Computer software	10,0% – 33,3%

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use.
- Management intends to complete the software product and use it.
- There is an ability to use the software product.
- It can be demonstrated how the software product will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use the software product are available.
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit and loss when the asset is derecognised.

1.8 Impairment of non-financial assets

At each reporting date the group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, with the impairment loss being recognised in profit and loss. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in profit and loss.

1.9 Inventory

Inventory is valued at the lower of cost, determined on the first-in-first-out basis, and net realisable value. Cost consists of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition, net of insurance; freight; and customs duties attributable to inventories. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and cost necessary to make the sale.

1.10 Leases

Leases are classified as operating leases, where substantially all the risks and rewards associated with ownership of the asset are not transferred from the lessor to the lessee. Operating lease payments are recognised as an expense in profit and loss on a straight-line basis over the lease term. The resulting difference arising between the straight-line basis and contractual cash flows is recognised as an operating lease obligation or asset. Contingent rental income and expenses are recognised when accrued or incurred. Where the group leases assets and substantially assumes all the risks and rewards of ownership, the lease is classified as a finance lease. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

1.11 Financial instruments

Financial instruments recognised on the statement of financial position include trade and other receivables, cash and cash equivalents, trade and other payables and interest-bearing borrowings. Financial instruments are initially measured at fair value, including transaction costs, when the group becomes a party to the contractual arrangements. However, transaction costs in respect of financial assets classified as fair value through profit and loss are expensed. A financial asset is derecognised when the contractual rights to receive cash flows from the asset have been transferred or have expired or when substantially all the risks and rewards of ownership have passed. A financial liability is derecognised when the relevant obligation has either been discharged or cancelled or has expired. Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a current legally enforceable right to set off recognised amounts and there is an intention to realise the assets and settle the liabilities on a net basis. Subsequent to initial recognition, these instruments are measured as set out below.

Trade and other receivables

Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment.

Cash and cash equivalents

Cash and cash equivalents, consisting of cash on hand, cash in banks, short-term deposits and bank overdrafts, are subsequently measured at amortised cost.

1.12 Financial guarantee contracts

Financial guarantee contracts are recognised as financial liabilities at the date the guarantee is issued at fair value less cumulative amortisation. The fair value of the guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation.

1.13 Trade and other payables

Liabilities for trade and other payables are classified as financial liabilities and are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit and loss when liabilities are derecognised, as well as through the amortisation process.

1.14 Interest-bearing borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

1.15 Loans to employees

Loans to employees are classified as loans and receivables. Loans with maturity repayment terms are measured at amortised cost, using the effective interest rate method less any allowance for impairment.

1.16 Impairment of financial assets

The group assesses at each reporting date whether a financial asset, or group of financial assets, is impaired.

Assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or group of financial assets, is impaired. A financial asset, or a group of financial assets, is impaired and a provision for impairment of receivables is established and impairment losses incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. A default or delinquency in payment is regarded as the primary objective evidence that a receivable might be impaired. Other objective evidence includes historical loss experience of groups of financial assets with similar repayment terms, or data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. The latter would include adverse changes in the payment status of borrowers in the group, or national or local economic conditions that correlate with defaults on the assets in the group. For trade and loans receivable the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. Trade and loans receivable are written off and, if previously impaired, the doubtful debt allowance utilised when there is no realistic prospect of future recovery and all collateral (where applicable) has been realised or transferred to the group. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

1.17 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Stated and share capital
Share capital represented the par value of ordinary shares issued, being classified as equity. If the group reacquires its own equity instruments the consideration paid, including any directly attributable incremental costs, are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Share premium
Share premium represents the excess consideration received by the company over the par value of ordinary shares issued and was classified as equity. Incremental costs directly attributable to the issue of new shares or options were shown in equity as a deduction from share premium, net of any taxation effect.

Treasury shares
Shares in the company held by a share trust are classified as treasury shares. Treasury shares are treated as a deduction from equity and the cost price of these shares is deducted in arriving at group equity. No gain or loss is recognised in profit and loss on the purchase, sale, issue or cancellation of the group's own equity instruments. The sales consideration from any subsequent resale of the shares, net of any directly attributable transaction costs, is credited to retained earnings.

1.18 Dividend distribution
Dividend distributions to the company's shareholders are recognised as a liability in the group's financial statements in the period in which dividends are approved by the company's shareholders.

1.19 Share-based payments
The group operates an equity-settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (share options) of the group. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the share options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of share options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period the entity revises its estimates of the number of share options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit and loss, with a corresponding adjustment to equity. When the share options are exercised the company issues new shares or settles through releasing existing treasury shares. If issuing new shares the proceeds received net of any directly attributable transaction costs are credited to stated capital when the options are exercised. If settling through the release of existing treasury shares the proceeds received net of any directly attributable transaction costs are credited to retained earnings, with the resulting decrease in treasury shares being debited to same. The grant by the company of share options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent standalone accounts.

1.20 Provisions and contingencies
Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used the increase in the provision due to the passage of time is recognised as a borrowing cost. For further details on the nature of provisions raised within the group refer to note 20. Contingent liabilities arise when an obligation has resulted, but is either not probable or not able to be reliably estimated. Contingent liabilities are not recognised.

1.21 Revenue recognition
Revenue is recognised at the fair value of the consideration received, net of discounts and related taxes, and consists primarily of the

retail sales, finance charges earned, fees from ancillary services and dividends received. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be measured reliably. The following specific criteria must also be met before revenue is recognised:

Retail sales
Retail sales comprises revenue from the sale of goods and income earned from the delivery of such goods and is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. It is the group's policy to sell its products to the retail customer with a right to return within 14 days. The group records a provision for estimated returns based on our sales returns policy and historical rates. The group does not operate any loyalty programmes.

Finance charges earned and initiation fees earned
Finance charges earned includes finance charges and delinquent interest earned on trade and other receivable balances. Finance charges and delinquent interest are recognised on the time-proportionate basis using the effective interest rate implicit in the instrument. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the group estimates cash flows and includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Initiation fees are charged upfront and are capitalised on initiation of a loan or credit sale. In accordance with *IAS 18, Revenue* these initiation fees are considered an integral part of the effective interest rate and are accounted for over the shorter of the original contractual term and the actual term of the loan or credit sale, using the effective interest rate. Trade receivables are reduced by the deferred portion of these fees. The group does not defer any related operating costs as these are all internal costs which are not directly attributable to individual transactions and, as such, are primarily absorbed infrastructure costs.

Fees from ancillary services
Fees from ancillary services include revenue earned for administration of transactions with customers, as well as insurance distributions received on our credit life products and group schemes. Monthly administration fees are recognised in profit and loss as they are charged to the customer. Insurance distributions are recognised as income when the right to receive payment is established.

Dividends received
Dividends received on equity instruments are recognised when the right to receive payment is established.

1.22 Cost of retail sales
When inventories are sold the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. Cost of sales includes costs of purchase and subsequent distribution. Costs of purchase include the purchase price, import duties, non-recoverable taxes and transport costs. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs. Costs directly related to the provision of services recognised as revenue in the current period are included in cost of sales.

1.23 Borrowing costs
General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.24 Employee benefits
Retirement obligations
The group operates a defined contribution retirement provident fund scheme which is funded through payments to insurance companies, determined by periodic actuarial calculations. A defined contribution plan is a retirement plan under which the group pays

fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Bonus scheme
The group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the group's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

1.25 Taxation
The income tax expense is determined based on taxable income for the year and includes deferred tax, secondary tax on companies (STC) (which has been replaced effective 1 April 2012 by withholding tax on dividends) and capital gains tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In such case the tax is also recognised in other comprehensive income or directly in equity respectively.

Current taxation
Management periodically evaluates positions taken in tax returns with respect to situations in which tax regulation is subject to interpretation. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred taxation
Deferred taxation is recognised using the liability method on temporary differences at the reporting date between the carrying amounts for financial reporting purposes and the tax bases of assets and liabilities. However, the deferred income taxation is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxation assets are recognised to the extent that it is probable that the related taxation benefit will be realised in the foreseeable future against future taxable profit. Deferred taxation is calculated using the taxation rates that have been enacted at the reporting date that are expected to apply when the asset is realised or the liability settled. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all to be utilised, the carrying value of the deferred tax asset is reduced. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities are off-set when there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Withholding tax on dividends
STC was abolished with effect from 1 April 2012 and replaced by a dividends tax, which is not levied on the company but on the beneficial owner of the share and accordingly does not require recognition in profit or loss. Dividends tax withheld by the company on dividends paid to its shareholders (who do not qualify for an exemption from dividends tax) and payable at the reporting date to the South African Revenue Service (where applicable) is included in trade and other payables in the statement of financial position.

1.26 Foreign currency transactions
Items included in the annual financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated annual financial statements are presented in South African Rand, which is the company's functional and the group's presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

1.27 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of HomeChoice International PLC Limited. The group is primarily a retailer of household goods and provider of loans and other financial services. The group's reportable segments have been identified as follows:

- **Retail:** The Retail segment reflects the results of HomeChoice and FoneChoice. HomeChoice is a multi-channel home shopping retailer providing an exclusive range of household products whilst FoneChoice retails technology-related products to HomeChoice customers.
- **Financial Services:** The Financial Services segment reflects the results of FinChoice. FinChoice provides personal loans with terms ranging between 1 and 36 months.
- **Property:** This segment holds land and buildings which are primarily used by HomeChoice, FoneChoice and FinChoice.
- **Other:** Aggregated under Other is the holding company's results and the results of the group's associates.

Eliminations include all intergroup transactions, balances, income and expenses as eliminated on consolidation.

The group has a large, wide-spread customer base and no individual customer contributes a significant portion of revenue. Sales outside of South Africa are less than 10% of total sales.

The chief operating decision-maker monitors the results of the business segments separately for the purposes of making decisions about resources to be allocated and of assessing performance. They assess the performance of the Retail and Property segments based upon a measure of operating profit and Financial Services and Other segments based on a measure of operating profit after interest received and interest paid. Intersegment pricing is determined on an arm's length basis in a manner similar to transactions with third parties, with the exception of certain intergroup loans, as disclosed in notes 3 and 4 to the company annual financial statements.

1.28 Significant accounting judgements, estimates and assumptions

The preparation of the group's annual financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying value of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Trade and loan receivables

A provision for impairment of trade and loan receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The estimated future cash flow is based on prior debtors' book yields and average instalment terms. The prior year debtors' book yields have been adjusted to take into account the current economic conditions. As these conditions are uncertain, management has been cautious in assessing the ability of customers to make their required payments.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current period

The IASB has issued the following new standards, amendments or interpretations to existing standards. These are effective during the year, but are not relevant to the group's operations:

Standard/interpretation (effective years beginning on or after 1 July 2014)

- Amendment to *IAS 19, Employee Benefits*
- *Annual improvements 2011 – 2013 cycle*
- *Annual improvements 2010 – 2012 cycle*
- *IFRS 2, Share-based Payment*
- *IFRS 8, Operating Segments*
- *IFRS 13, Fair Value Measurements*
- *IAS 24, Related Party Disclosure*

The above new standards and amendments have an implementation date of 1 February 2015 as per EU endorsement.

Notes to the group annual financial statements

for the year ended 31 December 2015 (continued)

2.2 Standards and interpretations not yet effective but relevant

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning after 1 January 2015 or later periods:

IFRS 9, Financial Instruments: Classification and Measurement

IFRS 9, Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains, but simplifies, the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit and loss (P&L). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is yet to assess IFRS 9's full impact.

IFRS 15, Revenue from Contracts with Customers

The new standard covers the recognition and disclosure of revenue from contracts with customers. The requirements for recognising revenue have become more specific and have changed significantly. The company will assess the impact of the changes proposed, which could be significant. *IFRS 15, Revenue from Contracts with Customers* deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces *IAS 18, Revenue* and *IAS 11, Construction Contracts* and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of IFRS 15.

IFRS 16, Leases

The new standard provides that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard.

IFRS 16 supersedes *IAS 17, Leases, IFRIC 4, Determining Whether an Arrangement Contains a Lease, SIC 15, Operating Leases: Incentives* and *SIC 27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The group is yet to assess IFRS 16's full impact.

IAS 1, Presentation of Financial Statements

Amendments have been made to clarify guidance in IAS 1 on materiality and aggregation, the presentation of sub-totals, the structure of financial statements and the disclosure of accounting policies.

IAS 7, Cash Flow Statements

An amendment has been made introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities.

2.3 Standards and interpretations not yet effective or relevant

The group has not applied the following new and amended standards and interpretations that have been issued but are not yet effective, nor relevant to the group's operations:

Standard/interpretation (effective years beginning on or after 1 July 2014)

- Amendments to *IFRS 11, Joint Arrangements*
- *IFRS 14, Regulatory Deferral Accounts*
- Amendments to *IAS 10* and *IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to *IAS 16* and *IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to *IAS 27, Equity Method in Separate Financial Statements*
- Amendments to *IAS 16* and *IAS 41, Agriculture: Bearer Plants*
- *Annual improvements 2012 – 2014 cycle*

3. Risk management and financial instrument disclosure

The board is accountable for the process of risk management, establishing appropriate risk and control policies and communicating these throughout the group. The group's risk management policies are designed to identify risks faced by the group, and establish appropriate controls and limits to mitigate the risk to acceptable levels. The audit and risk committee oversees how management monitors compliance with these risk and control policies.

The group's risk management process is more fully described in the governance section of the integrated annual report. This note discloses information about the group's capital risk management and exposure to risks from its use of financial instruments.

3.1 Capital risk management

The group's objectives in managing capital is to sustain its ability to continue as a going concern while enhancing returns to shareholders. The group primarily makes use of equity for capital management purposes. Equity consists of ordinary share capital and reserves as disclosed in the statement of changes in equity. The capital structure of the group also consists of debt, which includes the borrowings disclosed in note 16, and cash and cash equivalents disclosed in note 11.

The directors meet regularly to review the capital structure. As part of this review the directors consider the availability of funding within the group to fund its capital requirements. The directors also consider the cost of capital and the risks associated with each class of capital. The board monitors the return on equity and seeks to maintain a balance between the higher returns that may be possible with higher levels of borrowings and the security and other benefits afforded by a sound capital position. The directors have determined a medium-term target of 25% to 30%. This target will be reviewed at the next strategy cycle with regard to the increased dividend cover and interest expense for group funding requirements.

In order to maintain or adjust the capital structure the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or increase or reduce debt. From time to time the group repurchases its own shares or reduces share premium. The timing of these repurchases or share premium reductions depend on the availability of shares to be repurchased and available funding. The decision to repurchase shares or reduce share premium is made on a specific transaction basis. The group does not have a defined share buy-back plan.

There were no changes in the group's approach to capital maintenance during the year. During the current and prior years there were no defaults or breaches of any of the group's agreements with its lenders.

3.2 Financial risk management

The group's activities expose it to a variety of financial risks arising from the use of financial instruments, including credit risk, liquidity risk and market risk.

The group's financial assets and liabilities, as well as non-financial assets and liabilities, can be summarised as follows:

Notes to the group annual financial statements

for the year ended 31 December 2015 (continued)

3. Risk management and financial instrument disclosure (continued)

3.2 Financial risk management (continued)

	Note	Loans and receivables R'000	Non-financial assets R'000	Total R'000
Assets				
2015				
Non-current assets				
Loans to employees	6	**207**	**–**	**207**
Current assets				
Trade receivables – Retail	10	**982 061**	**–**	**982 061**
Loans receivable – Financial Services	10	**790 575**	**–**	**790 575**
Other receivables	10	**7 665**	**6 972**	**14 637**
Cash at bank	11	**88 300**	**–**	**88 300**
Total		**1 868 808**	**6 972**	**1 875 780**
Guarantees		**15 000**		
Maximum exposure to credit risk		**1 883 808**		
2014				
Non-current assets				
Loans to employees	6	1 302	–	1 302
Current assets				
Trade receivables – Retail	10	865 466	–	865 466
Loans receivable – Financial Services	10	621 804	–	621 804
Other receivables	10	8 579	8 924	17 503
Cash at bank	11	63 005	–	63 005
Total		1 560 156	8 924	1 569 080
Guarantees		15 000		
Maximum exposure to credit risk		1 575 156		

3. Risk management and financial instrument disclosure (continued)

3.2 Financial risk management (continued)

	Note	At amortised cost R'000	Non-financial liabilities R'000	Total R'000
Liabilities				
2015				
Non-current liabilities				
Listed bonds	16	–	–	–
Borrowings from bank	16	**139 073**	–	**139 073**
Suspensive sale agreements	16	**25 251**	–	**25 251**
Non-current other payables	17	**5 070**	–	**5 070**
Current liabilities				
Trade payables	18	**124 694**	–	**124 694**
Other payables	18	**58 404**	**1 452**	**59 856**
Listed bonds	16	**101 262**	–	**101 262**
Borrowings from bank	16	**97 883**	–	**97 883**
Bank overdraft		**1 780**	–	**1 780**
Suspensive sale agreements	16	**21 957**	–	**21 957**
Shareholder loan	20	**160 658**	–	**160 658**
Total		**736 032**	**1 452**	**737 484**
2014				
Non-current liabilities				
Listed bonds	16	98 890	–	98 890
Borrowings from bank	16	137 248	–	137 248
Suspensive sale agreements	16	30 096	–	30 096
Non-current other payables	17	4 340	–	4 340
Current liabilities				
Trade payables	18	102 711	–	102 711
Other payables	18	53 646	2 109	55 755
Listed bonds	16	1 545	–	1 545
Borrowings from bank	16	11 812	–	11 812
Bank overdraft		433	–	433
Suspensive sale agreements	16	16 846	–	16 846
Total		457 567	2 109	459 676

Notes to the group annual financial statements

for the year ended 31 December 2015 (continued)

3. Risk management and financial instrument disclosure (continued)

3.3 Credit risk management

The group uses credit to facilitate merchandise sales which enables customers in the mass middle-income market to purchase higher-value products on instalment credit. Credit is offered for HomeChoice purchases in South Africa, Botswana, Namibia, Lesotho and Swaziland, while FinChoice loans are currently only available to customers in South Africa.

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the group. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The average group customer is female and falls within LSM groups 4 to 8. There is no further concentration of credit risk as the group has a large, widespread customer base. Credit risk consists principally of trade and loan receivables and short-term cash deposits. The group's maximum exposure to credit risk at year-end in respect of financial assets is shown in note 3.2.

Credit risk is managed through a process of continued multiple-level risk filtering. New customers are acquired through HomeChoice and the group customer base has a strong female bias. Females, particularly those buying homeware products, have proven better credit risk than their male counterparts.

In assessing applications for credit, strict affordability criteria are applied together with in-house developed scorecards based on credit bureau data. Industry-wide fraud databases are used to identify potentially fraudulent applications. Customer acquisition takes into account the risk level, repurchase propensity and profitability of new customers. New customers are granted a low credit exposure relative to their affordability. This allows the group to monitor payment behaviour with low exposure risk. As a customer demonstrates good payment performance and the behaviour scorecards identify her as a better risk, the purchase limit is raised closer to the maximum affordability level.

Behaviour scorecards are used to determine credit extension to good-paying customers, to drive repurchase rates and repeat loans, and reduce average bad debt. These scorecards are regularly reviewed and upgraded to ensure the group's credit policy remains in line with an acceptable level of risk for repeat business. As a direct marketer the group has the ability to manage credit risk by restricting potential customers to receive marketing offers.

FinChoice's initial loans are only granted to HomeChoice customers who have demonstrated good payment behaviour. This ensures that FinChoice offers are marketed to relatively low-risk prospects. The selection criteria have enabled the business to select a profitable group of loan customers with a stable and acceptable risk of bad debt.

All group data is taken into account when a customer is considered for credit extension. In this way a customer in arrears with any group product will not be granted further credit for HomeChoice or FinChoice. The quality of the customer base is closely monitored and early default models are maintained to detect any signs of early customer default.

The group operates dedicated collections call centres with predictive dialling technology to optimise customer contact. Customers with overdue accounts are contacted and "promise to pay" arrangements agreed and diarised for follow-up. External collection agents are used to supplement collections activities to recover outstanding balances. The group does not hold any collateral against receivable balances.

A provision for impairment is raised when there is objective evidence that the business will not be able to collect all amounts due according to the original terms of the receivable. A default or delinquency in payment is regarded as objective evidence that a receivable might be impaired. Accordingly a percentage of all trade and loans receivable past due is provided for. The group establishes an allowance for impairment that represents its estimate of incurred losses using delinquency roll rate models.

No security is obtained for trade and loans receivables, and accordingly the entire balance as per the statement of financial position is exposed to credit risk.

Trade receivables

Trade receivables have repayment terms of 6 to 36 months and attract interest based on rates determined by the National Credit Act. Methods used to grant credit to customers comply with the requirements of the Act.

The group manages the ageing of trade receivables on a contractual basis. Trade receivables classified as "satisfactory paid" includes current receivables and amounts past due less than 30 days. Past experience has shown that a significant portion of amounts past due less than 30 days carry credit risk similar to that of current receivables, and accordingly these balances are reviewed together. The ageing of customers, as presented below, are expressed as a percentage of the value of outstanding balances, based on both the gross trade receivables book before provisions and the net trade receivables book after provisions.

3. Risk management and financial instrument disclosure (continued)

3.3 Credit risk management (continued)

	% of gross trade receivables		% of net trade receivables	
	2015	2014	**2015**	2014
Contractual				
Retail				
Satisfactory paid	**71,5**	73,1	**80,2**	79,8
Current	**50,6**	50,4	**58,7**	56,8
Past due less than 30 days	**20,9**	22,7	**21,5**	23,0
Past due 31 – 60 days	**9,1**	9,0	**8,2**	8,1
Past due 61 – 90 days	**5,6**	5,3	**4,3**	4,0
Past due more than 91 days	**13,8**	12,6	**7,3**	8,1
	100,0	100,0	**100,0**	100,0
Trade receivables gross, net (R'000)	**1 208 631**	1 063 645	**982 061**	865 466

Loans receivable

The loans receivable book is derived from HomeChoice customers who have demonstrated good payment behaviour. Loans receivable have repayment terms of between 1 and 36 months. The group manages the ageing of loans receivable on a recency basis. Recency refers to the number of payment cycles that have elapsed since the last qualifying payment was received.

The ageing of customers, as presented below, are expressed as a percentage of the value of outstanding balances, based on both the gross loans receivable book before provisions and the net loans receivable book after provisions.

	% of gross loans receivable		% of net loans receivables	
	2015	2014	**2015**	2014
Recency				
Financial Services				
Current	**87,4**	87,3	**94,3**	93,8
Not paid 1 – 30 days	**6,8**	6,7	**3,6**	4,4
Not paid 31 – 60 days	**2,5**	2,7	**1,0**	1,1
Not paid more than 61 days	**3,3**	3,3	**1,1**	0,7
	100,0	100,0	**100,0**	100,0
Loans receivable gross, net (R'000)	**947 586**	748 907	**790 575**	621 804

Notes to the group annual financial statements

for the year ended 31 December 2015 (continued)

3. Risk management and financial instrument disclosure (continued)

3.3 Credit risk management (continued)

	2015 %	2014 %
Loan product weighting		
Financial Services		
1-month loan	**1,3**	1,5
6-month loan	**12,3**	14,3
12-month loan	**15,6**	17,8
24-month loan	**47,9**	47,8
36-month loan	**10,1**	7,2
Other	**12,8**	11,4
	100,0	100,0

Non-performing trade and loan receivables, being accounts 120 days or more in arrears, as a percentage of the trade and loan receivable books were as follows at the reporting dates:

	2015 %	2014 %
Retail	**9,5**	8,7
Financial Services	**4,6**	4,2

The group did not consider there to be any significant credit risk exposure which has not been adequately provided for.

Cash and cash equivalents
The group invests surplus cash only with F1+ and approved F1 national short-term rated financial institutions.

Loans to employees
In terms of the group's employee share incentive scheme, loans have been provided to certain directors and managers of the group to enable them to acquire shares in HomeChoice International PLC Limited at market value.

Financial guarantees
Credit risk arises in relation to financial guarantees given to certain parties. A subsidiary of the group has provided security on behalf of the group's associate, as discussed in note 7.

3. Risk management and financial instrument disclosure (continued)

3.4 Liquidity risk management

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the group's reputation. The risk is managed through optimisation of daily cash management and regular reviews of cash flow projections to ensure that appropriate borrowing facilities are in place.

The following table details the group's undiscounted contractual maturities for its financial liabilities.

	Weighted average interest rate %	On demand R'000	1 year R'000	2 years R'000	3 years R'000	4 years R'000	Over 4 years R'000	Total R'000	Carrying value R'000
2015									
Non-interest-bearing liabilities									
Non-current other payables	–	–	–	970	900	800	2 400	5 070	5 070
Trade and other payables	–	136 214	48 336	–	–	–	–	184 550	184 550
Financial guarantees	–	14 175	–	–	–	–	–	14 175	14 175
Interest-bearing liabilities									
Listed bonds	9,34	–	109 592	–	–	–	–	109 592	101 262
Borrowings from the bank	9,26	–	118 485	29 946	94 547	12 171	32 715	287 864	236 956
Bank overdraft	9,38	–	1 780	–	–	–	–	1 780	1 780
Suspensive sale agreements	8,58	–	24 594	11 861	10 923	5 068	171	52 617	47 208
Shareholder loan	9,48	–	167 693	–	–	–	–	167 693	160 658
		150 389	470 480	42 777	106 370	18 039	35 286	823 341	751 658
2014									
Non-interest-bearing liabilities									
Non-current other payables	–	–	–	870	770	700	2 000	4 340	4 340
Trade and other payables	–	97 004	60 375	–	–	–	–	157 379	157 379
Financial guarantees	–	14 175	–	–	–	–	–	14 175	14 175
Interest-bearing liabilities									
Listed bonds	9,24	–	9 311	106 983	–	–	–	116 294	100 435
Borrowings from the bank	8,60	–	24 224	25 389	26 931	89 835	27 471	193 850	149 060
Bank overdraft	9,25	–	433	–	–	–	–	433	433
Suspensive sale agreements	8,07	–	19 497	19 047	6 157	5 264	1 481	51 446	46 942
		111 179	113 840	152 289	33 858	95 799	30 952	537 917	472 764

Notes to the group annual financial statements

for the year ended 31 December 2015 (continued)

3. Risk management and financial instrument disclosure (continued)

3.4 Liquidity risk management (continued)

The group has the following borrowing facilities available:

	2015 R'000	2014 R'000
General banking facilities available	**310 390**	206 365
Guarantees	**14 175**	14 175
Suspensive sale agreements facility available	**88 674**	80 315
	413 239	300 855
Amounts drawn against these facilities	**(90 001)**	(153 598)
Unutilised borrowing facilities at 31 December	**323 238**	147 257

The net debt to equity ratio of 26% is within the group's targeted range of below 40% and supports the group's ability to raise funding. Property development liabilities (reflected as borrowings from the bank and payable within one year) incurred on the group's new call centre were converted to a ten-year facility after year-end.

3.5 Market risk management

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of market prices. Market prices comprise three types of risk: equity price risk, foreign currency risk and interest rate risk. Financial instruments affected by market risk include trade and other receivables, interest-bearing liabilities and cash and cash equivalents.

Equity price risk management
The group is not exposed to equity price risk.

Foreign currency risk management
The group undertakes transactions in foreign currencies, hence exposure to exchange rate fluctuations arise. The majority of these transactions are purchases of inventory from Asia and are denominated in US Dollar. When deemed appropriate by the directors, the group enters into forward exchange contracts to assist in managing its foreign currency exposure and economically hedge the exchange risk.

The group had uncovered foreign liabilities (including foreign bank overdrafts) at 31 December 2015 amounting to R20,590 million (2014: R23,735 million). There were no outstanding forward exchange contracts at the reporting dates.

The group measures sensitivity to foreign exchange rates as the effect of a change in the US Dollar and EUR exchange rates on profit after taxation based on the group's exposure at 31 December. The group regards a 15% change in exchange rates as being reasonably possible at the reporting dates.

The sensitivity of the group's profit after taxation due to a reasonably possible change in exchange rates with all other variables held constant at year-end is as follows:

	Effect on profit after taxation	
	2015 R'000	2014 R'000
15% appreciation in ZAR/USD exchange rates	**2 224**	2 563
15% depreciation in ZAR/USD exchange rates	**(2 224)**	(2 563)
15% appreciation in ZAR/EUR exchange rates	**(463)**	–
15% depreciation in ZAR/EUR exchange rates	**463**	–

3. Risk management and financial instrument disclosure (continued)

3.5 Market risk management (continued)

The following line items on the group's statement of financial position includes balances denominated in US Dollar:

	2015 R'000	2014 R'000
Cash and cash equivalents	**120**	–
Trade and other payables	**18 817**	23 302
Bank overdraft	**1 773**	433
	20 590	23 735

The following line items on the group's statement of financial position includes balances denominated in EUR:

	2015 R'000	2014 R'000
Cash and cash equivalents	**4 291**	

Interest rate risk management

At year-end the group's interest-bearing assets and liabilities comprised trade and loans receivable, cash and cash equivalents, money market investments, listed bonds, borrowings from the bank, shareholder loan and suspensive sale agreements. All interest-bearing assets and liabilities are sensitive to fluctuations in interest rates, except for trade and loan receivables, where the interest rate is fixed at the time of entering into an agreement with the customer.

The group measures sensitivity to interest rates as the effect of a change in the Reserve Bank repo rate on the profit after taxation based on the group's exposure at 31 December. The group regards a 100 basis point (2014: 100 basis point) change in the Reserve Bank repo rate as being reasonably possible at the reporting dates.

		Effect on profit after taxation	
	Movement in basis points	**2015 R'000**	2014 R'000
Cash and cash equivalents	+100	**636**	454
	-100	**(636)**	(454)
Listed bonds	+100	**(729)**	(723)
	-100	**729**	723
Bank overdraft	+100	**(13)**	(3)
	-100	**13**	3
Borrowings from the bank	+100	**(1 706)**	(1 073)
	-100	**1 706**	1 073
Suspensive sale agreement	+100	**(340)**	(338)
	-100	**340**	338
Shareholder loan	+100	**(1 157)**	–
	-100	**1 157**	–

3.6 Fair value of financial instruments

The fair values of financial instruments are measured in accordance to the following fair value measurement hierarchy:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The fair value of financial assets and liabilities are determined as follows:

- Cash and cash equivalents, trade and other payables: The carrying amounts reported in the statement of financial position approximate fair values because of the short-term maturities of these assets and liabilities.
- Borrowings: The carrying amounts reported in the statement of financial position approximate fair values. Fair values of debt instruments issued by the group and other borrowings are estimated using discounted cash flow models based on the group's current incremental borrowing rates for similar types of borrowings, with maturities consistent with those remaining for the debt instruments being valued.
- Trade and loan receivables: The carrying amounts reported in the statement of financial position approximate fair values. Discounted cash flow models are used for trade and loan receivables. The discount yields in these models use calculated rates that reflect the return a market participant would expect to receive on instruments with similar remaining maturities, cash flow patterns, credit risk, collateral and interest rates.

Notes to the group annual financial statements

for the year ended 31 December 2015 (continued)

4. Property, plant and equipment

	2015			2014		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Land and buildings	**344 882**	**(8 323)**	**336 559**	239 815	(7 051)	232 764
Motor vehicles	**3 280**	**(1 745)**	**1 535**	2 043	(1 405)	638
Computer equipment	**59 909**	**(22 288)**	**37 621**	38 716	(18 393)	20 323
Equipment, furniture, fittings and plant	**70 703**	**(24 175)**	**46 528**	65 137	(19 475)	45 662
Total	**478 774**	**(56 531)**	**422 243**	345 711	(46 324)	299 387

Analysis of movements

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Reclassification R'000	Closing balance R'000
2015						
Land and buildings	**232 764**	**105 067**	**–**	**(1 272)**	**–**	**336 559**
Motor vehicles	**638**	**1 370**	**–**	**(473)**	**–**	**1 535**
Computer equipment	**20 323**	**20 506**	**(7)**	**(8 591)**	**5 390**	**37 621**
Equipment, furniture, fittings and plant	**45 662**	**13 491**	**(657)**	**(8 011)**	**(3 957)**	**46 528**
Total	**299 387**	**140 434**	**(664)**	**(18 347)**	**1 433**	**422 243**
2014						
Land and buildings	228 189	5 844	–	(1 269)	–	232 764
Motor vehicles	686	209	–	(257)	–	638
Computer equipment	22 949	3 366	(25)	(5 967)	–	20 323
Equipment, furniture, fittings and plant	40 961	11 769	(805)	(6 263)	–	45 662
Total	292 785	21 188	(830)	(13 756)	–	299 387

Land and buildings comprise:

- land and buildings, being remainder erf 66592 Cape Town at Wynberg situated in the City of Cape Town, in extent of 2 858 square metres (acquired in 2007);
- land and buildings, being remainder erf 91380 Cape Town at Wynberg situated in the City of Cape Town, in extent of 4 936 square metres (acquired in 2011);
- erf 66592 and erf 91380 were consolidated on 6 November 2015 to form erf 160341, Wynberg, City of Cape Town, Cape Division, Western Cape Province; and
- industrial-site land and building, being remainder of portion 240 of the farm Wimbledon 454 situated in the City of Cape Town and measuring 3,314 hectares (acquired in 2005).

The carrying value of property, plant and equipment subject to suspensive sale agreements (refer to note 16) as at 31 December 2015 was R52,732 million (2014: R42,495 million).

Included in property, plant and equipment are assets with a cost of R22,676 million (2014: R17,828 million) that are in use but fully depreciated.

Land and buildings include a carrying value of R336,559 million (2014: R208,188 million) currently encumbered as shown in note 16. Included in additions are borrowing costs of R6,287 million which have been capitalised to the cost of the new call centre building during the 2015 year (2014: Rnil) at a capitalisation rate of 9,62%. Included in disposals are motor vehicles with a cost of R0,133 million (2014: Rnil) and accumulated depreciation of R0,133 million (2014: Rnil), equipment, furniture and fittings and plant with a cost of R3,968 million (2014: R1,918 million) and accumulated depreciation of R3,311 million (2014: R1,113 million); and computer equipment with a cost of R4,704 million (2014: R3,203 million) and accumulated depreciation of R4,696 million (2014: R3,178 million), which had no further economic value and have been removed from the register.

5. Intangible assets

	2015			2014		
	Cost R'000	**Accumulated amortisation R'000**	**Carrying value R'000**	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Licences	**34 818**	**(23 834)**	**10 984**	31 481	(13 132)	18 349
Computer software	**130 052**	**(39 108)**	**90 944**	88 006	(15 230)	72 776
Total	**164 870**	**(62 942)**	**101 928**	119 487	(28 362)	91 125

Analysis of movements

	Opening balance R'000	Additions R'000	Disposals R'000	Amortisation R'000	Reclassifi-cation R'000	Closing balance R'000
2015						
Licences	**18 349**	**3 343**	**–**	**(10 702)**	**(6)**	**10 984**
Computer software	**72 776**	**43 476**	**–**	**(23 881)**	**(1 427)**	**90 944**
Total	**91 125**	**46 819**	**–**	**(34 583)**	**(1 433)**	**101 928**
2014						
Licences	16 300	4 998	–	(2 949)	–	18 349
Computer software	44 937	33 908	–	(6 069)	–	72 776
Total	61 237	38 906	–	(9 018)	–	91 125

The net carrying value of intangible assets subject to suspensive sale agreements at 31 December 2015 was R5,590 million (2014: R9,580 million). Included in intangibles are internally generated intangible assets with a carrying value of R82,623 million (2014: R73,244 million). Included in intangible assets are assets with a cost of R24,138 million (2014: R10,667 million) that are in use but fully amortised, and development costs of R37,271 million (2014: R62,359 million) incurred on assets which have not yet been brought into use by the group and have not been amortised.

Included in disposals are intangible assets with a cost of Rnil (2014: R1,315 million) and accumulated depreciation of Rnil (2014: R1,315 million), which had no further economic value and have been removed from the register.

During the year the group revised the estimated useful lives of certain software and licences. Please refer to note 35 for more detail on the change in accounting estimate.

Notes to the group annual financial statements

for the year ended 31 December 2015 (continued)

6. Loans to employees

	2015 R'000	2014 R'000
Opening balance	**1 302**	6 362
Loans repaid	**(1 095)**	(6 830)
Loans granted	–	1 302
Amortised cost adjustment	–	147
Notional interest recognised	–	321
Loans to employees	**207**	1 302

In terms of the group's employee share incentive scheme, loans were provided to certain directors and employees of the group to enable them to acquire shares in HomeChoice Holdings Limited at market value. These full recourse loans were interest-free for the first five years after acquisition date, after which the loans were repayable on demand and bore interest charged at the prime interest rate. The shares were pledged to and held by the trustees of the HomeChoice Share Trust. The amortised cost adjustment was based on an effective interest rate of prime less 2% at date of issue. These loans were fully paid off during 2014.

The loans are repayable on demand and bears interest at prime.

Refer to note 30 for details of loans provided to directors and key management personnel.

	Date advanced	2015 R'000	2014 R'000
Directors of subsidiaries	24 October 2014	–	548
Employees	24 October 2014	**207**	754
		207	1 302

7. Investment in associates

	2015 R'000	2014 R'000
Carrying amount of investments	**13 248**	7 676
En-commandite partnership (founded in 2011)		
During 2011 the group entered into a new en-commandite partnership formed for the transportation of passengers by air for fare. The group holds a 25% interest in the partnership and accounts for this minority interest as an associate. The principal place of business for the associate is Cape Town.		
Movements in the carrying value of the associate were as follows:		
Opening balance	**7 676**	6 536
Contributions made	**6 709**	3 696
Share of loss of associate	**(1 137)**	(2 556)
Closing balance	**13 248**	7 676
The summarised financial information of the associate is presented below:		
Summarised statement of comprehensive income:		
Revenue	**6 378**	3 287
Depreciation	**(1 477)**	(1 371)
Other operating expenses	**(7 840)**	(6 669)
Net interest paid	**(390)**	(652)
Loss for the year	**(3 329)**	(5 405)
Comparative figures for the statement of comprehensive income have being restated to correctly reflect the split between revenue and other operating expenses.		
Summarised statement of financial position:		
Current		
Trade and receivables	**1 109**	428
Cash and cash equivalents	**290**	14
Total current assets	**1 399**	442
Trade and other payables	**(150)**	(236)
Interest-bearing liabilities	**(3 481)**	(3 191)
Total current liabilities	**(3 631)**	(3 427)
Non-current		
Property, plant and equipment	**60 686**	62 162
Total non-current assets	**60 686**	62 162
Interest-bearing liabilities	**(304)**	(3 841)
Total non-current liabilities	**(304)**	(3 841)
Net asset value of associate	**58 150**	55 336
Reconciliation of summarised financial information		
Opening net assets, as at 1 January	**55 336**	54 067
Additional owner contributions	**6 143**	6 674
Loss for the year	**(3 329)**	(5 405)
Closing net assets, as at 31 December	**58 150**	55 336
Share of assets	**15 521**	15 651
Share of liabilities	**(3 822)**	(7 091)
Other contributions	**1 549**	(884)
	13 248	7 676

A subsidiary of the group has provided surety limited to R15 million to The Standard Bank of South Africa Limited in connection with the group's share of the associate's liability to the bank. The outstanding balance on the associate's liability to the bank at December 2015 is R3,785 million. The liability is payable over five years in monthly instalments of R0,305 million (2014: R0,305 million) including interest and capital. The fair value of this financial guarantee has been determined to be immaterial as the bank has a mortgage over the associate's assets and the likelihood of the surety being called is negligible.

Notes to the group annual financial statements

for the year ended 31 December 2015 (continued)

8. Deferred taxation

	2015 R'000	2014 R'000
The analysis of deferred tax assets and liabilities is as follows:		
Deferred tax assets	**25 708**	18 819
Deferred tax liabilities	**(112 282)**	(92 721)
Net deferred tax liabilities	**(86 574)**	(73 902)
The gross movements on the deferred income tax account are as follows:		
At 1 January	**(73 902)**	(49 882)
Charged to profit and loss	**(12 672)**	(24 020)
At 31 December	**(86 574)**	(73 902)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Provisions R'000	Total R'000
Deferred tax assets		
At 1 January 2014	6 024	6 024
Charged to profit and loss	6 438	6 438
At 31 December 2014	12 462	12 462
Charged to profit and loss	**(4 561)**	**(4 561)**
At 31 December 2015	**7 901**	**7 901**

	Accelerated tax wear and tear allowances R'000	Debtors' provisions and allowances R'000	Other allowances R'000	Total R'000
Deferred tax liabilities				
At 1 January 2014	(10 484)	(45 418)	(3)	(55 905)
Charged to profit and loss	(2 994)	(28 448)	984	(30 458)
At 31 December 2014	(13 478)	(73 866)	981	(86 363)
Charged to profit and loss	**(20 540)**	**10 330**	**2 098**	**(8 112)**
At 31 December 2015	**(34 018)**	**(63 536)**	**3 079**	**(94 475)**

Deferred tax liabilities include amounts of R34,018 million (2014: R13,478 million) that are non-current.

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefits through future taxable profits are probable. Deferred tax assets include no amounts that are non-current.

9. Inventories

	2015 R'000	2014 R'000
Merchandise for resale	**129 362**	124 966
Provision for inventory obsolescence	**(11 456)**	(11 500)
Goods in transit	**52 485**	52 897
	170 391	166 363

Inventory sold at less than cost during the current year amounted to R11,966 million (2014: R15,558 million).

10. Trade and other receivables

	2015 R'000	2014 R'000
Trade receivables – Retail	**1 208 631**	1 063 645
Provision for impairment	**(226 570)**	(198 179)
	982 061	865 466
Loans receivable – Financial Services	**947 586**	748 907
Provision for impairment	**(157 011)**	(127 103)
	790 575	621 804
Other receivables	**14 637**	17 503
Total trade and other receivables	**1 787 273**	1 504 773
Total trade and loan receivables	**2 156 217**	1 812 552
Provision for impairment	**(383 581)**	(325 282)
Other receivables	**14 637**	17 503
A percentage of all trade and loan receivable balances past due has been provided for. Refer to significant accounting judgements, estimates and assumptions for further details regarding the calculation of impairment of debtors and note 3.3 for further details of credit risk management.		
Movements in the provision for impairment of trade receivables – Retail were as follows:		
Opening balance	**(198 179)**	(159 355)
Movement in provision	**(28 391)**	(38 824)
Debtor costs charged to profit and loss	**(254 374)**	(220 725)
Debts written off during the year, net of recoveries	**225 983**	181 901
Closing balance	**(226 570)**	(198 179)
Movements in the provision for impairment of loans receivable – FinChoice were as follows:		
Opening balance	**(127 103)**	(63 036)
Movement in provision	**(29 908)**	(64 067)
Debtor costs charged to profit and loss	**(143 095)**	(109 177)
Debts written off during the year, net of recoveries	**113 187**	45 110
Closing balance	**(157 011)**	(127 103)

Trade and loan receivables have repayment terms of between 1 and 36 months and attract interest based on rates as determined by the National Credit Act.

Included in trade and loan receivables are amounts approximating R527,326 million (2014: R421,657 million) that contractually fall due in excess of one year. These amounts are reflected as current as they form part of the normal operating cycle.

Notes to the group annual financial statements

for the year ended 31 December 2015 (continued)

11. Cash and cash equivalents

	2015 R'000	2014 R'000
Cash at bank	**88 300**	63 005
	88 300	63 005
Bank overdraft	**1 780**	433
Cash at bank earns interest based on daily bank deposit rates.		
Cash and cash equivalents include the following for the purposes of the statement of cash flows:		
Cash and cash equivalents	**88 300**	63 005
Bank overdraft	**(1 780)**	(433)
	86 520	62 572

The group is not entitled to set off the bank overdraft with cash and cash equivalents.

12. Stated capital, share capital and share premium

On 28 November 2014 a new entity, HomeChoice International PLC, was placed on top of the existing group, HomeChoice Holdings Limited, by issuing shares to the existing group shareholders. This transaction was not a business combination and has been accounted for as a reorganisation of an existing group that has not changed the substance of the reporting entity. No capital was raised as part of the reorganisation. At the time of the reorganisation the shareholders of HomeChoice Holdings became the new shareholders in HomeChoice International PLC.

At the time of the reorganisation the consolidated financial statements of the new entity, HomeChoice International PLC, were presented using the values from the consolidated financial statements of the previous group holding company. The equity structure – that is, the issued share capital, share premium and treasury shares – reflected that of the new company, with other amounts in equity (such as retained earnings and other reserves) being those from the consolidated financial statements of the previous group holding company. The resulting difference that arose has been recognised as a component of equity, called reorganisation reserve.

Share capital, share premium and treasury shares have been adjusted to include the effects of:

- the issue of 101 379 351 shares to the HomeChoice Holdings shareholders in terms of the reorganisation, issued at a price of R29,40 and a par value of R0,01; and
- the HomeChoice Development Trust held 600 000 shares before and after the reorganisation. The movement in treasury shares represents the adjustments from applying the accounting for capital reorganisations. Treasury share are reflected at R2,666 million, being 600 000 shares at R4,44 per share.

The effect of the transaction is to reflect the share capital, share premium and treasury shares of the new holding company, HIL, and to eliminate HomeChoice Holdings' share capital and treasury shares and to create a reorganisation reserve with a debit balance of R2 960 639 million.

12. Stated capital, share capital and share premium

12.1 Stated and share capital

	2015 R'000	2014 R'000
Authorised		
200 000 000 (2014: 200 000 000 at one cent par value) ordinary shares at one cent par value	**2 000**	2 000
Issued		
102 466 101 (2014: 101 790 952) ordinary shares at one cent par value	**1 025**	1 018
72 900 000 ordinary shares at one cent par value	–	183
Total	**1 025**	1 201
72 900 000 ordinary shares repurchased	–	(183)
Stated and share capital	**1 025**	1 018

	'000	'000
Reconciliation of movement in issued shares:		
Number of issued shares at the beginning of the year	**101 791**	103 869
Shares issued on incorporation of HomeChoice International PLC*	–	72 900
Treasury shares cancelled	–	(2 490)
Shares issued	**675**	412
Sub-total	**102 466**	174 691
Shares repurchased*	–	(72 900)
Treasury shares held within the group	**(600)**	(600)
Number of issued shares, net of treasury shares	**101 866**	101 191
Treasury shares as a % of issued shares	**0,6%**	0,3%

* *Upon HIL's incorporation on 22 July 2014, 72 900 000 HIL shares were issued at a subscription price equal to 25% of the par value thereof, i.e. R0,183 million. Pursuant to the implementation of the above reorganisation:*

- *101 379 351 HIL shares were issued to the scheme participants in the ratio of 1 (one) HIL share for every 1 (one) HomeChoice Holdings share held; and*
- *the 72 900 000 HIL shares issued on incorporation were repurchased by HIL at the subscription price paid for such HIL shares at incorporation and cancelled.*

The unissued shares are under the control of the directors until the next annual general meeting.

12.2 Share premium

	R'000	R'000
Balance at the beginning of the year	**2 982 202**	–
Share premium on reorganisation (2014: 101 379 351 at R29,39)	–	2 979 539
Share issue	**5 378**	2 663
Balance at the end of the year	**2 987 580**	2 982 202

Notes to the group annual financial statements

for the year ended 31 December 2015 (continued)

13. Treasury shares

	2015 R'000	2014 R'000
Reconciliation of movement of treasury shares:		
Balance at the beginning of the year	**(2 666)**	(13 733)
Shares cancelled during the year	**–**	11 067
Balance at the end of the year	**(2 666)**	(2 666)

	'000	'000
Number of shares:		
Balance at the beginning of the year	**600**	3 090
Shares cancelled during the year	**–**	(2 490)
Balance at the end of the year	**600**	600

14. Share-based payment

The group has established a share option incentive scheme in which options to acquire shares in HomeChoice International PLC Limited have been granted to employees of subsidiaries of HomeChoice International PLC Limited. All options are conditional on the participant remaining in service with the group. The group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related average exercise prices are as follows:

	2015		2014	
	Average exercise price per share (cents)	**Number of options**	Average exercise price per share (cents)	Number of options
At 1 January	**1 102**	**3 785 700**	966	3 595 400
Options granted during the year	**3 362**	**407 000**	1 451	858 500
Options forfeited during the year	**1 437**	**(377 150)**	1 091	(256 650)
Options vested during the year	**798**	**(675 200)**	651	(411 550)
At 31 December	**1 420**	**3 140 350**	1 102	3 785 700

Share options outstanding at the end of the year have the following vesting dates and exercise prices:

	2015		2014	
	Average exercise price per share (cents)	**Number of options**	Average exercise price per share (cents)	Number of options
2015	**876**	**50 000**	803	731 600
2016	**1 053**	**1 424 100**	1 057	1 594 100
2017	**1 070**	**569 000**	1 098	625 500
2018	**1 448**	**722 000**	1 451	834 500
2019	**3 361**	**375 250**	–	–
	1 420	**3 140 350**	1 102	3 785 700

14. Share-based payment (continued)

Analysis of options outstanding:

Grant date	1 Oct 2011	31 Mar 2012	15 Apr 2012	29 Jun 2012	1 Oct 2012	Sub-total
Number of share options outstanding	50 000	437 000	100 000	877 100	10 000	1 474 100
Grant price (cents)	876	1 064	876	1 064	1 329	
Fair value of option (cents)	101	82	94	76	188	

Grant date	Sub-total	20 Mar 2013	20 Mar 2013	27 Aug 2013	1 Jan 2014	Sub-total
Number of share options outstanding	1 474 100	400 000	79 000	90 000	10 000	2 053 100
Grant price (cents)		1 000	1 388	1 100	1 100	
Fair value of option (cents)		160	121	83	81	

Grant date	Sub-total	31 Mar 2014	1 Jun 2014	30 Sep 2014	20 Mar 2015	Sub-total
Number of share options outstanding	2 053 100	635 000	5 000	72 000	317 250	3 082 350
Grant price (cents)		1 444	1 444	1 528	3 370	
Fair value of option (cents)		92	90	105	663	

Grant date	Sub-total	1 Jun 2015	Total
Number of share options outstanding	3 082 350	58 000	3 140 350
Grant price (cents)		3 311	
Fair value of option (cents)		668	

The fair values of options granted during the current and prior year were determined using a binomial option-pricing model. The assumptions used in determining the fair value were as follows:

Grant date	1 Oct 2011	31 Mar 2012	15 Apr 2012	29 Jun 2012	1 Oct 2012	20 Mar 2013
Grant price (cents)	876	1 064	876	1 064	1 329	1 000
Expected option life (years)	4	4	4	4	4	4
Expected volatility (%)	35,00	27,13	27,13	26,63	26,37	25,55
Expected dividend yield (%)	8,56	9,59	9,59	9,59	3,35	10,40
Expected employee attrition (%)	10,00	10,00	10,00	10,00	10,00	10,00
Risk-free interest rate (%)	6,80	6,89	6,89	6,18	5,66	6,02

Grant date	20 Mar 2013	27 Aug 2013	1 Jan 2014	31 Mar 2014	1 Jun 2014	30 Sep 2014
Grant price (cents)	1 388	1 100	1 100	1 444	1 444	1 528
Expected option life (years)	4	4	4	4	4	4
Expected volatility (%)	25,55	25,09	25,33	25,33	25,35	25,45
Expected dividend yield (%)	7,49	9,45	10,00	11,08	11,08	10,47
Expected employee attrition (%)	10,00	10,00	10,00	10,00	10,00	10,00
Risk-free interest rate (%)	6,02	7,55	7,88	7,88	7,61	7,76

Grant date	20 Mar 2015	1 Jun 2015
Grant price (cents)	3 370	3 311
Expected option life (years)	4	4
Expected volatility (%)	28,05	28,71
Expected dividend yield (%)	5,70	5,80
Expected employee attrition (%)	5,00	0,00
Risk-free interest rate (%)	7,33	7,79

The volatility, measured at the standard deviation of continuously compounded share returns, was based on statistical analysis of monthly share prices of listed peers over the last three years.

Total expenses of R1,472 million (2014: R1,128 million) relating to equity-settled share-based payments were recognised during the year. Refer to note 15 for disclosure of the share-based payment reserve.

Notes to the group annual financial statements

for the year ended 31 December 2015 (continued)

15. Other reserves

	Share-based payment reserve R'000	Total R'000
Balance at 1 January 2014	1 902	1 902
Share-based payment	1 128	1 128
Total changes	1 128	1 128
Balance at 1 January 2015	3 030	3 030
Share-based payment	**1 472**	**1 472**
Total changes	**1 472**	**1 472**
Balance at 31 December 2015	**4 502**	**4 502**

16. Interest-bearing liabilities

	2015 R'000	2014 R'000
Long-term portion		
Listed bonds	**–**	98 890
Mortgage bonds	**139 073**	137 248
Suspensive sale agreements	**25 251**	30 096
Total non-current interest-bearing liabilities	**164 324**	266 234
Short-term portion payable within one year		
Listed bonds	**101 262**	1 545
Mortgage bonds	**97 883**	11 812
Suspensive sale agreements	**21 957**	16 846
Total current interest-bearing liabilities	**221 102**	30 203
Total interest-bearing liabilities	**385 426**	296 437

Listed bonds

Listed bonds consist of Domestic Medium-term Notes. The group issued R100 million floating rate notes under a R500 million Domestic Term Note Programme approved by the JSE on 16 October 2013. The bonds carry interest at the three-month Jibar rate plus 3,15% and has a term of three years with quarterly interest payments.

Movements in listed bonds were as follows:

	2015 R'000	2014 R'000
Opening balance	**100 435**	99 608
Borrowings raised	**–**	–
Interest and administration fees	**9 437**	8 726
Payments made	**(9 272)**	(8 725)
Finance-raising costs paid	**–**	–
Finance-raising costs amortised	**662**	826
Closing balance	**101 262**	100 435

16. Interest-bearing liabilities (continued)

	2015 R'000	2014 R'000
Mortgage bonds		
Mortage bonds include Standard Bank of South Africa Limited facilities, secured by general covering bonds over the remaining extent of erf 66592 and erf 91380 Cape Town and a FirstRand Bank facility secured by a general covering bond over portion 240 of farm Wimbledon Number 454.		
The Standard Bank of South Africa Limited bonds carry interest between prime and prime less 1% and have a remaining repayment term of between six and 10 years (2014: seven years). The FirstRand Bank bond carries interest at the one-month Jibar rate plus 2,85% and has a term of four years.		
Movements in mortgage bonds were as follows:		
Opening balance	**149 060**	54 634
Borrowings raised	**100 290**	101 000
Interest and administration fees	**14 298**	7 254
Payments made	**(25 897)**	(13 374)
Finance-raising costs paid	**(1 041)**	(500)
Finance-raising costs amortised	**246**	46
Closing balance	**236 956**	149 060
Suspensive sale agreements		
Suspensive sale agreements are instalment sale agreements which the group has entered into in respect of certain property, plant and equipment where the assets purchased are encumbered as security for the outstanding liability until such time that the liability is discharged. The suspensive sale agreements are repayable in monthly instalments of R1,931 million (2014: R1,556 million) including interest and capital.		
Interest rates are linked to the prime overdraft rate and varied between 8,20% and 9,75% (2014: 7,45% and 9,25%) during the year. There were no breaches in payments during the current or prior year. The suspensive sale agreements are secured over various items of property, plant and equipment as indicated in note 4, and intangible assets as indicated in note 5.		
Movements in suspensive sale agreements were as follows:		
Opening balance	**46 942**	55 115
Borrowings raised	**19 007**	10 679
Interest and administration fees	**3 520**	3 631
Payments made	**(22 261)**	(22 483)
Closing balance	**47 208**	46 942

Notes to the group annual financial statements

for the year ended 31 December 2015 (continued)

17. Other payables

	2015 R'000	2014 R'000
Non-current other payables		
Amounts owed to prize winners payable in excess of 12 months	**5 070**	4 340

18. Trade and other payables

	2015 R'000	2014 R'000
Trade payables	**124 694**	102 711
Annual leave pay accrual	**5 273**	4 700
Value-added taxation	**1 452**	1 792
Other payables	**53 131**	49 261
	184 550	158 465

Refer to note 26 for disclosure on commitments regarding lease liabilities.

Comparative figures have been restated to correctly disclose the split between trade payables and other payables. This restatement amounts to R17,664 million and relates to debtors with credit balances.

19. Provisions

	Opening balance R'000	Utilised during the year R'000	Raised R'000	Closing balance R'000
Analysis of movements				
2015				
Bonus	**31 078**	**(31 078)**	**12 357**	**12 357**
	31 078	**(31 078)**	**12 357**	**12 357**
2014				
Bonus	–	–	31 078	31 078
Ex-gratia payments	9 000	(9 000)	–	–
	9 000	(9 000)	31 078	31 078

Provisions relate to amounts payable to employees in accordance with the group's annual incentive scheme. Annual incentives are discretionary and payable in March. The bonus and ex-gratia payments provision is based on a financial model that takes into account whether the company achieved its targets, individual staff performance during the year and the remuneration committee's final discretion.

20. Shareholder loan

	2015 R'000	2014 R'000
GFM Limited	**160 658**	–
The company entered into a loan agreement with GFM Limited in May 2015. The loan value is R160 million, it carries interest at the South African prime interest rate and it has a term of one year.		
Movements in the shareholder loan was as follows:		
Borrowings raised	**160 000**	–
Interest fees	**9 062**	–
Payments made	**(7 737)**	–
Finance-raising costs paid	**(1 600)**	–
Finance-raising costs amortised	**933**	–
Closing balance	**160 658**	–

21. Other net gains and losses

	2015 R'000	2014 R'000
Foreign exchange losses	**(1 469)**	(3 601)
Losses on disposal of property, plant and equipment and intangible assets	**(288)**	(338)
Impairment of property, plant and equipment	**(116)**	–
Other	**–**	152
	(1 873)	(3 787)

22. Other income

	2015 R'000	2014 R'000
Interest on loans to employees	**–**	321
Prescription of amounts owing	**2 519**	1 679
Other	**1 173**	633
	3 692	2 633

Notes to the group annual financial statements

for the year ended 31 December 2015 (continued)

23. Total trading expenses

	2015 R'000	2014 R'000
Expenses by nature		
Debtor costs		
Trade receivables – Retail	**254 374**	220 725
Loans receivable – FinChoice	**143 095**	109 177
Total debtor costs	**397 469**	329 902
Amortisation of intangible assets	**34 583**	9 018
Depreciation of property, plant and equipment	**18 347**	13 756
Restructuring and listing costs	**–**	10 225
Legal fees	**–**	2 924
Consulting fees	**–**	5 729
Audit fees	**–**	606
Listing	**–**	507
Advertising	**–**	116
Other	**–**	343
Operating lease charges for immovable property	**2 091**	920
Total operating lease charges	**4 424**	4 247
Less: disclosed under cost of retail sales	**(2 333)**	(3 327)
Marketing costs	**180 855**	166 244
Staff costs – short-term employee benefits	**264 115**	231 600
Total staff costs	**300 380**	268 077
Less: disclosed under cost of retail sales	**(17 950)**	(19 630)
Less: staff costs capitalised to intangibles	**(18 315)**	(16 847)
Other costs	**166 922**	131 116
Total other trading expenses	**666 913**	562 879
	1 064 382	892 781
Average number of employees during the year	**1 344**	1 216
Salaries	**273 362**	246 312
Unemployment insurance fund contributions	**2 750**	2 272
Provident fund and disability insurance contributions	**24 268**	19 493
Total staff costs	**300 380**	268 077

24. Interest paid

	2015 R'000	2014 R'000
Bank borrowings	**1 846**	2 272
Listed bonds	**9 437**	8 726
Mortgage bonds	**14 298**	7 254
Shareholder loan	**8 669**	–
Suspensive sale agreements	**3 520**	3 631
Total interest paid	**37 770**	21 883
Less: amounts capitalised on qualifying assets	**(6 287)**	–
	31 483	21 883

25. Taxation

	2015 R'000	2014 R'000
South African normal income taxation		
Current year	**(141 613)**	(109 253)
Prior year under provision	**(979)**	(10 448)
Deferred taxation		
Current year	**(13 756)**	(34 488)
Prior year under provision	**1 084**	10 468
	(155 264)	(143 721)

	%	%
Reconciliation of effective taxation rate:		
Standard taxation rate	**28,0**	28,0
Non-deductible expenditure	**0,9**	2,0
Exempt income	**(0,7)**	(1,2)
Dividends withholdings tax	**–**	–
Effective taxation rate	**28,2**	28,8

Other comprehensive income items carried no taxation charge.

26. Commitments

Leases are contracted for periods not exceeding five years and contain escalation clauses of between 8% and 9% and renewal options. The lease expenditure charged to profit and loss during the year is disclosed in note 23.

At 31 December the future minimum operating lease commitments amounted to the following:

	2015 R'000	2014 R'000
Properties		
Payable within one year	**2 453**	2 272
Payable between two and five years	**206**	2 659
	2 659	4 931
Suspensive sale agreements		
Payable within one year	**24 594**	19 497
Payable between two and five years	**28 023**	31 949
	52 617	51 446
Future finance charges on suspensive sale agreements	**(5 409)**	(4 504)
	47 208	46 942
The present value of suspensive sale agreement payments is as follows:		
Payable within one year	**21 957**	16 846
Payable between two and five years	**25 251**	30 096
	47 208	46 942
Capital commitments for property, plant and equipment and intangible assets:		
Approved by the directors	**50 568**	83 876
Approved by the directors and contracted for	**–**	84 846
	50 568	168 722

27. Reconciliation of cash generated from operations

	2015 R'000	2014 R'000
Profit before taxation	**549 823**	499 041
Share of loss of associates	**1 137**	2 556
Losses on disposal of property, plant and equipment and intangible assets	**288**	338
Loans to employees – amortised cost adjustment	**–**	(147)
Notional interest on loans to employees	**–**	(321)
Depreciation and amortisation	**52 930**	22 774
Share-based employee service expense	**1 472**	1 128
Interest paid	**32 809**	21 883
Interest received	**(3 375)**	(1 948)
Capitalised bond costs – amortised cost adjustment	**1 839**	873
Operating cash flows before working capital changes	**636 923**	546 177
Movements in working capital	**(278 434)**	(312 612)
Increase in inventories	**(4 028)**	(21 399)
Increase in trade receivables – Retail	**(116 595)**	(179 091)
Increase in loans receivable – Financial Services	**(168 771)**	(159 724)
Decrease in other receivables	**2 866**	3 963
Increase in trade and other payables	**26 815**	21 561
(Decrease)/increase in provisions	**(18 721)**	22 078
	358 489	233 565

28. Taxation paid

	2015 R'000	2014 R'000
Amounts owing at the beginning of the year	**9 350**	(8 876)
Amounts charged to profit and loss	**(155 264)**	(143 721)
South African normal taxation	**(142 592)**	(119 701)
Deferred taxation	**(12 672)**	(24 020)
Deferred taxation movement	**12 672**	24 020
Amounts owing at the end of the year	**(4 253)**	(9 350)
	(137 495)	(137 927)

29. Events after the reporting date

No event material to the understanding of these financial statements has occurred between the end of the financial year and the date of approval.

30. Related party transactions

Holding company

At the reporting date the group's ultimate controlling party is the Maynard Trust. Further details regarding significant shareholders are set out in the shareholder analysis in note 31. Refer to note 20 for details regarding loan from shareholder, GFM Limited.

Subsidiaries, associates and related trusts

In the ordinary course of business, certain companies within the group entered into certain intragroup transactions which have been eliminated on consolidation. For a list of the group's subsidiaries, associates and related trusts, refer to page 62.

30. Related party transactions (continued)

Other related parties

The HomeChoice Provident Fund

The group provides retirement benefits for its permanent employees through the HomeChoice Provident Fund (the provident fund), a defined contribution plan. The fund is registered under and governed by the Pension Funds Act, 1956, as amended. The latest valuation received from the fund administrators confirmed that the provident fund was in a sound financial position.

Associates

Details regarding the group's associates are set out in note 7. Transactions with the associates are entered into at the prevailing partnership rates.

	2015 R'000	2014 R'000
Contributions to the provident fund	**24 268**	19 493
Fees paid to associates for transportation services	**5 083**	2 828
Contributions to associate	**6 709**	3 695

Remuneration

Details regarding executive and non-executive directors' remuneration are disclosed in note 36.

Interest of directors in contracts

As disclosed in note 7, the group holds a 25% interest in an en-commandite partnership formed for the transportation of passengers by air for fare. Mr Garratt, a director, has a controlling interest in another entity with significant influence in the partnership.

Other than the transactions noted above, none of the directors have indicated that they have a material interest in contracts of any significance with the company or any of its subsidiaries.

Loans to directors

Loans have been provided to directors and key management personnel as part of the Employee Share Incentive Scheme as disclosed in note 6.

	2015 R'000	2014 R'000
Loans to employees as reported in the annual financial statements	**207**	1 302
Total loans receivable	**207**	1 302
Made up as follows:		
Operational directors of the group	**–**	548
Other employees	**207**	754
	207	1 302

Share options

Share options have been granted to certain executive directors of HomeChoice International PLC Limited and employees of its subsidiaries (refer to note 36).

Key management personnel

Key management personnel are those persons having authority for planning, directing and controlling activities directly or indirectly, including any director of the holding company or subsidiary. Key management of the company's main subsidiaries, HomeChoice Proprietary Limited and FinChoice Proprietary Limited, have been classified as key management personnel. Emoluments paid are summarised below:

	2015 R'000	2014 R'000
Remuneration	**25 695**	23 018
Bonuses	**17 006**	4 360
Share-based payment cost	**802**	642
Retirement	**2 414**	2 335
	45 917	30 355

31. Shareholder analysis

	Shareholders		Shares held	
	Number	**%**	**Number**	**%**
Range of shareholding				
1 – 500	**54**	**26,7**	**9 044**	**–**
501 – 5 000	**63**	**31,2**	**133 475**	**0,1**
5 001 – 50 000	**49**	**24,3**	**1 089 623**	**1,1**
50 001 – 500 000	**32**	**15,8**	**5 532 453**	**5,4**
Over 500 000	**4**	**2,0**	**95 101 506**	**93,4**
	202	**100,0**	**101 866 101**	**100,0**
Development trust	**1**		**600 000**	
	203		**102 466 101**	
Public and non-public shareholding				
Non-public				
GFM Limited	**1**	**0,5**	**73 449 531**	**71,7**
ADP II Holdings 3 Limited	**1**	**0,5**	**16 771 775**	**16,4**
HomeChoice Development Trust (treasury shares)	**1**	**0,5**	**600 000**	**0,6**
Directors of HomeChoice International PLC	**2**	**1,0**	**101 044**	**0,1**
Directors of subsidiaries	**3**	**1,5**	**538 005**	**0,5**
Related parties	**2**	**1,0**	**287 027**	**0,3**
Public	**193**	**95**	**10 718 719**	**10,4**
	203	**100,0**	**102 466 101**	**100,0**

Disclosed non-public shareholding includes the aggregate of the direct and indirect beneficial interest of the directors.

	Number	%
Individual shareholders holding 5% or more of shares in issue (net of treasury shares)		
2015		
GFM Limited	**73 449 531**	**71,7**
ADP II Holdings 3 Limited	**16 771 775**	**16,4**
	90 221 306	**88,1**
2014		
GFM Limited	73 449 531	72,2
ADP II Holdings 3 Limited	16 771 775	16,5
	90 221 306	88,7

Directors' interest in the share capital of the company

GFM is an associate (as contemplated in the Listings Requirements) of Rick Garratt (a non-executive director of HIL) and Shirley Maltz (an executive director of HIL), because each of them is a potential discretionary beneficiary of the Maynard Trust, which is the indirect holder of 100% of the shares in GFM.

Shirley Maltz, an executive director of HIL, has a direct beneficial interest in 51 044 HIL shares.

Amanda Chorn, an independent non-executive director of HIL, has an indirect beneficial interest in 50 000 HIL shares.

32. Earnings per share

32.1 Basic and headline earnings per share

The calculation of basic and headline earnings per share is based upon profit for the year attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue as follows:

	2015		2014	
	Gross R'000	**Net R'000**	Gross R'000	Net R'000
Profit for the year		**394 559**		355 320
Adjusted for the after-tax effect of:				
Gains on disposal of property, plant and equipment and intangible assets	**288**	**207**	338	243
Impairment of property, plant and equipment	**116**	**84**	–	–
Headline earnings		**394 850**		355 563
Weighted average number of ordinary shares in issue ('000)		**101 468**		100 795
Earnings per share (cents)				
Basic		**388,9**		352,5
Headline		**389,1**		352,8

32.2 Diluted and diluted headline earnings per share

The calculation of diluted and diluted headline earnings per share is based upon profit for the year attributable to owners of the parent divided by the fully diluted weighted average number of ordinary shares in issue as follows:

	2015 R'000	2014 R'000
Weighted average number of ordinary shares in issue	**101 468**	100 795
Number of shares issuable under the share option scheme for no consideration	**1 795**	1 017
Diluted weighted average number of ordinary shares in issue	**103 263**	101 812
Earnings per share (cents)		
Diluted	**382,1**	349,0
Diluted headline	**382,4**	349,2

33. Distributions per share

	2015 R'000	2014 R'000
Distributions proposed/paid (cents per share)	**148,0**	161,0
Interim	**64,0**	–
Final	**84,0**	161,0
Nature of distributions (cents per share)	**148,0**	161,0
Dividend proposed/paid	**148,0**	161,0

The 2015 proposed final dividend of 84 cents per share will be presented to shareholders at the annual general meeting on 12 May 2016.

34. Net asset value per share

The calculation of net asset value per share is based upon net assets divided by the total number of shares in issue, net of treasury shares (refer to note 13).

	2015 Cents	2014 Cents
Net asset value per share	**1 719,3**	1 559,8
Net tangible asset value per share	**1 619,3**	1 469,7

35. Change in accounting estimate

During the year the group reviewed the current condition of certain existing software and licences and assessed the impact of the continuous evolution in technology on that software and licences. As a result the estimated useful life of the ERP system included in intangible assets was revised from 10 years to 5 years. The change in accounting estimate is accounted for prospectively from 1 January 2015. The net effect of the changes in the current financial year was an increase in amortisation expense of R9,772 million. Assuming the assets are held until the end of their estimated useful lives, amortisation in future years in relation to these assets will be increased by the following amounts:

	R'000
Year ending 31 December	
2016	5 677
2017	5 677
2018	3 921

36. Remuneration

		Short-term benefits			
R'000	Months paid	Director's fees	Salary	Other benefits	Performance bonus
2015					
Executive directors					
Shirley Maltz	**12**	**–**	**2 683**	**–**	**3 064**
Greg Lartigue	**12**	**141**	**–**	**–**	**–**
Paul Burnett	**12**	**–**	**1 267**	**487**	**585**
		141	**3 950**	**487**	**3 649**
Non-executive directors					
Richard Garratt	**12**	**3 966**	**–**	**2 214**	**3 000****
Amanda Chorn	**12**	**291**	**–**	**–**	**–**
Robert Hain	**12**	**102**			
Stanley Portelli	**12**	**127**	**–**	**–**	**–**
Charles Rapa	**12**	**100**	**–**	**–**	**–**
		4 586	**–**	**2 214**	**3 000**
Total remuneration		**4 727**	**3 950**	**2 701**	**6 649**
2014					
Executive directors					
Shirley Maltz	12	–	2 531	–	900
Greg Lartigue	12	100	–	–	–
Paul Burnett	12	–	1 100	–	–
		100	3 631	–	900
Non-executive directors					
Richard Garratt	12	–	3 738	1 108	280
Amanda Chorn	12	278	–	–	–
Stanley Portelli	12	100	–	–	–
Charles Rapa	12	100	–	–	–
		478	3 738	1 108	280
Total remuneration		578	7 369	1 108	1 180

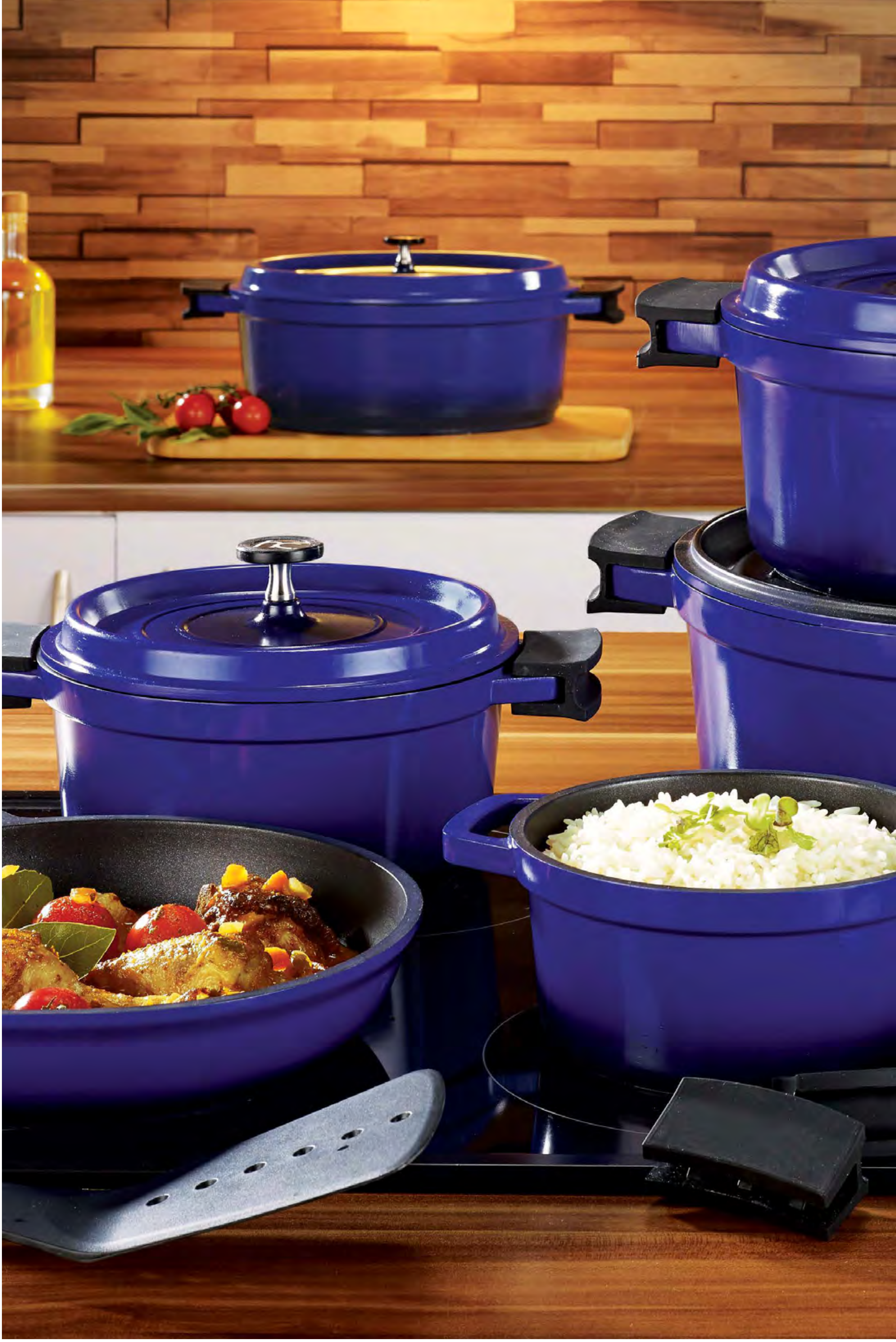
* *The value of equity-settled share options granted is the annual expense determined in accordance with* IFRS 2, Share-based Payment *and is presented for information purposes only as it is not regarded as constituting remuneration, given that the value was neither received nor accrued to the directors during the year. Gains made on the exercise of such share options are disclosed in the year when vesting occurs.*

** *Bonus relates to the 2014 financial year during which Richard Garratt was an executive director.*

Share options outstanding at the end of the year have the following vesting date and exercise prices:

Director	Vesting date	Number of share options '000	Exercise price per share R
Shirley Maltz	31 March 2016	25	10,64
	23 June 2016	450	10,64
	27 August 2017	50	11,00
	31 March 2018	100	14,44
	20 March 2019	41	33,70
		666	
Paul Burnett	27 August 2017	40	11,00
	20 March 2019	12	33,70
		52	
		718	

Post-retirement benefits	Long-term benefits			
Provident fund contributions	Interest benefit on financial assistance	Total remuneration	Value of equity-settled share options granted*	Gains realised on share options vesting
322	**–**	**6 069**	**259**	**763**
–	**–**	**141**	**–**	**–**
34	**–**	**2 373**	**40**	**–**
356	**–**	**8 583**	**299**	**763**
–	**–**	**9 180**	**–**	**–**
–	**–**	**291**	**–**	**–**
		102		
–	**–**	**127**	**–**	**–**
–	**–**	**100**	**–**	**–**
–	**–**	**9 800**	**–**	**–**
356	**–**	**18 383**	**299**	**763**
304	–	3 735	205	–
–	–	100	–	–
132	–	1 232	25	–
436	–	5 067	230	–
–	–	5 126	–	–
–	–	278	–	–
–	–	100	–	–
–	–	100	–	–
–	–	5 604	–	–
436	–	10 671	230	–



Contents

Company statement of financial position

at 31 December 2015

	Notes	2015 R'000	2014 R'000
Assets			
Non-current assets			
Investment in subsidiary	1	**143 295**	143 294
Intangible assets		**–**	136
		143 295	143 430
Current assets			
Cash and cash equivalents	5	**7 713**	3 256
Other receivables		**63**	–
Loan to HomeChoice Mauritius PCC	4	**160 658**	–
Loan to HomeChoice South Africa	2	**–**	179 000
Intercompany loans	2	**7 588**	–
		176 022	182 256
Total assets		**319 317**	325 686
Equity and liabilities			
Share capital	6	**1 025**	1 018
Share premium	7	**2 987 580**	2 982 202
Reorganisation reserve		**(2 837 259)**	(2 837 259)
Retained earnings		**4 355**	168 775
Total equity		**155 701**	314 736
Current liabilities			
Shareholder loan	3	**160 658**	–
Intercompany loans	2	**473**	5 587
Other payables	8	**2 485**	5 363
Total liabilities		**163 616**	10 950
Total equity and liabilities		**319 317**	325 686
Additional information			
Rand/Euro exchange rate		**0,0590**	0,0707

These financial statements were approved by the board of directors, authorised for issue on 14 March 2016 and signed on its behalf by:

Stanley Portelli
Chairman

Paul Burnett
Financial Director

Company statement of comprehensive income

for the year ended 31 December 2015

	Notes	**2015 R'000**	2014 R'000
Dividends received		**70 000**	179 000
Operating expenses	9	**(6 004)**	(10 228)
Interest paid		**(9 073)**	–
Other income		**933**	–
Interest received		**9 186**	3
Profit before taxation		**65 042**	168 775
Taxation	10	**–**	–
Total comprehensive income for the year		**65 042**	168 775

Company statement of changes in equity

for the year ended 31 December 2015

	Share capital R'000	Share premium R'000	Reorganisation reserve R'000	Retained earnings R'000	Total equity R'000
At 1 January 2014					
Changes in equity	1 018	2 982 202	(2 837 259)	168 775	314 736
Shares issued in exchange for shareholding in HomeChoice Holdings Limited	1 014	2 979 539	–	–	2 980 553
Shares issued on incorporation of HomeChoice International PLC	183	–	–	–	183
Shares repurchased	(183)	–	–	–	(183)
Issue of shares	4	2 663	–	–	2 667
Net assets acquired	–	–	(2 837 259)		(2 837 259)
Comprehensive income	–	–	–	168 775	168 775
Balance at 31 December 2014	1 018	2 982 202	(2 837 259)	168 775	314 736
Balance at 1 January 2015	**1 018**	**2 982 202**	**(2 837 259)**	**168 775**	**314 736**
Changes in equity	**7**	**5 378**	**–**	**(164 420)**	**(159 035)**
Issue of shares	**7**	**5 378**	**–**	**–**	**5 385**
Dividend paid	**–**	**–**	**–**	**(229 462)**	**(229 462)**
Profit for the period	**–**	**–**	**–**	**65 042**	**65 042**
Balance at 31 December 2015	**1 025**	**2 987 580**	**(2 837 259)**	**4 355**	**155 701**

Company statement of cash flows

for the year ended 31 December 2015

	Notes	2015 R'000	2014 R'000
Cash flows from operating activities			
Operating cash flows before working capital changes	16	**(5 071)**	(10 228)
Increase in receivables		**(63)**	–
(Decrease)/increase in payables		**(2 878)**	10 950
Cash flows from operations		**(8 012)**	722
Interest paid		**(9 073)**	–
Interest received		**9 186**	3
Dividends received		**249 000**	–
Net cash inflows from operating activities		**241 101**	725
Cash flows from investing activities			
Loans to related parties		**(160 658)**	–
Intercompany loans		**(12 702)**	–
Investment in subsidiary		**(1)**	–
Proceeds/(purchase) of intangible assets		**136**	(136)
Net cash outflows from investing activities		**(173 225)**	(136)
Cash flows from financing activities			
Proceeds from the issuance of shares		**5 385**	2 667
Proceeds from shareholder loan		**160 658**	–
Dividends paid		**(229 462)**	–
Net cash (outflow)/inflow from financing activities		**(63 419)**	2 667
Net increase in cash and cash equivalents		**4 457**	3 256
Cash and cash equivalents at the beginning of the year		**3 256**	–
Cash and cash equivalents at the end of the year	5	**7 713**	3 256

Notes to the company annual financial statements

for the year ended 31 December 2015

1. Investment in subsidiaries

	2015 R'000	2014 R'000
Wholly-owned subsidiaries' shares at cost		
HomeChoice South Africa Limited (incorporated in Malta)	**143 294**	143 294
HomeChoice Mauritius PCC (incorporated in Mauritius)	**1**	–
	143 295	143 294

The company has measured the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the date of the reorganisation.

	% interest held	Number of company shares issued and held 2015	2014
HomeChoice South Africa Limited operating subsidiary companies			
HomeChoice Holdings (Pty) Limited	100%	**1**	1
HomeChoice (Pty) Limited	100%	**1**	1
HomeChoice Property Company (Pty) Limited	100%	**60**	60
FinChoice (Pty) Limited	100%	**1 700**	1 700
Odvest 189 (Pty) Limited	100%	**120**	120
Related entities			
The HomeChoice Share Trust	100%	**–**	–
The HomeChoice Development Trust	100%	**–**	–
HomeChoice South Africa Limited dormant companies			
HC Direct (Pty) Limited	100%	**60**	60
HomeChoice Nominees (Pty) Limited	100%	**120**	120
FoneChoice (Pty) Limited	100%	**60**	60
HomeChoice Investments (Pty) Limited	100%	**120**	120
Matyana van der Merwe (Pty) Limited	100%	**1 700**	1 700
HomeChoice (Pty) Limited (incorporated in Namibia)	100%	**1**	1
HomeChoice (Pty) Limited (incorporated in Botswana)	100%	**100**	100
In terms of the investment in HomeChoice South Africa Limited, unless otherwise specified, all companies have been incorporated in South Africa.			
HomeChoice Mauritius PCC (incorporated in Mauritius)	100%	**100**	–

2. Intercompany loans

	2015 R'000	2014 R'000
Wholly-owned subsidiaries' loans		
HomeChoice Holdings (Pty) Limited	**(473)**	(5 587)
HomeChoice Mauritius PCC (Incorporated in Mauritius)	**7 184**	–
HomeChoice South Africa Limited (incorporated in Malta)	**404**	–
Intercompany loans (payable)/receivable	**7 115**	(5 587)
HomeChoice South Africa Limited (incorporated in Malta)	**–**	179,000
	7 115	173 413

The loans are unsecured, interest-free and repayable on demand.

3. Shareholder loan

	2015 R'000	2014 R'000
GFM Limited	**160 658**	–

The Company entered into a loan agreement with GFM Limited in May 2015. The loan value is R160 million, it carries interest at the South African prime interest rate and it has a term of one year.

	2015 R'000	2014 R'000
Movements in the shareholder loan was as follows:		
Borrowings raised	**160 000**	–
Interest fees	**9 062**	–
Payments made	**(7 737)**	
Finance-raising costs paid	**(1 600)**	–
Finance-raising costs amortised	**933**	–
Closing balance	**160 658**	–

4. Loan to HomeChoice Mauritius PCC

	2015 R'000	2014 R'000
HomeChoice Mauritius PCC	**160 658**	–
Movements in the subsidiary loan was as follows:		
Loan advanced	**160 000**	–
Interest earned	**9 021**	–
Payments received	**(7 696)**	
Finance-raising costs received	**(1 600)**	–
Finance-raising costs amortised	**933**	–
Closing balance	**160 658**	–

Notes to the company annual financial statements

for the year ended 31 December 2015 (continued)

5. Cash and cash equivalents

	2015 R'000	2014 R'000
Cash at bank	**7 713**	3 256
	7 713	3 256

6. Share capital

On 28 November 2014 a new entity, HomeChoice International PLC, was placed on top of the existing group, HomeChoice Holdings Limited, by issuing shares to the existing group shareholders. This transaction was not a business combination and has been accounted for as a reorganisation of an existing group that has not changed the substance of the reporting entity. No capital was raised as part of the reorganisation. At the time of the reorganisation the shareholders of HomeChoice Holdings became the new shareholders in HomeChoice International PLC.

Share capital, share premium and treasury shares have been adjusted to include the effects of:

- the issue of 101 379 351 shares to the HomeChoice Holdings shareholders in terms of the reorganisation, issued at a price of R29,40 and a par value of R0,01.

The effect of the transaction is to reflect the share capital, share premium and treasury shares of the new holding company, HIL, and to eliminate HomeChoice Holdings' share capital and treasury shares and to create a reorganisation reserve with a debit balance of R2 837 259 million.

	2015 R'000	2014 R'000
Authorised		
200 000 000 ordinary shares with a par value of one cent each	**2 000**	2 000
Issued		
102 466 101 (2014: 101 790 952) ordinary shares at one cent par value	**1 025**	1 018
72 900 000 ordinary shares at one cent par value	**–**	183
Total	**1 025**	1 201
72 900 000 ordinary shares repurchased	**–**	(183)
Share capital	**1 025**	1 018
Reconciliation of movement in issued shares:		
Number of issued shares at the beginning of the year	**101 791**	–
Shares issued on incorporation of HomeChoice International PLC*	**–**	72 900
Share capital on reorganisation (101 379 351 shares)	**–**	101 379
Shares issued	**675**	412
Sub-total	**102 466**	174 691
Shares repurchased*	**–**	(72 900)
Number of issued shares, net of treasury shares	**102 466**	101 791

* *Upon HIL's incorporation on 22 July 2014, 72 900 000 HIL shares were issued at a subscription price equal to 25% of the par value thereof , i.e. R0,183 million. Pursuant to the implementation of the above reorganisation:*

- *101 379 351 HIL shares were issued to the scheme participants in the ratio of 1 (one) HIL share for every 1 (one) HomeChoice Holdings share held; and*
- *The 72 900 000 HIL shares issued on incorporation were repurchased by HIL at the subscription price paid for such HIL shares at incorporation. Under the Maltese Companies Act the repurchased HIL shares must be retained by HIL for a three-month notice period after which they will be cancelled. In terms of the Maltese Companies Act these shares carried no voting or distribution rights during the three-month notice period. By the time of reporting, the 72 900 000 (R0,183 million) had been duly cancelled.*

7. Share premium

	2015 R'000	2014 R'000
Balance at the beginning of the year	**2 982 202**	–
Share premium on reorganisation (101 379 351 shares at R29,39)	**–**	2 979 539
Share issue	**5 378**	2 663
Balance at the end of the year	**2 987 580**	2 982 202

8. Payables

	2015 R'000	2014 R'000
Stockdale Investments Holding Limited	**805**	324
Other payables	**1 680**	5 039
	2 485	5 363

Amounts owed to shareholder are unsecured, interest-free and repayable on demand.

9. Operating expenses

	2015 R'000	2014 R'000
Directors' emoluments	**572**	301
Restructuring and initial listing costs	**–**	9 924
Legal fees	**–**	2 924
Consulting fees	**–**	5 729
Listing	**–**	507
Audit fees	**–**	606
Advertising	**–**	116
Other	**–**	42
Other fees	**5 432**	3
	6 004	10 228

10. Taxation

	2015 R'000	2014 R'000
Current tax expense	**–**	–
The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic tax rate applicable as follows:		
Profit before tax	**65 042**	168 775
Tax at 35%	**22 765**	59 071
Tax effect of:		
Income not subject to tax	**(24 500)**	(62 650)
Expenses not deductible for tax purposes	**1 735**	3 579
Tax charge	**–**	–

Notes to the company annual financial statements

for the year ended 31 December 2015 (continued)

11. Risk management and financial instrument disclosure

The board is accountable for the process of risk management, establishing appropriate risk and control policies, and communicating these throughout the company.

The company's risk management policies are designed to identify risks faced by it and establish appropriate controls and limits to mitigate the risk to acceptable levels. The audit and risk committee oversees how management monitors compliance with these risk and control policies.

This note discloses information about the company's capital risk management and exposure to risks from its use of financial instruments.

11.1 Capital risk management

The company's objectives when managing capital is to sustain it's ability to continue as a going concern while enhancing returns to shareholders. The company primarily makes use of equity for capital management purposes. Equity consists of ordinary share capital, share premium and reserves as disclosed in the statement of changes in equity.

The directors meet regularly to review the capital structure. As part of this review the directors consider the availability of funding within the company to fund it's capital requirements. The directors also consider the cost of capital and the risks associated with each class of capital.

In order to maintain or adjust the capital structure the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or increase or reduce debt. From time to time the company repurchases its own shares. The timing of these repurchases depend on the availability of shares to be repurchased and available funding. The decision to repurchase shares is made on a specific transaction basis. The company does not have a defined share buy-back plan.

There were no changes in the company's approach to capital management during the year. During the current year there were no defaults or breaches of any of the company's agreements with its lenders.

11.2 Financial risk management

The company's activities expose it to a variety of financial risks arising from the use of financial instruments, including credit risk, liquidity risk and market risk.

In assessing risk the company classifies financial assets and liabilities as follows:

	Loans and receivables	
	2015 R'000	2014 R'000
Assets		
Current assets		
Loans to subsidiaries	**7 588**	179 000
Other receivables	**63**	–
Loan to HomeChoice Mauritius PCC	**160 658**	–
Cash and cash equivalents	**7 713**	3 256
	176 022	182 256
Liabilities		
Current liabilities		
Trade and other payables	**2 485**	5 363
Shareholder loan	**160 658**	–
Loans from subsidiaries	**473**	5 587
Interest-bearing liabilities	**–**	–
	163 616	10 950

11. Risk management and financial instrument disclosure (continued)

11.3 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the company. Potential concentrations of credit risk consist principally of loans to subsidiaries, cash and cash equivalents and credit guarantees.

The company did not consider there to be any significant credit risk exposure which has not been adequately provided for.

Intercompany loans
These related party loans are unsecured and repayable on demand.

Cash and cash equivalents
The company only deposits short-term cash surpluses with F1+ and F1 national short-term rated financial institutions.

11.4 Liquidity risk management

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the company's reputation. The risk is managed through optimisation of daily cash management and regular reviews of cash flow projections to ensure that appropriate borrowing facilities are in place.

The trade and other payables balance is interest-free and repayable on demand.

11.5 Market risk management

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of market prices. Market prices comprise three types of risk: equity price risk, foreign currency risk and interest rate risk. Financial instruments affected by market risk include trade and other receivables, interest-bearing liabilities and cash and cash equivalents.

Equity price risk management
The company is not exposed to equity price risk.

Foreign currency risk management
The company undertakes transactions in foreign currencies, hence exposure to exchange rate fluctuations arise.

The company measures sensitivity to foreign exchange rates as the effect of a change in the US Dollar and EUR exchange rates on profit after taxation based on the company's exposure at 31 December. The company regards a 15% change in exchange rates as being reasonably possible at the reporting dates.

The sensitivity of the company's profit after taxation due to a reasonably possible change in exchange rates, with all other variables held constant, at year-end is as follows:

	Effect on profit after taxation	
	2015 R'000	2014 R'000
15% appreciation in ZAR/USD exchange rates	**(12)**	–
15% depreciation in ZAR/USD exchange rates	**12**	–
15% appreciation in ZAR/EUR exchange rates	**(418)**	–
15% depreciation in ZAR/EUR exchange rates	**418**	–

11. Risk management and financial instrument disclosure (continued)

11.5 Market risk management (continued)

The following line items on the company's statement of financial position includes balances denominated in US dollar:

	2015 R'000	2014 R'000
Cash and cash equivalents	120	–

The following line items on the company's statement of financial position includes balances denominated in EUR:

	2015 R'000	2014 R'000
Cash and cash equivalents	4 291	–

Interest rate risk management

The company measures sensitivity to interest rates as the effect of a change in the Reserve Bank repo rate on the profit after taxation based on the company's exposure at 31 December. The company regards a 100 basis point (2014: 100 basis point) change in the Reserve Bank repo rate as being reasonably possible at the reporting dates.

		Effect on profit after taxation	
	Movement in basis points	2015 R'000	2014 R'000
Cash and cash equivalents	+100	50	23
	-100	(50)	(23)

12. Related parties

At the reporting date the parent of the group was GFM Limited and the ultimate parent of the group was Stockdale Investment Holdings Limited, a company incorporated in British Virgin Islands. The group's ultimate controlling party is the Maynard Trust. Transactions with this company would typically include loan funding, interest and management charges.

The following significant operating transactions have a material effect on the operating results and financial position of the company:

	2015 R'000	2014 R'000
Directors' emoluments		
Executive director's fees		
Greg Lartigue	141	100
Non-executive director's fees		
Stanley Portelli	127	100
Charles Rapa	100	100
Rob Hain	102	–
Amanda Chorn	102	–
Dividends received		
Dividend received from HomeChoice South Africa Limited	70 000	179 000

Intercompany loans

Refer to note 2 for details of intercompany loans.

Shareholder loan

The company entered into a loan agreement with GFM Limited in May 2015. The loan value is R160 million, it carries interest at the South African prime interest rate and it has a term of one year. The company on-lent the shareholder loan funds to its subsidiary, HomeChoice Mauritius PCC, on the same terms as the shareholder loan.

13. Distributions per share

	2015 Cents	2014 Cents
Distributions proposed/paid (per share)	148	161,0
Interim	64,0	–
Final	84,0	161,0
Nature of distributions (per share)	148,0	161,0
Dividend proposed/paid	148,0	161,0

The 2015 proposed final dividend of 84 cents per share will be presented to the shareholders at the annual general meeting on 12 May 2016.

14. Net asset value per share

The calculation of net asset value per share is based upon net assets divided by the total number of shares in issue.

	2015 Cents	2014 Cents
Net asset value per share	151,95	320,21
Net tangible asset value per share	151,95	320,21

Notes to the company annual financial statements

for the year ended 31 December 2015 (continued)

15. Events after the reporting period

No event material to the understanding of these financial statements has occurred between the end of the reporting period and the date of approval.

16. Operating cash flows before working capital changes

	2015 R'000	2014 R'000
Profit before taxation	**65 042**	168 775
Adjustment – interest received	**(9 186)**	(3)
– interest paid	**9 073**	–
– dividends received	**(70 000)**	(179 000)
	(5 071)	(10 228)

Notice to shareholders

NOTICE IS HEREBY GIVEN that the annual general meeting of shareholders (the "Shareholders") of the Company will be held at 78 Mill Street, Qormi, Republic of Malta, on Thursday, 12 May 2016, at 09:00 to deal with such business as may lawfully be dealt with at the meeting and to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder, which meeting is to be participated in by Shareholders recorded in the Company's securities register as at the record date.

The record date for this notice of the Shareholders' meeting is Thursday, 24 March 2016. The integrated annual report and annual financial statements are available on our website at www.homechoiceinternational.com and are incorporated by reference in so far as the information contained therein relates to the proposed resolutions.

The record date on which Shareholders must be recorded in the securities register for purposes of being entitled to attend and vote at this meeting is Friday, 6 May 2016. The Last date to trade in order to be entitled to vote at the meeting will therefore be Friday, 29 April 2016.

The quorum requirement for the ordinary and special resolutions set out below is sufficient persons being present to exercise, in aggregate, at least 25% of all voting rights that are entitled to be exercised on the resolutions, provided that at least three Shareholders of the Company are present at the annual general meeting. The percentage of voting rights required to pass the ordinary resolutions is more than 50% of the voting rights exercised and the percentage of voting rights required to pass the special resolutions is at least 75% of the voting rights exercised thereon.

Agenda

1. To receive and adopt the integrated annual report and annual financial statements of the Company and its subsidiaries (the "group"), which includes the report of the directors and the report of the audit and risk committee, for the year ended 31 December 2015.
2. To confirm the declaration of a dividend of 84 cents (eighty-four cents) per ordinary share.
3. To elect two directors in the place of Stanley Portelli and Charles Rapa, who retire in terms of the Company's Articles of Association. Stanley Portelli and Charles Rapa, being eligible, offer themselves for re-election.
4. To elect the members of the audit and risk committee.
5. To consider the reappointment of PricewaterhouseCoopers Malta as the external auditors.
6. To authorise the payment of the future remuneration of directors for their services as directors.
7. To consider and endorse, by way of an advisory non-binding vote, the group's remuneration policy as set out in the group's integrated annual report for the period ending 31 December 2016.
8. To place the authorised unissued shares in the Company under the control of the board of directors (the "Board").
9. To approve the HomeChoice International PLC 2016 Alternative Employee Share Scheme.
10. To consider any other matters raised by Shareholders which are appropriate to be raised and discussed at an annual general meeting.

Resolutions and advisory votes

The Shareholders will be requested to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

Presentation of annual financial statements and adoption of integrated annual report

Ordinary resolution number 1

"It is hereby resolved that the integrated annual report and annual financial statements of the Company and its subsidiaries, which includes the report of the directors and the report of the audit and risk committee for the year ended 31 December 2015, are hereby adopted and approved."

Explanatory information in respect of ordinary resolution number 1

The integrated annual report and the annual financial statements of the group for the year ended 31 December 2015, which incorporate the reports of the directors, the auditors and the audit and risk committee, have been distributed as required and will be presented to the Shareholders.

Approval of distribution

Ordinary resolution number 2

"It is hereby resolved that the payment of a dividend of 84 cents (eight-four cents) per ordinary share declared by the Board is confirmed."

Explanatory information in respect of ordinary resolution number 2

The Board intends to declare a dividend of 84 cents (eighty-four cents) per ordinary share, payable by the end of May 2016.

Election of directors

Ordinary resolution number 3.1

"It is hereby resolved that Stanley Portelli is elected as an independent non-executive director of the Company."

Ordinary resolution number 3.2

"It is hereby resolved that Charles Rapa is elected as an independent non-executive director of the Company."

Explanatory information in respect of ordinary resolution numbers 3.1 and 3.2

Brief curricula vitae of the nominees for election are set out below. The nominations committee is of the view that the proposed directors are suitable candidates for directorship.

Notice to shareholders

(continued)

Election of audit committee members

The member of the audit committee offer themselves for re-election.

King III recommends that a chairman of a board of directors is not also a member of its audit committee. The group's chairman, Stanley Portelli, is a member of the audit and risk committee. The Board believes Stanley can make a valuable contribution to the deliberations of the audit committee, which will not be compromised by his role as chairman of the Board.

Ordinary resolution number 4.1

"It is hereby resolved that Charles Rapa is elected as a member of the audit and risk committee."

Ordinary resolution number 4.2

"It is hereby resolved that Stanley Portelli perform the dual role of Chairman of the Board and a member of the audit and risk committee, and is elected as a member of the audit and risk committee."

Ordinary resolution number 4.3

"It is hereby resolved that Amanda Chorn is elected as a member of the audit and risk committee."

Explanatory information in respect of ordinary resolution numbers 4.1 through 4.3

Brief curricula vitae of the nominees for election are set out below. The nominations committee of the Board is satisfied that the nominees are suitable and satisfy the requirements of the JSE.

Appointment of auditors

Ordinary resolution number 5

"It is hereby resolved that PricewaterhouseCoopers Malta is reappointed as external auditors, to hold office from the conclusion of the annual general meeting until the conclusion of the next annual general meeting."

Explanatory information in respect of ordinary resolution number 5

The audit and risk committee has nominated the continuation of PricewaterhouseCoopers Malta as the external auditors, and is of the opinion that they are independent from the Company. The effect of this resolution will be to authorise the reappointment of PricewaterhouseCoopers Malta as the auditors of the Company.

Directors' remuneration

Special resolution number 1

"It is hereby resolved that payment of the following remuneration to each non-executive director for his/her services as director is hereby authorised up to a maximum amount of Euro 50 000,00 (fifty thousand Euro) per annum for the year ending 31 December 2017."

Explanatory information in respect of special resolution number 1

The resolution obtains the advance approval of the Shareholders for the remuneration of the non-executive directors for their services as directors of the Company.

Remuneration policy

Advisory remuneration policy endorsement

"The group's remuneration policy, as set out in the group's integrated annual report (excluding the remuneration of the non-executive directors for their services as directors and members of the Board committees), is hereby endorsed by way of a non-binding advisory vote."

Explanatory information re advisory vote

In accordance with the principles of King III an advisory vote is being put to Shareholders for the approval of the group's remuneration policy. As the votes on this endorsement are non-binding the results will not be binding on the Board. However, the Board will take cognisance of the outcome of the vote when considering its remuneration policy in future.

Issue of shares

Special resolution number 2

"It is hereby resolved that all the unissued authorised shares in the Company are placed under the control of the Board and the Board is authorised, as they in their discretion think fit, to allot, issue and grant options or any other rights exercisable for, authorised but unissued shares in the Company from time to time on such terms as may be determined by the Board in its discretion, for such monetary or other consideration (whether payable in cash or otherwise) and to such person or persons as they in their discretion deem fit, including, without limitation, to:

(i) a director, future director, prescribed officer, or future prescribed officer of the Company, or to a person related or interrelated to such directors and prescribed officers;

(ii) to persons related or interrelated to the Company; and

(iii) a nominee of a person contemplated in paragraph (i) or (ii)."

Such authority shall be valid until the next annual general meeting.

Explanatory information in respect of special resolution number 2

The resolution authorises the Board to issue, or grant rights exercisable for, the unissued authorised shares of the Company. Such authority shall endure until the forthcoming annual general meeting of the Company (at which time this authority shall lapse, unless it is renewed at the aforementioned annual general meeting), provided that it shall not extend beyond 15 months from the date of this meeting.

HomeChoice International PLC 2016 Alternative Employee Share Option Scheme

Special resolution number 3

"It is hereby resolved that the HomeChoice International PLC 2016 Alternative Employee Share Option Scheme, the salient features of which are annexed as Annexure A, is hereby approved in accordance with Schedule 14 of the JSE Listings Requirements."

Explanatory information in respect of special resolution number 3

The resolution authorises the approval of the HomeChoice International PLC 2016 Alternative Employee Share Scheme in accordance with Schedule 14 of the JSE Listings Requirements.

The rules of the HomeChoice International PLC 2016 Alternative Employee Share Option Scheme are available for inspection during normal business hours at the registered office of the Company and at the South African head office at 78 Main Road, Wynberg, South Africa up to the date of the annual general meeting.

General

Shareholders are informed that:

- a Shareholder entitled to attend and vote at the general meeting is entitled to appoint a proxy (or more than one proxy) to attend, participate in and speak and vote at the general meeting in the place of the Shareholder, and Shareholders are referred to the form of proxy at the back of this report;
- a proxy need not also be a Shareholder of the Company;
- the proxy may delegate the authority granted to him/her/it as proxy, subject to any restriction in the form of proxy itself;
- a Securities Holder entitled to vote may appoint more than 1 (one) proxy to exercise Voting Rights attached to different Securities held by that Securities Holder entitled to vote in respect of any Shareholders' Meeting and may appoint more than 1 (one) proxy to exercise Voting Rights attached to different Securities held by the Securities Holder which entitle him/her/it to vote;
- Shareholders who wish to appoint proxies are required to complete and return the form of proxy to reach the registered office of the Company at least 24 hours before the appointed time of the meeting, but at least before the proxy exercises any right of the appointing Shareholder at the general meeting; and
- any person attending or participating in a meeting of Shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as Shareholder or as proxy for a Shareholder) has been reasonably verified. Forms of identification include valid identity documents, driver's licences and passports.

Electronic participation:

- Shareholders are advised that they, or their proxies, will be able to participate in the meeting by way of electronic communication. A limited number of telecommunication lines will be made available for this purpose.
- Shareholders who wish to participate by way of electronic communication must register such request in writing with the company secretary by no later than 15:00 on Thursday, 5 May 2016 and provide their e-mail and cell phone contact details.
- Each participant will be contacted in advance of the meeting via e-mail and/or SMS and will be provided with a code and the relevant telephone number to allow them to dial into the general meeting.
- The cost of the Shareholder's phone call will be for his/her own expense. By registering the abovementioned request, the Shareholder acknowledges that the telecommunication lines are provided by a third party and indemnifies and holds the Company harmless against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines whether or not the problem is caused by any act or omission on the part of the Shareholder, the Company, the third-party service provider, or anyone else.

Profiles of directors standing for re-election

Stanley Portelli (43)

Chairman

Lawyer, LLD

Stanley is a senior partner in a legal practice. Prior to this he was chief executive officer of the Authority for Transport in Malta and a director at Malta Freeport Terminal Limited. Stanley was also employed with the financial services unit at Coopers & Lybrand (which became PricewaterhouseCoopers) from 1994 to 2001 and has held various other board positions.

Amanda Chorn (57)

BA, LLB, LLM

Amanda is an attorney of the High Court of South Africa and currently resides in the United Kingdom where she is a director of various companies. Amanda provides consultancy services to private clients, specialising in international structuring.

Charles Rapa (64)

FCCA, FIA, CPA, MIM, MBA (Henley)

Charles is a non-executive director of a number of foreign Malta registered companies and is the chairman of the Maltese Accountancy Board and its oversight committee. Prior to this he was finance director of British American Tobacco (Malta) and audit manager in a major audit firm.

By order of the Board

George Said
Company secretary

Republic of Malta
31 March 2016

Annexure A

Salient features of HomeChoice International PLC 2016 Alternative Employee Share Option Scheme

1. PRINCIPAL TERMS

1.1 **"Act"** – means the Companies Act 1995, Cap.386 of the Laws of the Republic of Malta;

1.2 **"Bad Leaver Termination"** – the termination of employment of a Participant by the Group by reason of:

1.2.1 misconduct;

1.2.2 poor performance;

1.2.3 acting against the interests of the Group or its shareholders;

1.2.4 resignation by the Participant;

1.2.5 dismissal based on Operational Requirements as contemplated in the LRA; or

1.2.6 the company by which the Participant is employed ceases to be a member company of the Group;

1.3 **"Board"** – the board of directors for the time being of the Company, acting either as a board, or through any committee of its members appointed by the Board from time to time and/or through the Compliance Officer, whichever is charged by the Board with the administration of the Scheme;

1.4 **"Change of Control"** – all circumstances where a party (or parties acting in concert), who did not previously do so, directly or indirectly, acquires:

1.4.1 beneficial ownership of the prescribed percentage or more of the Company's issued Shares; or

1.4.2 control of the prescribed percentage or more of the voting rights at meetings of the Company; or

1.4.3 the right to control the management of the Company or the composition of the Board; or

1.4.4 the right to appoint or remove directors holding a majority of voting rights at Board meetings; or

1.4.5 the right to control the business or undertaking of the Company through a merger or consolidation with any other business or entity, or upon a sale of the whole or a major part of the Company's assets or undertaking.

For the purposes of this clause the expression **"prescribed percentage"** shall mean 35% (thirty-five per cent);

1.5 **"Company"** – HomeChoice International PLC, registration number C66099, a company duly incorporated in the Republic of Malta, whose shares are inward listed on the JSE;

1.6 **"Eligible Employee"** – a person eligible for participation in the Scheme, namely an executive, senior manager and/or employee of any member company of the Group, including any present or future executive director holding or to be holding salaried employment or office, which executive, manager and/or employee shall be selected by the Board from time to time in its sole and absolute discretion (subject to the proviso that no person may participate in a decision affecting his own rights or obligations in terms of the Scheme), but excluding any non-executive director;

1.7 **"Exercise"** – the exercising by a Participant of all or any of his Vested Options in terms of the Rules;

1.8 **"Good Leaver Termination"** – the termination of employment of a Participant by the Group by reason of:

1.8.1 death;

1.8.2 incapacity arising from injury, disability or ill health, in each case as certified by a qualified medical practitioner nominated by the relevant Employer Company; or

1.8.3 retirement on or after his Retirement Date;

1.9 **"Maximum Period"** – unless otherwise agreed in the Option Letter, the period commencing on an Option Date and expiring on the sixth anniversary of the Option Date; and further provided that:

1.9.1 the Board shall extend the Maximum Period on written notice to Participants, to the first permissible day thereafter, if and to the extent necessary to take account of the fact that the last day of the Maximum Period falls on a date on which, or during a period in which,

1.9.2 by virtue of any Applicable Law or any policy of the Group (including any corporate governance policy) it is not permissible to Settle to a Participant; or

1.9.3 by virtue of any Applicable Law or any policy of the Group (including any corporate governance policy) a Participant would be precluded from receiving or otherwise dealing/trading in Shares; or

1.9.4 the Board may extend the Maximum Period on written notice to Participants, to the first permissible day thereafter, if and to the extent necessary to take account of the fact that any category of Participants has, in any 12-month period preceding the last day of the Maximum Period, been precluded from receiving or otherwise dealing/trading in Shares for five or more months;

1.10 **"Normal Retirement"** – retirement on the compulsory retirement date as stipulated by the Participant's terms and conditions of employment;

1.11 **"Offer"** – a written offer made by the Board in terms of the Scheme to an Eligible Employee to acquire Shares in the Company, on acceptance of which offer an Option shall arise;

1.12 **"Option Date"** – the relevant effective date of an Option as determined from time to time by the Board, which date shall be irrespective of the date on which the Offer to an Eligible Employee is actually made or accepted;

1.13 **"Participant"** – an Eligible Employee to whom an Offer has been made and who has accepted such Offer, and includes the executor of the Participant's deceased estate or Family Entity where appropriate;

1.14 **"Reconstruction"** or **"Takeover"** – any takeover, amalgamation, merger or reconstruction of the Company, however effected, including a reverse takeover, reorganisation or scheme of arrangement, which results in a Change of Control;

1.15 **"Retirement Date"** – the date on which, or age at which a Participant can be required to retire by any Employer Company at Normal Retirement;

1.16 **"Rules"** – the rules of the Scheme, as amended from time to time;

1.17 **"Scheme"** – the HomeChoice International PLC 2016 Alternative Employee Share Option Scheme;

1.18 **"Settled"** – in relation to the Exercise of Options, shall mean:

1.18.1 the purchase of Shares by the Participant by paying the Share Debt; and:

1.18.1.1 the subsequent allotment and issue by the Company of Shares into the name of a Participant; or

1.18.1.2 if the Company so elects, the procuring by the Company of the sale and transfer of Shares held by a subsidiary of the Company into the name of a Participant; or

1.18.1.3 if the Company so elects, the purchase of Shares by the Company through the market and the sale and transfer of such Shares into the name of a Participant; or

1.18.2 the sale of sufficient Shares on behalf of the Participant in order to settle the Share Debt, and the subsequent allotment, issue or transfer of Shares to the Participant as detailed in 1.18.2 above of the balance of the Shares due to the Participant after settlement of the Share Debt; or

1.18.3 the sale of all or any of the Shares due to be Settled to a Participant on his behalf, and the payment to the Participant of the cash amount remaining after the deduction of the Share Debt,

and the words **"Settlement"** and **"Settle"** shall be construed accordingly, provided that if Settlement falls on a date which, or during a period in which,

1.18.4 by virtue of any Applicable Law or any policy of the Group (including any corporate governance policy) it is not permissible to Settle Shares to a Participant; or

1.18.5 by virtue of any Applicable Law or any policy of the Group (including any corporate governance policy) it is not permissible for a Participant to receive or otherwise deal/trade in Shares,

the Settlement shall be delayed to the fifth Trading Day after the date on which it becomes permissible to Settle Shares to a Participant and/or for the Participant to receive or deal/trade in Shares (as the case may be);

1.19 **"Shares"** – ordinary shares of no par value in the capital of the Company (or such other class of shares as may represent the same as a result of any conversion to no par value shares, reorganisation, reconstruction or other variation of the share capital of the Company to which the provisions of the Scheme may apply from time to time), having the rights and privileges as set out in the Company's articles of association

1.20 **"Share Debt"** – at any relevant time in respect of Shares Settled to a Participant, the Strike Price, any amount in respect of Tax due by a Participant, and the Participation Costs as defined in the Rules, in each case together with any interest accrued thereon which is outstanding from time to time, less any amount paid in reduction of the Share Debt;

1.21 **"Strike Price"** – R1 (one Rand) for all the Shares subject to the Offer (for the avoidance of doubt, not R1 (one Rand) per Share);

1.22 **"Vest, Vesting and Vested"** – when used in relation to an Option, shall mean that a Vesting Date has occurred and the Option become capable of being Exercised in accordance with the Rules;

1.23 **"Vesting Date"** – in relation to an Option, the date from which the Option may be Exercised by Participants as described in the Option, which date, unless otherwise determined by the Board, shall be a date 4 (four) years from the Option Date.

2. INTRODUCTION AND PURPOSE

2.1 The Company has designed and implemented this share option scheme for the Group to attract, motivate, reward and retain Participants who are able to influence the performance of the Group, on a basis which aligns their interest with those of the Company's shareholders.

2.2 It is intended that Options which have been Exercised will be Settled in Shares, although the Scheme does provide for cash Settlement.

2.3 The Scheme is administered by the Board in terms of the Rules.

3. NATURE OF THE SCHEME

3.1 The Scheme operates as a share option scheme whereby Participants will from time to time be offered an Option to acquire Shares in the Company at a predetermined strike price defined as the Strike Price. The Options offered are open for acceptance normally within a 21 (twenty-one) day period in terms of an Offer Letter.

3.2 The Options Vest at a date determined by the Board when the Options are initially offered, which date is expected to be a date 4 (four) years from the Option Date, unless the Board determines otherwise.

3.3 A Participant will then be entitled, on or after the Vesting of the Options but no later than 6 (six) years from the initial Offer Date (or as otherwise determined by the Board), to apply to the Board to Exercise one or more of the Participant's Vested Options. Every Exercise must be initiated by way of a written Exercise Notice.

3.4 A Participant shall only be Settled in Shares or cash if he has paid the Strike Price for the Shares and met all conditions which attach to the Offer.

3.5 All Options which have not been Exercised prior to expiry shall be forfeited and cancelled.

3.6 A Participant shall not be entitled to any dividends or other distributions, and shall have no right to vote in respect of Shares forming part of an Option, unless and until the Option is Exercised and Settled to the Participant in accordance with the provisions of this Scheme.

3.7 The maximum number in aggregate of Shares which may be acquired by all Participants under the Scheme is 5 000 000 shares and by any one Participant under the Scheme is 500 000 Shares.

4. TERMINATION OF EMPLOYMENT

4.1 Unless the Board determines otherwise, if a Participant ceases to be employed by the Group by reason of a Good Leaver Termination –

4.1.1 prior to the Vesting of the Options, then such Options will immediately Vest, and be Settled to the Participant; or

4.1.2 after the Vesting of Options but prior to them being Exercised, then such Vested Options will be deemed Exercised, and will be Settled to the Participant.

4.2 Unless the Board determines otherwise, if a Participant ceased to be employed by the Group by reason of a Bad Leaver Termination then all Options, whether Vested or Unvested, will be forfeited and cancelled.

5. ADJUSTMENT

The rights of Participants in terms of the Scheme shall be adjusted on a fair basis in the event of the Company adjusting its equity capital.

6. RECONSTRUCTION OR TAKEOVER

If there is a Reconstruction or Takeover of the Company, the Board may, in its sole and absolute discretion, take such action (if any) as they consider appropriate to place the Participants in an economic position which is not less favourable following the implementation of such action, including (without limitation) (i) accelerating the Vesting of Options which have not yet Vested; (ii) deeming all Vested Options to have been Exercised, and/or (iii) converting Options into options or other rights of a substantially similar value (as determined by the Auditors) in respect of shares in one or more other companies.

7. DISPUTES

The Scheme provides for mediation and thereafter arbitration in the event of any dispute.

8. AMENDMENT OF THE SCHEME

8.1 It shall be competent for the Board to amend any of the provisions of the Scheme subject to the prior approval (if required) of every stock exchange on which the Shares are for the time being listed; provided that no such amendment affecting the rights (whether conditional or otherwise) in and to the Options of any Participant shall be effected without the prior written consent of the Participant concerned, and provided further that no such amendment affecting any of the following matters shall be competent unless it is sanctioned by special resolution of the Company in general meeting –

8.1.1 the definition of Eligible Employees and Participants;

8.1.2 the definition of Fair Market Value, Purchase Price or Exercise Price;

8.1.3 the maximum number of Shares which may be acquired for the purpose of or pursuant to the Scheme;

8.1.4 the maximum number of Shares which may be acquired by any Participant in terms of the Scheme;

8.1.5 the period in which payments or loans to provide payments (if any) may be paid;

8.1.6 the voting, dividend, transfer or other rights (including rights on liquidation of the Company) which may attach to any Option;

8.1.7 the basis on which Offers are made;

8.1.8 the provisions of the Rules dealing with adjustments to share capital;

8.1.9 the provisions of the Rules dealing with the rights (whether conditional or otherwise) in and to the Options of any Participants who leave the employment of the Group prior to Vesting or Exercise; or;

8.1.10 the provisions of the Rules dealing with amendments to the Scheme.

8.2 Any Share which have been acquired by the Participants in terms of the Scheme shall be excluded from the vote at a general meeting of the Company to amend the Scheme.

8.3 If it should become necessary or desirable by reason of the provisions of Applicable Laws at any time after the signing of these Rules, to amend the provisions of these Rules so as to preserve the substance of the provisions contained in these Rules but to amend the form so as to achieve the objectives embodied in these Rules in the best manner, having regard to such Applicable Laws and without prejudice to the Participants concerned, then the Board may (with the prior approval (if required) of every stock exchange on which the Shares are at the time listed) amend these Rules accordingly.

HOMECHOICE INTERNATIONAL PLC
(Registration number C66099)
(the "Company")

Form of proxy

For completion by Shareholders unable to attend the annual general meeting of the Company to be held on Thursday, 12 May 2016, at 09:00 at 78 Mill Street, Qormi, Republic of Malta (the "AGM").

I/We (full names) ____

of (address) ____

being a Shareholder of the Company and entitled to ____________________ votes (one per share)

hereby appoint ____________________ or failing him/her ____________________

or failing him/her the chairman of the meeting, as my/our proxy to attend, speak and, on a poll, vote for me/us and on my/our behalf at the AGM, and at any adjournment thereof, and to vote or abstain from voting as follows on the resolutions to be proposed at the AGM, with or without modification, as follows*:

	Insert "X" in the appropriate box or number of votes		
	For	Against	Abstain
Ordinary resolution number 1: To adopt and approve the integrated annual report and annual financial statements			
Ordinary resolution number 2: To confirm the dividend of 84 cents (eighty-four cents) per ordinary share			
Ordinary resolution number 3.1: To elect Stanley Portelli as a director of the Company			
Ordinary resolution number 3.2: To elect Charles Rapa as a director of the Company			
Ordinary resolution number 4.1: To elect Charles Rapa as a member of the audit and risk committee			
Ordinary resolution number 4.2: To elect Stanley Portelli as a member of the audit and risk committee and to perform the dual role of Chairman of the Board and a member of the audit and risk committee			
Ordinary resolution number 4.3: To elect Amanda Chorn as a member of the audit and risk committee			
Ordinary resolution number 5: To reappoint PricewaterhouseCoopers Malta as external auditors			
Special resolution number 1: To authorise the directors' remuneration			
Advisory remuneration policy endorsement			
Special resolution number 2: To place the unissued shares under the control of the directors			
Special resolution number 3: To approve the HomeChoice International PLC Alternative Employee Share Option Scheme			

If any modified resolutions are proposed before the meeting the proxy shall vote:	Insert "X" in the appropriate box
As indicated above:	
In the proxy's discretion:	

* *The Notes to the Form of Proxy overleaf form part of this proxy form and Shareholders are advised to read them. Please see the notice of annual general meeting for the full proposed resolution. If you return this form duly signed without specifying a proxy you will be deemed to appoint the chairman of the general meeting as your proxy. Any forms of proxy not lodged by this time must be handed to the chairperson of the annual general meeting immediately prior to the annual general meeting.*

Signed this ____________________ day of ____________________ 2016.

Signature ____________________ assisted by ____________________ (where applicable)

Notes to the form of proxy

1. A Shareholder entitled to attend and vote at the abovementioned meeting is entitled to appoint a proxy or two alternative proxies of the Shareholder's choice (who need not be a Shareholder of the Company) to attend, speak and vote thereat in his/her/its stead, by inserting his/her/its name/s in the space/s provided, with or without deleting "the chairman of the meeting" but the Shareholder must initial any such deletion. The person whose name stands first on this form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. This proxy form and power of attorney (if any) under which it is signed must be addressed to the company secretary and reach the registered office of the Company not less than 24 hours before the appointed time of the meeting.

3. A Shareholder's instructions to the proxy regarding voting should be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the appropriate box provided. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the meeting as he/she deems fit in respect of all the Shareholder's votes.

4. A Shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each share held.

5. A vote given in terms of an instrument of proxy shall be valid in relation to the meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the shares in respect of which the proxy is given, unless a notice of any of the aforementioned matters shall have been received by the Company at its registered office or by the chairperson of the meeting at the venue of the meeting before commencement of the meeting.

6. The chairperson of the meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.

7. The completion and lodging of this form of proxy will not preclude the relevant Shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.

8. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded with the Company or unless the chairperson of the meeting waives this requirement.

9. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless it has been registered by the Company or waived by the chairman of the general meeting.

10. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Company.

11. Where there are joint holders of shares:

    (a) all joint holders must sign the form of proxy; and

    (b) the vote(s) of the senior Shareholders (for that purpose seniority will be determined by the order in which the names of Shareholders appear in the Company's securities register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint Shareholder(s).

12. Any proxy appointed pursuant to this form of proxy may not delegate his/her authority to act on behalf of the relevant Shareholder.

13. An appointment of a proxy pursuant to this form of proxy remains valid only until the end of the general meeting or any adjournment of the general meeting.

14. This form of proxy shall be valid at any resumption of an adjourned meeting to which it relates, although this form of proxy shall not be used at the resumption of an adjourned meeting if it could not have been used at the meeting from which it was adjourned for any reason other than it was not lodged timeously for the meeting from which the adjournment took place. This form of proxy shall be deemed to confer the power generally to act at the meeting in question, subject to any specific direction contained in this form of proxy as to the manner of voting.

15. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory(ies).

Administration

Country of incorporation
Republic of Malta

Date of incorporation
22 July 2014

Company registration number
C66099

Company secretary
George Said

Registered office
93 Mill Street
Qormi
QRM3012
Republic of Malta

Auditors
PricewaterhouseCoopers
Republic of Malta

Corporate bank
Deutsche Bank International Limited
Channel Islands

JSE listing details
Share code: HIL
ISIN: MT0000850108

Sponsor
Rand Merchant Bank, a division of FirstRand Bank Limited

Transfer secretaries
Computershare Investor Services (Proprietary) Limited

Shareholders' diary

Financial year-end
31 December

Annual general meeting
12 May 2016

Distributions to shareholders
June and November

Reports and profit statements
Publication of annual report: March
Interim report: August

GROUNDPEPPER

HomeChoice International PLC

HiL PLC