

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

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SUMMARISED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2017

	2017 Audited R'000	2016 Audited R'000
ASSETS		
Non-current assets		
Property, plant and equipment	131 233	145 429
Investments	–	–
Goodwill and other intangibles	608 748	594 410
Total non-current assets	739 981	739 839
Current assets		
Inventories	511 845	459 191
Assets held for sale	21 082	–
Trade and other receivables	30 879	23 994
Derivative instrument	–	93 363
Taxation	7 451	–
Cash and cash equivalents	87 505	1 726
Total current assets	658 762	578 274
Total assets	1 398 743	1 318 113
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	229 312	229 312
Treasury shares	(64 832)	(63 895)
Share-based payment reserve	(25 724)	(21 726)
Retained earnings	885 296	832 912
Total equity of the company	1 024 052	976 603
Non-current liabilities		
Loan	160 000	–
Deferred taxation	30 762	28 070
Straight-lining lease liability	42 497	36 496
Total non-current liabilities	233 259	64 566
Current liabilities		
Trade and other payables	138 376	143 808
Derivative financial instrument	3 056	–
Short-term portion of loan	–	130 000
Taxation	–	3 136
Total current liabilities	141 432	276 944
Total liabilities	374 691	341 510
Total equity and liabilities	1 398 743	1 318 113

SUMMARISED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2017

	2017 Audited R'000	2016 Audited R'000
Sales	1 828 600	1 727 436
Cost of sales	(950 080)	(899 421)
Gross profit	878 520	828 015
Other income	9 568	6 294
Trading expenses	(614 400)	(525 384)
Operating profit	273 688	308 925
Finance income	6 439	6 591
Finance cost	(14 074)	(11 388)
Profit before taxation	266 053	304 128
Taxation	(74 858)	(85 352)
Profit for the year	191 195	218 776
Other comprehensive income	–	–
Total comprehensive income for the year	191 195	218 776
Attributable to:		
Equity holders of the company	191 195	218 776

SUMMARISED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Share capital Audited R'000	Treasury shares Audited R'000	Share-based payment reserve Audited R'000	Retained earnings Audited R'000	Total equity Audited R'000
Equity at 1 March 2015	229 312	(12 084)	(18 278)	735 755	934 705
Treasury shares acquired	-	(51 811)	-	-	(51 811)
Share-based payment awards	-	-	(15 069)	-	(15 069)
Share-based payment expense	-	-	11 621	-	11 621
Dividends paid	-	-	-	(121 619)	(121 619)
Total comprehensive income for the year	-	-	-	218 776	218 776
Equity at 29 February 2016	229 312	(63 895)	(21 726)	832 912	976 603
Equity at 1 March 2016	229 312	(63 895)	(21 726)	832 912	976 603
Treasury shares acquired	-	(937)	-	-	(937)
Share-based payment awards	-	-	(15 354)	-	(15 354)
Share-based payment expense	-	-	11 356	-	11 356
Dividends paid	-	-	-	(138 811)	(138 811)
Total comprehensive income for the year	-	-	-	191 195	191 195
Equity at 28 February 2017	229 312	(64 832)	(25 724)	885 296	1 024 052

Dividend per share

	2017 Audited	2016 Audited
Dividends declared per share (cents)		
- Interim	130.0	120.0
- Final	220.0	200.0
Total dividend	350.0	320.0
Normal dividend cover (total dividend divided by core headline earnings before foreign exchange effect)	1.5	1.7

SUMMARISED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2017

	2017 Audited R'000	2016 Audited R'000
Cash flows from operating activities		
Cash generated from operations	311 378	316 971
Finance income	6 439	6 591
Finance costs	(14 074)	(11 388)
Dividends paid	(138 811)	(121 619)
Taxation paid	(88 729)	(89 202)
Net cash inflows from operating activities	76 203	101 353
Cash flows from investing activities		
Additions to property, plant and equipment	(60 286)	(73 500)
Acquisition of businesses	(38 494)	-
Proceeds on sale of property, plant and equipment	3 010	2 544
Net cash outflows from investing activities	(95 770)	(70 956)
Cash flows from financing activities		
Loans received	30 000	-
Treasury shares acquired	(15 354)	(51 811)
Forfeitable share plan awards	(937)	(15 069)
Net cash inflows/(outflows) from financing activities	13 709	(66 880)
Net decrease in cash and cash equivalents	(5 858)	(36 483)
Cash and cash equivalents at the beginning of the year	93 363	129 846
Cash and cash equivalents at the end of the year	87 505	93 363

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2017

1. Basis of preparation

The summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act of South Africa applicable to summarised financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the consolidated financial statements, from which the summarised consolidated financial statements were derived, are in terms of International Financial Reporting Standards and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

These audited summarised consolidated results have been prepared under the supervision of the group's chief financial officer, JP Loubser (CA (SA)).

Report of the independent auditor

The summarised consolidated financial statements for the year ended 28 February 2017 have been audited by KPMG Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual consolidated financial statements from which these summarised consolidated financial statements were derived.

The auditor's report on the summarised consolidated financial statements does not necessarily report on all of the information contained in this integrated report. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report on the summarised consolidated financial statements together with the accompanying financial information from the issuer's registered office. A copy of the auditor's report on the annual consolidated financial statements is also available for inspection at the company's registered office, together with the accompanying financial statements.

The directors take full responsibility for the preparation of the abridged report and the financial information has been correctly extracted from the underlying annual financial statements.

2. Earnings per share and net asset value per share

		2017 Audited	2016 Audited
Earnings per ordinary share			
– Basic and diluted	(cents)	455.6	514.9
– Headline	(cents)	455.0	513.9
– Core headline	(cents)	489.0	548.7
– Core headline before foreign exchange effect	(cents)	522.3	534.5
Ordinary shares in issue	('000)	43 150.2	43 150.2
Weighted average ordinary shares in issue	('000)	41 968.6	42 488.3
Net asset value per ordinary share	(cents)	2 444.7	2 332.4
Net tangible asset value per ordinary share	(cents)	1 123.1	1 038.8

Reconciliation to core headline earnings

The group uses core headline earnings as a consistent measure of performance for management purposes. Core headline earnings exclude exceptional once-off costs, fair value adjustments to loans, the amortisation of trademarks and the lease straight-lining expense, and are presented below:

	2017 Audited R'000	2016 Audited R'000
Basic earnings	191 195	218 776
<i>Adjusted for (net of taxation):</i>		
Profit on disposal of property, plant and equipment	(231)	(427)
Headline earnings	190 964	218 349
<i>Adjusted for (net of taxation):</i>		
Amortisation of intangibles	9 933	9 333
Straight-lining of leases	4 321	5 456
Core headline earnings	205 218	233 138
<i>Adjusted for (net of taxation):</i>		
Foreign exchange loss/(gain)	12 410	(8 147)
Foreign exchange adjustments in cost of sales	1 592	2 124
Core headline earnings before foreign exchange effect	219 220	227 115

3. Group segmental analysis

The group's reportable segments have been identified as Sportmans Warehouse, Outdoor Warehouse, Wholesale and Corporate. Sportmans Warehouse is a retailer of sports-related footwear, apparel and equipment. Outdoor Warehouse is a retailer of outdoor-related footwear, apparel and equipment.

Wholesale is responsible for the manufacturing and wholesale distribution of technical and sports apparel and accessories, while Corporate is involved in the provision of warehousing, distribution and corporate treasury and support functions.

The three trading divisions and Corporate are separately reported in the group's management accounts and reviewed by the chief operating decision-maker (the group executive committee) for the purpose of allocating resources and evaluating performance.

	Sportmans Warehouse R'000	Outdoor Warehouse R'000	Wholesale R'000	Corporate R'000	Group R'000
2017					
Total sales	1 335 076	418 116	182 908	–	1 936 100
Less intersegment sales	–	–	(107 500)	–	(107 500)
External sales	1 335 076	418 116	75 408	–	1 828 600
External interest received	–	–	503	5 936	6 439
External interest paid	–	–	(175)	(13 899)	(14 074)
Depreciation and amortisation	(34 007)	(13 139)	(6 362)	(14 613)	(68 121)
Group profit/(loss) before taxation	268 784	53 345	11 497	(67 573)	266 053
Capital expenditure	39 347	13 143	2 945	4 851	60 286
Segment assets	444 226	166 321	155 232	632 964	1 398 743
Segment liabilities	115 078	32 282	14 798	212 533	374 691
2016					
Total sales	1 278 569	400 210	145 400	–	1 824 179
Less intersegment sales	–	–	(96 743)	–	(96 743)
External sales	1 278 569	400 210	48 657	–	1 727 436
External interest received	–	–	306	6 285	6 591
External interest paid	–	–	(6)	(11 382)	(11 388)
Depreciation and amortisation	(31 411)	(10 273)	(4 061)	(14 625)	(60 370)
Profit/(Loss) before taxation	281 406	58 227	28 481	(63 986)	304 128
Capital expenditure	42 219	21 600	7 315	2 366	73 500
Segment assets	393 761	143 820	134 420	646 112	1 318 113
Segment liabilities	111 705	26 955	10 386	192 464	341 510

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 28 FEBRUARY 2017

	2017 Audited R'000	2016 Audited R'000
4. Trading expenses		
Depreciation on property, plant and equipment	54 325	47 407
Amortisation of intangibles	13 796	12 963
Occupancy cost	170 009	151 624
Straight-lining of leases	6 001	7 578
Staff costs	223 074	201 103
Foreign exchange losses/(gains)	17 237	(11 315)
Other operating costs	129 958	116 024
	614 400	525 384
5. Cash generated from operations		
Operating profit	273 688	308 925
Adjustments for:		
Depreciation	54 325	47 407
Amortisation of intangibles	13 796	12 963
Profit on sale of assets	(321)	(593)
Fair value loss/(gain) on derivative instruments	4 782	(1 339)
Forfeitable share plan expense	11 356	11 621
Straight-lining of lease liability	6 001	7 578
Changes in working capital:		
(Increase)/Decrease in trade and other receivables	(5 089)	1 625
Increase in inventories	(35 976)	(93 795)
(Decrease)/Increase in trade and other payables	(11 184)	22 579
Cash generated from operations	311 378	316 971
6. Share capital		
Authorised		
130 000 000 ordinary shares of no par value	–	–
Issued		
43 150 220 ordinary shares of no par value	229 312	229 312
7. Capital commitments		
Capital expenditure budgeted, but not recognised in these financial statements is as follows:		
Property, plant and equipment		
– contracted for	–	–
– not contracted for	66 300	62 000
	66 300	62 000