HomeChoice International PLC
(Incorporated in Malta)
Registration number: C66099
JSE share code: HIL
ISIN: MT0000850108
("HIL" or "the group")

SUMMARISED UNAUDITED GROUP RESULTS
for the six months ended 30 June 2015

- Revenue up 15,6% to R995 million
- Retail sales up 10,6% to R499 million
- EBITDA up 12,0% to R268 million
- Headline earnings up 8,5% to R172 million
- Cash generated from operations up 26,6% to R123 million
- Continued investment in the omni-channel retail model and digital platforms
- Interim dividend up 5,8% to 64 cents per share

OVERVIEW
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 operating subsidiaries, HomeChoice and FinChoice, the group sells innovative homewares merchandise, personal technology and loan products to the rapidly expanding mass middle-income market in southern Africa. HomeChoice is the largest home shopping retailer in southern Africa and offers products through online channels, call centres, sales agent networks and mail order catalogues. Expansion into the rest of Africa continues to present a major growth opportunity for the business. HomeChoice currently trades in five countries outside South Africa, contributing 10% of retail sales. The group's omni-channel home shopping retail model and digital financial services business provide a strong platform for achieving its ambitions of becoming a pan-African retailer.

TRADING AND FINANCIAL PERFORMANCE
The group continued to experience pleasing growth despite the weak economic environment and mass market consumers being under pressure from rising inflation in living costs, a weak job market and reduced access to credit.

The business delivered the following trading and financial performance for the six-month period:

	30 June 2015	30 June 2014	% change
Group			
Revenue (Rm)	995	861	15,6
EBITDA (Rm)	268	240	12,0
Operating profit margin (%)	25,7	26,7	(3,8)
Cash generated from operations (Rm)	123	97	26,6
NAV per share (cents)	1 571	1 367	14,9
Dividends paid per share (cents)	161*	66	
Retail			
Revenue (Rm)	762	678	12,4
Retail sales (Rm)	499	451	10,6
Gross profit margin (%)	49,1	50,1	(1,9)
EBITDA (Rm)	155	142	9,2
Cash generated from operations (Rm)	89	77	15,4
Financial Services			
Loan disbursements (Rm)	542	444	22,1
Revenue (Rm)	233	182	27,9
EBITDA	103	86	19,8
Cash generated from operations (Rm)	31	9	246,4

* Includes the proposed November 2014 dividend of 61 cents per share that was deferred to May 2015 due to the group's listing on the JSE in December 2014.

Group revenue increased by 15,6%, with EBITDA growth of 12,0% reflecting the impact of the lower gross profit margin, higher retail debt write-offs and increased spend on the following strategic growth drivers:

- Innovative products, digital channels: Staff costs increased by 26% owing to the growth of the merchandise and e-commerce teams to support the expansion of the retail product offering and to enhance customers' online shopping experience.

- Operational excellence: Depreciation and amortisation costs are up 21,6% due to the investment in the new distribution facility (completed December 2013) and phased implementation of the ERP system.

- Africa: The Mauritius operation has been established to facilitate the group's pan-African growth aspirations and an insurance business will be launched during 2015.

Strong focus on cash collections resulted in cash generation from operations improving by 26,6%.

RETAIL
Retail sales increased by a competitive 10,6%, reflecting the benefits of continued product innovation particularly in the bedding categories and the introduction of new product categories such as footwear, which ensured merchandise demand remained buoyant. Sales have been impacted by credit policy tightening, disruptions to the sales team as a result of the integration of the existing call centre into the new call centre building and the SA Post Office strike action, which also affected customer credit metrics.

Over 90% of merchandise is imported and US Dollar denominated. The average Rand depreciation against the US Dollar of 11,4% was well managed and the retail gross profit margin decline of 100 basis points to 49,1% remains within the group's targeted range of 48% to 52%. The impact of Rand weakness was limited by selected price increases and enhanced operating efficiencies across the supply chain.

The customer base has been expanded by 4,5% to 617 400, with 88 800 new customers added during the six-month period.

Investment in the retail digital platform has resulted in digital sales increasing by 26,0%, representing 11,0% of HomeChoice Retail sales (December 2014: 9,0%).

FINANCIAL SERVICES
FinChoice maintained its strategic focus on short-term, low-value personal loans to HomeChoice customers of proven good credit performance with the retail business. Loan disbursements increased by 22,1% to R542 million, with 72,7% of disbursements made to existing loan customers.

The customer base increased by 9.3% to 126 000 from December 2014.

The average term in the FinChoice book is 19,6 months (December 2014: 19,2 months) and average balance is R8 466 (December 2014: R8 206), both well below the market averages. Product terms range from one month to 36 months, with the 36-month product accounting for only 5,8% of disbursements in the six-month period (December 2014: 5,6%).

As a digital financial services provider, FinChoice has focused strongly on its mobi platform development and has experienced encouraging take-up and engagement levels on this growing digital channel. Customers continue to engage through the successful KwikServe mobile platform, with over 70% of all repeat loan transactions originating via this innovative self-service channel.

MANAGING CREDIT RISK

Credit conditions remain challenging and the group continues to apply strict credit criteria and conservative provisioning policies. Credit performance during the year is summarised as follows:

	30 June 2015	30 June 2014	% change
Group			
Gross trade and loans receivable (Rm)	1 924	1 473	30,6
Debtor costs as a % of revenue	18,5	17,9	
Retail			
Gross trade receivables (Rm)	1 079	863	25,0
Debtor costs as a % of revenue	14,5	13,6	
Provision for impairment as % of gross receivables	18,7	18,2	
Financial Services			
Gross loans receivable (Rm)	845	608	39,0
Debtor costs as a % of revenue	31,7	34,2*	
Provision for impairment as % of gross receivables	16,9	11,6*	

* Excludes customers under debt review that were previously written off.

Refer to note 2 in the interim financial statements for more detailed analysis.

Group debtor cost growth at 19,5% is ahead of revenue growth owing mainly to the increased retail debt write-offs following the SA Post Office strike in 2014. The strike negatively impacted customer payments and collections, and the expected increase in bad debts materialised during the period. Higher fraud levels have also contributed to the growth in debtor costs. Management has responded by further tightening credit risk policy and enhancing fraud detection systems. We continue to drive further acquisition activity but have reduced credit limits to manage exposure. Non-performing retail trade receivables have increased from 8,7% at December 2014 to 9,0% and the provision has been increased to 18,7% from 18,6% at December 2014 to cover the expected write-offs.

Debtor costs in FinChoice were well managed and reduced as a percentage of revenue from 34,2% in 2014 to 31,7% for the six-month period. FinChoice benefits from marketing to proven HomeChoice customers, which lowers credit risk and practically eliminates fraud. The FinChoice impairment provision was reduced marginally to 16,9% at June 2015 (December 2014: 17,0%).

CASH AND CAPITAL MANAGEMENT

The group remains cash generative and increased cash generated from operations by 26,6% to R123 million through more efficient management of working capital.

The group continues to invest for growth. R100 million is being spent in 2015 on building a new 1 000-seat call centre and retail showroom, which is being integrated into HomeChoice's South African head office. Further investment is being made in information technology to support the group's online strategy and developing an ERP system.

The net debt to equity ratio has increased from 18,7% to 27,2% largely due to the increased investment in the business, but remains comfortably within management's targeted range of below 40%. The financial position of the group remains strong, with net asset value increasing by 14,9% to 1 571 cents per share over the previous year.

DIVIDENDS

The directors intend to declare an interim dividend payable in November 2015 of 64 cents per share (2014: 61 cents per share), which represents a dividend cover of 2,6 times. A formal dividend declaration will be made on SENS in due course.

OUTLOOK

Macroeconomic conditions remain challenging. Although consumer credit health appears to be improving, customers remain constrained and this will continue to impact on demand. Tight credit policies will be maintained, with cash collections and cost control remaining key focus areas.

HomeChoice aims to drive customer and revenue growth through its omni-channel retail model and digital strategy, combined with further expansion into Africa, supported by the extension of product ranges and new categories. FinChoice continues to be a niche financial services provider focused on technology-based customer engagement. FinChoice is expanding its product range to include insurance products in 2015.

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 strategies for growth should ensure sustainable returns to shareholders.

The above information has not been reviewed or reported on by the group's external auditor.

Gregoire Lartigue
Chief Executive Officer

Paul Burnett
Financial Director

Shirley Maltz
Chief Executive Officer (South Africa)

Qormi, Malta
21 August 2015

GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited Jun 2015 R'000	Reviewed Jun 2014 R'000	Audited Dec 2014 R'000

Assets			
Non-current assets			
Property, plant and equipment	344 366	288 303	299 387
Intangible assets	112 247	72 553	91 125
Loans to employees	367	3 658	1 302
Investment in associates	11 231	7 870	7 676
Deferred taxation	20 941	21 771	18 819
	489 152	394 155	418 309
Current assets			
Inventories	227 681	202 941	166 363
Taxation receivable	18 812	4 169	12 232
Trade and other receivables	1 590 779	1 261 864	1 504 773
Trade receivables - Retail	877 114	705 916	865 466
Loans receivable - Financial Services	702 431	537 633	621 804
Other receivables	11 234	18 315	17 503
Cash and cash equivalents	99 811	50 945	63 005
	1 937 083	1 519 919	1 746 373
Total assets	2 426 235	1 914 074	2 164 682
Equity and liabilities			
Equity attributable to equity holders of the parent			
Stated and share capital	1 022	30 980	1 018
Share premium	2 985 262	-	2 982 202
Treasury shares	(2 666)	(13 733)	(2 666)
Reorganisation reserve	(2 960 639)	-	(2 960 639)
Other reserves	3 722	2 403	3 030
Retained earnings	1 564 172	1 358 230	1 555 381
	1 590 873	1 377 880	1 578 326
Non-current liabilities			
Interest-bearing liabilities	272 044	225 175	266 234
Deferred taxation	107 522	72 545	92 721
Other payables	3 855	3 975	4 340
	383 421	301 695	363 295
Current liabilities			
Interest-bearing liabilities	193 990	26 345	30 203
Taxation payable	1 017	3 484	2 882
Trade and other payables	183 361	148 037	158 465
Other liabilities	6 334	-	31 078
Bank overdraft	67 239	56 633	433
	451 941	234 499	223 061
Total liabilities	835 362	536 194	586 356
Total equity and liabilities	2 426 235	1 914 074	2 164 682

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months ended Jun 2015 R'000	Change %	Reviewed six months ended Jun 2014 R'000	Audited year ended Dec 2014 R'000
Revenue	995 179	15,6	860 632	1 958 575
Retail sales	498 635	10,6	451 021	1 082 473
Finance charges and initiation fees earned	421 981	23,1	342 666	745 179
Finance charges earned	308 077	25,2	246 023	537 807
Initiation fees earned	113 904	17,9	96 643	207 372
Fees from ancillary services	74 563	11,4	66 945	130 923
Cost of retail sales	(253 903)	12,7	(225 279)	(543 108)
Debtor costs	(184 418)	19,5	(154 356)	(329 902)
Other trading expenses	(302 715)	20,9	(250 329)	(562 879)
Other net gains and losses	(176)		(1 909)	(3 787)
Other income	1 410		891	2 633
Operating profit	255 377	11,2	229 650	521 532
Interest received	1 033		613	1 948
Interest paid	(14 825)		(8 875)	(21 883)
Share of loss of associates	(493)		(1 178)	(2 556)
Profit before taxation	241 092	9,5	220 210	499 041
Taxation	(69 239)		(62 041)	(143 721)
Profit and total comprehensive income for the period	171 853	8,7	158 169	355 320
Earnings per share (cents)				
Basic	169,8		156,9	352,5
Diluted	168,8		156,3	349,0
Additional information				
Retail gross profit margin (%)	49,1		50,1	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

	Unaudited six months ended Jun 2015 R'000	Reviewed six months ended Jun 2014 R'000	Audited year ended Dec 2014 R'000
Equity at the beginning of the period	1 578 326	1 285 724	1 285 724
Profit and total comprehensive income for the period	171 853	158 169	355 320
Shares issued on incorporation of HomeChoice International PLC	-	-	183
Shares repurchased	-		(183)
Dividends paid	(163 062)	(66 514)	(66 514)
Shares issued in exchange for shareholding in HomeChoice Holdings Limited	-	-	2 977 887
Net assets acquired	-	-	(2 977 886)
Shares issued under share option scheme:			
Share Capital and Share Premium	3 064	-	2 667
Share option scheme - expense	692	501	1 128
Equity at the end of the period	1 590 873	1 377 880	1 578 326

GROUP STATEMENT OF CASH FLOWS

	Unaudited six months ended Jun 2015 R'000	Change %	Reviewed six months ended Jun 2014 R'000	Audited year ended Dec 2014 R'000
Cash flows from operating activities				
Operating cash flows before working capital changes	270 225	11,7	241 854	546 177
Movement in working capital	(147 650)		(145 007)	(312 612)
Cash generated from operations	122 575	26,6	96 847	233 565
Interest received	1 033		613	1 948
Interest paid	(14 825)		(8 854)	(21 883)
Taxation paid	(65 006)		(70 710)	(137 927)
Net cash inflow from operating activities	43 777	144,6	17 896	75 703
Cash flows from investing activities				
Purchase of property, plant and equipment	(52 976)		(2 829)	(18 004)
Proceeds from disposal of property, plant and equipment	-		487	492
Purchase of intangible assets	(26 725)		(15 937)	(38 906)
Loans repaid by employees	936		2 952	6 830
Loans granted to employees	-		-	(1 302)
Investment in associates	(4 096)		(2 512)	(3 696)
Net cash outflow from investing activities	(82 861)	(364,5)	(17 839)	(54 586)
Cash flows from financing activities				
Proceeds from issuance of shares	3 064		-	2 667
Proceeds from interest-bearing liabilities	187 322		55 119	111 671
Repayments of interest-bearing liabilities	(16 640)		(13 445)	(24 964)
Finance-raising costs paid	(1 600)		-	(500)
Dividends paid	(163 062)		(66 514)	(66 514)
Net cash inflow/(outflow) from financing activities	9 084	(136,6)	(24 840)	22 360
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(30 000)		(24 783)	43 477
Cash, cash equivalents and bank overdrafts at the beginning of the period	62 572		19 095	19 095
Cash, cash equivalents and bank overdrafts at the end of the period	32 572	672,6	(5 688)	62 572

STATISTICS

		Jun 2015	Jun 2014	Dec 2014
Profitability				
Growth in revenue	(%)	15,6	12,9	17,8
Retail gross profit margin	(%)	49,1	50,1	49,8
Operating profit margin	(%)	25,7	26,7	26,6
EBITDA	('000)	268 485	239 655	541 750
Growth in EBITDA	(%)	12,0	15,5	20,3
EBITDA margin	(%)	27,0	27,8	27,7
Solvency and liquidity				
Net asset value per share	(cents)	1 571,4	1 367,2	1 559,7
Growth in net asset value	(%)	0,7	7,2	22,3
Inventory turn	(times)	2,6	2,6	3,5
Net debt/equity ratio	(%)	27,2	18,7	14,8
Performance				
Growth in trade receivables - Retail	(%)	1,3	2,8	26,1
Growth in loans receivable - Financial Services	(%)	13,0	16,4	34,6
Growth in cash generated from operations	(%)	26,6	(11,7)	(16,0)
Cash conversion	(%)	45,7	40,4	43,1
Return on equity - annualised	(%)	21,7	23,8	24,8
Shareholding				
Number of shares ('000)				
- In issue, net of treasury shares		101 601	103 869	101 191
- Weighted shares in issue, net of treasury shares		101 236	100 779	100 795
- Diluted weighted average		101 812	101 227	101 812
Earnings per share (cents)				
- attributable		169,8	156,9	352,5
- diluted attributable		168,8	156,3	349,0
- headline (HEPS)		169,8	157,1	352,8
- diluted HEPS		168,8	156,4	349,2
Distributions to shareholders				
Interim dividend proposed/paid	(cents per share)	64,0	61,0	-
Final dividend proposed/paid	(cents per share)	-	-	161,0
		64,0	61,0	161,0
Dividend cover	(times)	2,6	2,6	2,2

In June 2015 the interim and final dividends for the 2014 financial year of R163,1 million (161 cents per share) were paid to shareholders.

The directors propose declaring an interim dividend of 64 cents per share (2014: 61 cents per share) and this is expected to be paid by the end of November 2015. This interim dividend of R65,0 million (2013: R61,5 million) has not been recognised as a liability in the interim financial information.

GROUP SEGMENTAL ANALYSIS
Six months ended 30 June

	Retail R'000	Financial Services R'000	Property R'000	Other R'000	Eliminations R'000	Total R'000
2015 - Unaudited						
Segment revenue	761 993	233 186	15 450	-		1 010 629
Retail sales	498 635	-	-	-		498 635
Finance charges and initiation fees earned	230 179	191 802	-	-		421 981
Fees from ancillary services	33 179	41 384	15 450	-		90 013
Dividends revenue	-	-	-	-		-
Less: intersegment revenue	-	-	(15 450)	-	-	(15 450)
Revenue from external customers	761 993	233 186	-	-	-	995 179

Growth in revenue from external customers (%)	12,4	27,9				15,6
Segment results*	142 212	87 391	14 519	8 908	(1 633)	251 397
Segment results margin (%)	18,7	37,5				24,9
Growth in segment results (%)	8,3	19,7	14,7			9,1
Segment assets**	1 370 081	776 447	274 899	17 286	(12 478)	2 426 235
Segment liabilities**	(362 757)	(35 985)	(171 418)	(268 202)	3 000	(835 362)
Group loans receivable/(payable)	66 878	(319 117)	(60 103)	312 342	-	-
Operating cash flows before working capital changes	155 312	103 582	15 155	(2 745)	(1 079)	270 225
Movement in working capital	(65 937)	(72 353)	(6 265)	(3 146)	51	(147 650)
Cash generated/(utilised) from operations	89 375	31 229	8 890	(5 891)	(1 028)	122 575
Gross profit margin (%)	49,1					49,1
2014 - Reviewed						
Segment revenue	677 709	182 329	13 721	2 039	-	875 798
Retail Sales	451 021	-	-	-	-	451 021
Finance charges and initiation fees earned	196 553	146 113	-	-	-	342 666
Fees from ancillary services	30 135	36 216	13 721	-	-	80 072
Dividends revenue	-	-	-	2 039	-	2 039
Less: intersegment revenue	-	-	(13 127)	(2 039)	-	(15 166)
Revenue from external customers	677 709	182 329	594	-	-	860 632
Growth in revenue from external customers (%)	12,3	15,1	(0,2)			12,9
Segment results*	131 371	73 032	12 657	15 442	(2 039)	230 463
Segment results margin (%)	19,4	40,1	92,2			26,3
Growth in segment results (%)	12,4	16,0	54,0			12,6
Segment assets**	1 079 106	605 542	228 530	3 309	(2 413)	1 914 074
Segment liabilities**	(308 847)	(15 640)	(110 094)	(107 010)	5 397	(536 194)
Group loans receivable/(payable)	153 794	(297 715)	(83 990)	227 910	-	-
Operating cash flows before working capital changes	142 355	86 427	13 290	(211)	(7)	241 854
Movement in working capital	(64 919)	(77 411)	(352)	(2 325)	-	(145 007)
Cash generated/(utilised) from operations	77 436	9 016	12 938	(2 536)	(7)	96 847

* 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 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.

** Excluding group loans.

	Unaudited Jun 2015 R'000	Reviewed Jun 2014 R'000
Reconciliation of segment results		
Segment results as reported above	251 397	230 463
Interest received	414	481
Interest paid	(10 226)	(9 555)
Share of loss of associates	(493)	(1 178)
Profit before tax	241 092	220 210

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of presentation and accounting policies

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Maltese Companies Act. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous consolidated annual financial statements.

	Unaudited six months ended Jun 2015 R'000	Reviewed six months ended Jun 2014 R'000	Audited year ended Dec 2014 R'000
2. Trade and other receivables			
Trade and other receivables can be summarised as follows:			
Trade receivables- Retail	1 079 083	863 183	1 063 645
Provision for impairment	(201 969)	(157 267)	(198 179)
	877 114	705 916	865 466
Loans receivable - Financial Services	845 340	608 174	748 907
Provision for impairment	(142 909)	(70 541)	(127 103)
	702 431	537 633	621 804
Other receivables	11 234	18 315	17 503
Trade and other receivables	1 590 779	1 261 864	1 504 773
Trade receivables - Retail			
Debtor costs	110 414	91 994	220 725
Debtor costs as a % of revenue (%)	14,5	13,6	14,0
Debtor costs as a % of gross receivables (annualised) (%)	20,5	21,3	20,8
Provision for impairment as a % of gross receivables (%)	18,7	18,2	18,6
Loans receivable - Financial Services			
Debtor costs	74 004	62 362	109 177
Debtor costs as % of revenue (%)	31,7	34,2	28,3
Debtor costs as a % of gross receivables (annualised) (%)	17,5	20,5	14,6
Provision for impairment as a % of gross receivables (%)	16,9	11,6	17,0
Group			
Debtor costs	184 418	154 356	329 902
Debtor costs as % of revenue (%)	18,5	17,9	16,8
Debtor costs as a % of gross receivables (annualised) (%)	19,2	21,0	18,2
Provision for impairment as a % of gross receivables (%)	17,9	15,5	17,9

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:

Retail (%)	9,0	8,5	8,7
Financial Services (%)	4,6	3,7	4,2

	Unaudited six months ended Jun 2015 R'000	Reviewed six months ended Jun 2014 R'000	Audited year ended Dec 2014 R'000
3. Reconciliation of cash flows generated from operations			
Profit before taxation	241 092	220 210	499 041
Share of loss of associates	493	1 178	2 556
Loss on disposal of property, plant and equipment and intangibles	-	263	338
Loans to employees - amortised cost adjustment	-	(57)	(147)
Notional interest on loans to employees	-	(191)	(321)
Depreciation and amortisation	13 600	11 183	22 774
Share-based employee service expense	732	538	1 128
Capitalised bond costs - amortised cost adjustment	516	468	873
Interest paid	14 825	8 875	21 883
Interest received	(1 033)	(613)	(1 948)
Operating cash flows before working capital changes	270 225	241 854	546 177
Movements in working capital	(147 650)	(145 007)	(312 612)
Increase in inventories	(61 318)	(57 977)	(21 399)
Increase in trade receivables - Retail	(11 648)	(19 541)	(179 091)
Increase in loans receivable - Financial Services	(80 627)	(75 553)	(159 724)
Decrease in other receivables	6 269	3 114	3 963
Increase in trade and other payables	24 418	13 950	21 561
(Decrease)/increase in provisions	(24 744)	(9 000)	22 078
Cash generated from operations	122 575	96 848	233 565
4. Total trading expenses			
Expenses by nature			
Debtor costs			
Trade receivables - Retail	110 414	91 994	220 725
Loans receivable - Financial Services	74 004	62 362	109 177
Total debtor costs	184 418	154 356	329 902
Amortisation of intangible assets	5 603	4 621	9 018
Depreciation of property, plant and equipment	7 997	6 562	13 756
Restructuring and listing costs	-	-	10 225
Operating lease charges for immovable property	996	2	920
Total operating lease charges	2 146	1 059	4 247
Less: Disclosed under cost of retail sales	(1 150)	(1 057)	(3 327)
Marketing costs	82 751	84 687	166 244
Staff costs	120 319	95 465	231 600
Total staff costs	129 790	104 850	251 230
Less: disclosed under cost of retail sales	(9 471)	(9 385)	(19 630)
Other costs	85 049	58 992	131 116
Total other trading expenses	302 715	250 329	562 879
Operating costs	487 133	404 685	892 781

5. Basic and headline earnings
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:

Profit for the period	171 853	158 169	355 320
Adjusted for the after-tax effect of:			
Loss on disposal of property, plant and equipment and intangible assets	-	263	338
Tax effect	-	(74)	(95)
Headline earnings for the period	171 853	158 358	355 563

6. Purchase of intangible assets
Included in the reporting period's purchase of intangible assets is the capitalisation of R19,1 million (2014: R9,8 million) of costs relating to the ERP system implementation, as well as R41,3 million (2014: R0,4 million) relating to the construction of the new call centre and showroom.

7. Contingent liabilities
The group had no contingent liabilities at the reporting date.

8. Related party transactions and balances
Related party transactions similar to those disclosed in the group's annual financial statements for the year ended 31 December 2014 took place during the period and related party balances are existing at the reporting date. Related party transactions include key management personnel compensation, loan to directors and intragroup transactions which have been eliminated on consolidation. Current interest-bearing liabilities includes a R160 million loan from the group's controlling shareholder which bears interest at the South African prime lending rate and is repayable in 2016.

9. Events after the reporting date
No event, material to the understanding of this interim report, has occurred between the end of the interim period and the date of approval of these interim results.

10. Fair value of financial instruments
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. Fair values of debt instruments issued by the group and other borrowings, with maturities consistent with those remaining for the debt instruments being valued.

11. Seasonality
Due to its seasonal nature, the retail business has a history of generating higher revenues during the second half of the year. In the financial year ended 31 December 2014, 42% of retail

sales accumulated in the first half of the year, with 58% accumulating in the second half.

12. Preparation and review of interim financial statements
These interim financial statements were prepared by the group's finance department, acting under the supervision of P Burnett, CA (SA), finance director of the group.

The current year interim results have not been reviewed or audited by our auditors, PricewaterhouseCoopers Inc.

The interim financial statements for the prior year were reviewed for the purposes of the group's listing on the JSE in accordance with International Standards on Review Engagements 2410.

13. Estimates
In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

14. Group segmental analysis
The group's operating segments are identified as being Retail, Financial Services, Property and Other. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, being HomeChoice International PLC's executive directors. The group's reportable segments are unchanged from the previous reporting date.

Retail consists mainly of the group's HomeChoice and FoneChoice operations, whereas Financial Services represents the group's FinChoice operations. The group's property companies, which own commercial properties utilised mainly within the group, are included in the Property segment. The Other segment relates mainly to the holding company's standalone results, as well as those of its associates.

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 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.

	Jun 2015 R'000	Jun 2014 R'000	Dec 2014 R'000
15. Capital commitments for property, plant and equipment and intangible assets			
Approved by the directors	44 232	49 442	83 876
Approved by the directors and contracted for	36 250	56 602	84 846
	80 482	106 045	168 722

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PO Box 61051, Marshalltown, 2107
Sponsor: Rand Merchant Bank, a division of FirstRand Bank Limited
Company secretary: George Said
Directors: S Portelli* (Chairman), G Lartigue*** (Chief Executive Officer), P Burnett***
(Financial Director), A Chorn*, R Garratt**, E Gutierrez-Garcia**, R Hain*, S Maltz***, C Rapa*
* Independent non-executive ** Non-executive *** Executive

24 August 2015